

What's the Point?

A Presentist Social Functionalist Account of Institutional Purpose

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Abstract

While it is clear that many of the major contemporary social problems center on the extent to which social institutions do or do not function as they are meant to do, it is still unclear exactly what the function of a social institution is—and thus when this function is undermined. This paper presents and defends a novel theory of social functionalism—presentist social functionalism—to answer these questions. According to this theory, the function of social institutions is grounded in those of their features that, in the current cultural environment, increase their chances to survive or reproduce. To bring out the fruitfulness of this account, the paper analyzes the (still controversial) question of the function of corporations, and shows that present social functionalism (a) points to the kinds of data that would be helpful to determine this function, (b) brings up hitherto overlooked theoretical possibilities, and (c) allows for the clearer assessment and handling of corporate corruption.

Keywords: functionalism, social institution, institutional corruption, corporation, social evolution

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I. Introduction

It has become increasingly clear that many of the major contemporary social problems center on the extent to which social institutions do or do not function as they are meant to do (Thompson 1995, 2018, Lessig 2013, Miller 2017, Den Nieuwenboer and Kaptein 2008, Treviño, Den Nieuwenboer, and Kish-Gephart 2014). For example, several of the institutions meant to provide important social goods in many contemporary societies, such as the ability of every citizen to be equally able to influence political decision making, to be well informed about what is going on in the wider society, or to be secure, often seem to fail in their task: newspapers around the world are full of reports of voting being made difficult for certain groups of people, of factual reporting being deliberately intertwined with opinion stating, or of security being unevenly enforced across a society (Thompson 1995, Lessig 2013, Miller 2017, Satz 2013).

However, while some individual cases of this kind of institutional corruption can be relatively easily noted and analyzed, there is still significant debate about the general features of this kind of phenomenon (Thompson 1995, Lessig 2013, Miller 2017). Exactly which actions subvert a relevant institution, and exactly why is it the case that it is *these* actions that subvert the institution? In order to answer these questions, it is necessary to determine what the *function* is of a social institution. Cases of institutional corruption concern situations where what a social institution is meant to do (e.g. provide security or allow the public to influence the political decision making process) is undermined; hence, settling what this function is has to be the first step in providing an account of institutional corruption.

This introduces another layer of complexity into the discussion, however, as, despite its venerable pedigree, the functionalist approach towards the social sciences is famously very controversial, with many scholars nowadays seeing very little of value in it (see e.g. Elster 1979). In particular, while it is not implausible to think that determining what social institutions are *for* may allow us to get at important features of social reality—and thus to provide a fulcrum with which to understand, evaluate, and respond to this reality—it is not clear that it is possible to provide a compelling theory of the *nature* of social functions. Put differently, a widespread concern for the functionalist tradition in the social sciences is that functional ascriptions often lack a plausible theoretical grounding, and that where such a theoretical grounding can be provided, the empirical presuppositions of this grounding often fail to be met (Pettit 1996, Bigelow 1998). In turn, this threatens to pull the rug out from all attempts to analyze phenomena like campaign finance or the privatization of prisons as concerning institutional corruption.

As I try to show in this paper, though, it is in fact possible to provide a plausible account of the nature of functions in the social sciences. This account, though, departs from the recently popular counterfactually-based forms of functionalism (Pettit 1996), and grounds the function of social institutions in those of their features that, in the current cultural environment, increase the chances of these institutions to survive or reproduce. Such a presentist account is further shown to be able to make clear that the function of many social institutions may be more complex than hitherto assumed, and that existing discussions of these functions have often focused on the wrong kinds of empirical data. In this way, the account is also shown to considerably advance our understanding of institutional corruption. These points are illustrated by an analysis of the function and corruption of corporations in contemporary capitalist economic systems.

The paper is structured as follows. In section II, I lay out the basics of functionalism in the social sciences and present the major objections to this approach. In section III, I develop a novel form of functionalism that avoids these problems. In section IV, I apply this approach to the question of the function and undermining of corporations as a case study. I conclude in section V.

II. Social Functionalism and Its Challenges

It is a key, foundational assumption of much work in the social sciences that human social behavior centers on social institutions. Social institutions are seen as the “rules of the game” that structure human interactions: they set out the kinds of behaviors that, in a given type of situation, members of the society are expected to—and expect others to—engage in (Parsons 1951, North 1990). So, if a social institution N prescribes behavior B in situation S, then members of that society know that they ought to do B in S (at least *ceteris paribus*), and they expect others to know this, too. This knowledge and expectation leads members of the society to often (though not always) do B in situation S, and to often (though not always) censure others that fail to do B in S.¹

Social institutions, in this standard social scientific sense, thus comprise a vast array of familiar aspects of contemporary social living, from the structure of the government (e.g. representative democracy) and features of the economy (e.g. the existence of corporations) to the organization of the family (e.g. polyandry) and the tenets of a religion (e.g. Hinduism). Note that

¹ Miller (2017) employs a morally loaded notion of social institution that is furthermore restricted to *organizations* (roughly, complex structures of organized sets of norms). However, as noted in the text, this is not the standard notion used in the social scientific literature.

it need not be obvious *why* social institution N prescribes behavior B in situation S, and nor is it presumed that B is morally obligatory: institutionally-based norms are not necessarily moral norms. All that matters is that institutions dictate the norms of behavior for a given society.

Given this, what grounds the function of a social institution? What are policing, voting, corporations, etc. *for*? Put differently: given that social institution N prescribes behavior B in situation S, what purpose (if any) does doing B in S have? Why does N not prescribe some alternative behavior B' in S? (Of course, this presumes that it is the case that social institutions *have* a purpose—at least often. However, it turns out that, as will be made clearer below, this presumption is quite reasonable.)

A traditional way of spelling out the function of social institutions is by appeal to some form of bio-cultural evolution (Bigelow 1998, Rosenberg 2012, Kincaid 1990, Elster 1979).² In the background of this idea is the fact that appealing to the selective history of the trait in question is one of the major ways of grounding functional ascription in the biological and cognitive sciences.³ So, on this view, the function of the human heart is to pump blood and not to make a

² Some older social scientific traditions—such as that of Durkheim (1915 [1971])—appealed to the mental states of some kind of collective mind. However, because of concerns with the metaphysical presuppositions of this kind of view, this approach is no longer central in the literature.

³ There is an alternative view of functional ascription in the biological and cognitive sciences—the causal role view (Cummins 1975). According to this view, functional ascription is grounded in the causal roles a given trait or component plays in a larger causal system. While some classic works in the structuralist functionalist tradition in the social sciences—such as that of Parsons (1951)—see social institutions as akin to elements in a large social system, and analyze their functions in what is a broadly causal role-based view, this is not the main approach taken in the social sciences. In the main, this is due to the fact that the reason why a functionalist approach has been attractive in the social science is precisely because it allows for an analysis of social dynamics that is not purely observer-

certain kind of noise, because pumping blood is what the heart was selected for. Humans with hearts that pumped blood (or whose hearts pumped blood more reliably or efficiently) had a greater expected reproductive success than those whose hearts did not pump blood (or as reliably or efficiently)—irrespective of the noise the hearts made. Hence, the fact that hearts pump blood (reliably or efficiently) supports the spread of hearts. This should thus be taken for their function.⁴

Several key traditional versions of functionalism in the social sciences propose to apply this same reasoning to the social realm (Elster 1979, Bigelow 1998, Kincaid 1990).⁵ A given social institution N has the function F if past tokens of N were biologically or culturally selected for to do F. That is, if those past tokens of N that did F had a higher chance to reproduce tokens of N than those tokens of N that did not, then N (now) has the function to do F.

A classic example of this kind of functionalism is Rappaport's (1968) analysis of ritualistic pig slaughter among the Tsembaga Maring of New Guinea. The Tsembaga Maring raise pigs in abandoned gardens and consume them during ritualistic slaughter festivals. According to Rappaport (1968), the function of the ritualistic slaughter is to avoid damaging the soil in the gardens so that planting crops becomes harder: while having a small number of pigs is helpful for the planting of crops (as the pigs clear the grounds in the gardens), too many pigs are

dependent. However, the causal role view of functions is, in its nature, observer-dependent: depending on what causal system is chosen, the causal role function of an institution will differ.

⁴ Several different versions of such a view have been developed (Millikan 1984, 2002, Papineau 1987, Neander 2006, Garson 2012, Papineau and Garson 2019), but for present purposes, these differences do not matter; just the core idea of the account is important here.

⁵ This thus shows that the biological, cognitive, and social sciences are closely connected—a key benefit of this view according to many of its defenders: see e.g. Durkheim (1915 [1971]).

damaging. Hence, the regular killing of pigs helps keep their number down, while still allowing them to have their beneficial effects of preparing the soil for planting (as well as providing protein for human consumption).⁶

However, traditional forms of social functionalism like this face a classic objection: the so-called “missing mechanisms argument” (Elster 1979, Pettit 1996, Bigelow 1998). According to this argument, there is hardly ever any reason to suppose that actual social institutions have the kind of selective history to ground functional ascription in the above manner. While the outlines of the argument are familiar in the literature, it is useful here to make several of its aspects more precise.

In general, a selective process requires the following presuppositions to be met (Godfrey-Smith 2009, Brandon 1990, see also Schulz 2020):

- (a) The relevant entities need to be able to reproduce, not just grow (Brandon 1990, but see also Godfrey-Smith 2009).⁷
- (b) The relevant entities need to differ in features that are inherited by the offspring entities (though the exact nature of the inheritance or mutational processes can be left open—Boyd and Richerson 2005, Godfrey-Smith 2009, Sober 2014).⁸

⁶ Rappaport (1979) goes beyond Rappaport (1968) in specifying what makes the pig slaughter among the Tsembaga Maring *ritualistic*, rather than merely regular. This is not so central here, though.

⁷ Hodgson and Knudsen (2010, 94-104) use the labels “successor selection” and “subset selection” (derived from Price) for this distinction.

⁸ Evolutionary processes do not need to involve *replication*, but merely reproduction with some resemblance (Godfrey-Smith 2009). Hodgson and Knudsen (2010) argue in favor of the need for replication. However, since they employ a very broad sense of replication, this is a more of semantic than a substantive difference to the point made

(c) The features that are inherited by offspring entities need to be relevant for their reproductive success.

However, when it comes to most social institutions, these conditions are not all met.

First, many social institutions lack historical variation: they are not “tried out,” in different versions, in one or several cultures. Rather, there was often only ever one such institution that was present. For example, in the case of ritualistic pig slaughter among the Tsembaga Maring, it is not like different rituals—some involving pig slaughter, some not—were tried out. Rather, there was ever only one kind of ritualistic slaughter.

Second, even where this kind of selection exists, it is often purely extrinsic. That is, the features that determine which institutions persist or reproduce are chance-based. This makes the evolution more drift-like than selective. A familiar example of this is the adoption of the “qwerty” keyboard design, which was not adopted because of its inherent advantages compared to rival designs like the Dvorak keyboard, but because it happened to become popular early on, thus making it costly to switch away to alternative keyboard designs (David 1986, Lewin 2001).

Third and finally, even where there is variation, it is far from clear that social institutions reproduce, rather than merely *persist*. That is, it is often not clear (to say the least) that a given token social institution gives rise to one or more separate offspring token social institutions, which then go on to reproduce independently of their parent. Rather, this case may often be better described as simply seeing the social institution as *persisting*. So, it is not that different tokens of qwerty keyboards gave rise to more offspring qwerty keyboards compared to tokens of

in the text. For reasons why the replicator view—on a narrower reading—is not a compelling general account of evolutionary processes, see e.g. Godfrey-Smith (2009) and Sober (2000, 1984).

Dvorak keyboards and their offspring. Rather, this case seems better seen as involving the continued persistence of qwerty keyboards, and the gradual disappearance of the Dvorak keyboards. This matters, as genuine selection requires reproduction. If there is merely differential persistence, then this might qualify as a case of “sorting” (Schulz 2020, Vrba 1984)—but it would not be selection in the strict sense. This is problematic, since it is the former that underlies functional ascription in the biological and cognitive sciences (at least in many cases—but see also Papineau and Garson 2019).

In short: it is often thought that the traditional forms of social functionalism suffer from the fact that the kind of selection process they posit as grounding the function of social institutions did not in fact take place. Hence, traditional social functionalism is often thought to be empirically implausible.

Now, it needs to be noted that this classic criticism of traditional social functionalism may be somewhat overstated. It turns out that the bio-cultural selective history of a number of social institutions does satisfy assumptions (a)-(c) (see e.g. Boyd and Richerson 2005, Henrich and McElreath 2007, Wilson and Gowdy 2013). For example, different ways of pronouncing words (e.g. by dropping a leading “h”) may well evolve by a process of selective copying, as they can provide individuals ways of identifying useful role models (Boyd and Richerson 2005). Similarly, some corporations may well evolve in a selective manner in competitive markets (Schulz 2020). Related points can be made about different forms of music, different moral frameworks, or different political systems (Henrich 2015, Heyes 2018, Nichols 2004).

However, what remains true is that there are many social institutions for which this is not the case (Pettit 1996, see also Schulz 2020). This is important, as for social functionalism to be a compelling and useful approach in the social sciences, it needs to be able to ground functional

ascription in a wide set of cases. It may be defensible that some religious practices, some corporations, or some social mores have no function. However, functionalism as a research program loses much of its epistemic value if *most* religious practices, corporations, or social mores have no function. If only Dunkin Donuts has a function—as it has the right bio-cultural selective history—but Krispy Kreme, Starbucks, Walmart, and so on do not—as they lack this needed history—the functional analysis of corporations has little to add to the social sciences. For the latter, it needs to be the case that corporations *typically* have a function. Otherwise, the approach has too little methodological hold. The upshot of this is therefore that the problem with the traditional, historically-focused version of social functionalism is not that it is never plausible. Rather, it is that it is not general enough. It may work in some cases, but as a general account of functional ascriptions in the social sciences, it cannot do the kind of work we ask it to do.

For these reasons, social functionalism needs to move beyond the historically-focused versions in order to be able to make a contribution towards the social sciences. A philosophically very influential way to do this is the account of Pettit (1996). While this account is not the only such treatment in the literature—in particular, Merton (1968), too, famously argues for an alternative, agent-centered form functionalism—the account of Pettit makes for a useful focus of the discussion here.⁹ On the one hand, given the amount of scholarship surrounding functionalism in the social sciences, a complete and detailed historical survey is not feasible in the confines of this paper. In turn, this makes it reasonable to restrict attention to the major

⁹ Merton's legacy is a bit controversial, though: see e.g. Turner (2009a, 2009b), Kincaid (2009), Campbell (1982) for discussion. Hayek and his followers could be seen to defend a non-historical form of functionalism as well (see also Kley 1994, chap. 7).

recent treatments on this topic—especially ones that have become central in the philosophical literature, as is true of Pettit (1996). On the other hand, Pettit’s treatment is very clear, and has some important novel and interesting features. It is thus a useful building block for the rest of this paper.

According to Pettit (1996), functional social institutions should not be seen as having a particular bio-cultural selective history, but as being *virtually* selected. For a social institution N to have the function F, it is not required that past tokens of N’s having F led, through a process of differential replication, to present tokens of N having F. All that is required is that if the existence of N were threatened by some external factor, N’s having F would ensure it continued to exist. That is, according to Pettit (1996), social functionalism should be counterfactually grounded: what matters is not how some social institution actually arose. Rather, what matters is how the institution *would* respond if its continued survival *were* called into question. The source of the survival pressures on N can be manifold and include the arrival of an alternative social institution or other changes to the society in question. What is important is just that, on the account of Pettit (1996), N’s having F means that it is due to N’s having F that it is a stable part of the relevant society. N’s having F ensures that N will continue to be part of the society even if its existence is otherwise threatened.

The example Pettit (1996) uses to illustrate this point is golf clubs. Assume, for the sake of the argument, that these clubs have not been bio-culturally selected for in the way required by the traditional, historically-focused form of social functionalism. So, perhaps these clubs arose more or less accidentally when people regularly joined together at the same places to play the game and network. No alternative ways or arranging golf games or business networking opportunities

were tried out, and the present clubs were therefore not the result of some selection or sorting among competing alternatives.

However, according to Pettit (1996), it may still be true that these clubs have the function to facilitate business relationships and networking opportunities. This would be so if these clubs would persist even if there are external shocks to their existence. So, assume further that people found it harder to learn to play golf (maybe changes in working hours limit the time available to spend on hobbies), or that the physical components needed to play golf such as the racquets or grassy plains became harder to obtain (e.g. because of climate change or materials shortages). If it then turns out that, even under these conditions, people would still join golf clubs so as to network with potential business partners (perhaps they would just take a directed, timed walk, or change the rules of the game in some way), then golf clubs have the function to facilitate the latter, whatever may be true about the history of golf clubs.

Now, it needs to be noted that, in several respects, this response is a compelling way to handle the concerns of the traditional way of grounding functionalism in the social sciences. The step away from the historical focus of the traditional version of social functionalism is certainly moving in the right direction. Similarly, the idea that the functions of social institutions should be seen as those of their features that make it more likely that they are part of future iterations of the relevant society is plausible, too: as noted in section I, this does get at a key motivation behind social functionalism. However, that said, the account of Pettit (1996) also faces several problems that prevent it from being fully compelling as it stands.

In the first place, the weight of the account rests entirely on the truth of the relevant counterfactuals. A social institution N has function F if N's having F ensures that N would continue to exist even if it had to face threats to its existence. However, it can be quite difficult

to evaluate counterfactuals like this: how do we know what would happen if people had a hard time getting to golf clubs, or buying the necessary equipment, etc.? Would they still join the clubs? How do we know? Note that the point is not that we *never* know how to evaluate counterfactuals (Stalnaker 1968, Fodor 1990)—as also noted below, there are many contexts where we do have a good sense of what would happen if so and so were the case. The point is just that there are also many counterfactuals that we do not know how to evaluate, and many of these are crucial to the account of Pettit (1996). I may be able to say, for *some* worlds *W*, whether *N* would persist in *W*; however, for many other worlds *W'*, I may not be able to determine this. (Would humans still play golf if they moved to Mars, or would they network differently? Given that social and technological living in the world where people live on Mars is bound to be quite different from what it is now, it is not clear how this question can be answered.) This matters, as it makes this account often difficult to apply. While we may sometimes be able to say if social institution *N* were to persist if so and so happened, we often would not be able to do so. In turn, this would leave it unclear whether *N* has a function—and if so, what that is.

Second and even more importantly, it is not clear which shocks social institution *N* is meant to be buffeted against. Is it all shocks? This seems overly strong: clearly, if a new social institution—urban hiking clubs, say—appeared that also facilitated business relationships and networking opportunities, but did so more easily than golf clubs, golf clubs might cease to exist. This, though, might not be seen to affect the fact that golf clubs have the function to facilitate business relationships. Indeed, it is precisely because urban hiking clubs coopt this feature that they can push golf clubs out of existence in this counterfactual scenario. However, if we are to limit the circumstances to consider when determining the function of *N*, how are we going to do

this? On the face of it, it is not clear what a compelling answer to this question looks like.

Without such an answer, though, functional ascription in the social sciences becomes arbitrary.

Third and finally, Pettit (1996) account is not fully spelled out. So, it is not made clear whether functional ascription really involves virtual *selection*—i.e. whether it is based on the counterfactual replication of the relevant social institutions—or merely virtual *sorting*— i.e. whether it is just based on the (counterfactual) growth or survival of the relevant social institutions. Similarly, it is not made clear exactly how N's having feature F—rather than some feature F' that is correlated with F—makes it the case that N continues to exist. On the face of it, Pettit's (1996) proposal just asks whether a social institution is counterfactually resilient. However, there will generally be a variety of features of a social institution that remain constant in the relevant set of counterfactuals. Counterfactually resilient golf clubs might facilitate business relationships and networking opportunities—but they might also provide access to fresh air or serve particularly strong mint juleps. Is doing the latter part of the function of golf clubs? More generally: are all of the features of a counterfactually robust social institution to be included in its functional description, or only some? If the latter, how is it to be decided which to include and which not?

For these reasons, while making a start towards a compelling grounding of functionalism in the social sciences, a further development of this account is needed. This is what the next section aims to do.

III. Presentist Social Functionalism

The account of social functionalism to be developed here uses some of the same core insights at the heart of the accounts of Bigelow (1998), Kincaid (1990), and Pettit (1996)—and indeed that

of Merton (1968)—but spells these insights out in a different way. In particular, the present account shares with that of Pettit (1996) the fact that social functionalism should not be grounded in the actual history of the relevant social institutions. However, unlike the account of Pettit (1996), the present account does not look towards how a social institution would react to various counterfactual scenarios, but towards the *actual* bio-cultural selective or sorting pressures on the institution *as it is now*.¹⁰ In this regard, the present account has more in common with that of Bigelow (1998) (and see also Kincaid 1990)—however, the way this idea is spelled out here is also quite different from the (rather brief) hints in Bigelow (1998).¹¹

Specifically, the key idea of the account to be defended here is that a social institution N has function F if it is *now* selected or sorted for F.¹² That is, the question at the heart of the account is: does feature F of social institution N make it more likely that N *will* survive or reproduce in the current socio-cultural environment? If it does, F is (part of) the function of N; if not, it is not. The present account thus makes the function of N dependent on those features of N—if any—that increase the expected survival or reproductive success of N in its current environment. To understand this better, a number of further points about this account need to be noted.

¹⁰ Some passages of Pettit (1996) seem to emphasize the current adaptive pressures on a given social institution, too. However, it is clear (e.g. from looking at its title) that the main focus of the latter account is on virtual selection, as sketched above.

¹¹ It is worth emphasizing again that the aim in what follows is not to show that the version of functionalism defended here is an improvement of functionalism in all its variants; the focus is more specifically in showing that it is an advance on the key contemporary philosophical forms of social functionalism.

¹² In a slightly different form, the focus on which traits are *adaptive*—rather than *adaptations*—to ground function has been put to use in other contexts, too (see e.g. Nanay 2014); however, the present form of this idea is unique and novel.

First, the present account explicitly and intentionally groups together genuine selection—i.e. the heritable differential reproduction of social institutions—and mere sorting—i.e. the differential growth or persistence of social institutions. This means that this account diverges from evolutionary biological practice, where—as noted earlier—there are good reasons to keep these two processes apart. However, for present purposes, this is not problematic. The goal of the present account is to ground the function of social institutions. While an appeal to the grounding of functions in biology is useful as a starting point, there is no requirement that these two groundings need to be the same. Social science has different (if at least sometimes related) explanatory goals than the biological sciences, and so some divergence in their core notions need not be greatly problematic. In the present context, the divergence results from the fact that it is not generally plausible to see social institutions as reproducing. However, the differential *growth or survivorship* of different kinds of social institutions *is* generally plausible. So, when it comes to social functionalism, the focus *should* be on the latter kind of process (though, as noted earlier, the former needs not be ruled out a priori either): this is what allows us to see certain institutions as being more stable parts of a given society. Hence, the fact that social functions can be grounded in either the sorting or is made explicit on the present account.

Second, in virtue of the non-historical nature of the present account, stating that social institution N has function F should not and cannot be taken as an explanation of why the institution is in existence now. Rather, N's having F is forward looking: it expresses why we should become more confident that N will continue to exist in the future. However, this is again in line with what a compelling version of social functionalism *should* look like (Bigelow 1998). As noted earlier, one of the core aims of social functionalism is to explain why some social institutions are more stable parts of a given society than others. This is precisely what the present

account can do. By showing that certain social institutions have features (their function) that make their survival or reproduction more likely, we are put in a position to hone in on the institutions that are more likely to be around in the future, too.¹³

Third, the role of counterfactuals is quite different on the present account as compared to that of Pettit (1996). On the present account, the only counterfactual that matters is whether the expected reproductive or persistence-focused success of social institution N would decrease if it did not have F.¹⁴ We do not need to consider whether N with F would continue to exist in all nearby possible worlds. We thus do not need to imagine all sorts of scenarios that may threaten N's existence. The question is just whether feature F contributes to N's expected survival or reproductive success as it is now. This can be much more easily assessed, at least typically—both theoretically (e.g. using background knowledge about the causal structure of the relevant economic system) and empirically (e.g. using carefully designed randomized controlled trials). In this way, we can sidestep the key problems that befall the account of Pettit (1996).

Fourth, the present account also sidesteps the problems of the historically-focused versions of social functionalism. Since the present account is not historical, it does not matter that many social institutions do not emerge after being “tried out,” in different versions, in one or several cultures. The past selective or other history of the institution does not matter to its functional ascription. Indeed, the variation issue does not matter for the present account even if it is lacking in the *current* social environment. The present account asks just if feature F increases the expected survival or reproductive success of institution N. The comparison here is not with other

¹³ This is thus something that the present account shares with that of Pettit (1996).

¹⁴ Indeed, precisely the latter is at heart of Nanay's (2014) non-etiological account of biological functioning.

existing social institutions, but with a (possibly) counterfactual version of the present social institution that lacks F. (As just noted, though, this is the only counterfactual that matters.)

For the same reason, the present account is also entirely consistent with the fact that the evolution of many social institutions is heavily dependent on chance. The core of the present account is just that N's having F *increases* the expected survival or reproductive success of N. The present account does not claim that N's having F *fully determines* the survival or reproductive success of N. It is not a claim about the actual evolution of N—just about one of the factors that influences this evolution in the current bio-cultural environment.

The fifth point worth noting here is that the present account can still allow for malfunction—a major desideratum on any plausible account of what grounds functional ascription (Millikan 1984, 1990, Neander 2006, Fodor 1990). It is not like anything that N does is part of its function. Rather, only those features that contribute to its expected reproductive or survival success are part of this function. So, to see a social institution N (ritualistic pig slaughter, say) as having function G (to entertain children, say) might turn out to just be *wrong*: while G may indeed be a feature of N (children may be entertained by the ritual), unless G increases N's expected reproductive or survival success, it is not its function. In this way, the present account can be seen to be a defensible way to ground functions.

Sixth and finally, according to the present account, a social institution N could have more than one function.¹⁵ So, it may be that there is a set of features F_1 to F_n that, individually, increase the expected reproductive or survival success of N. In that case, all of F_1 to F_n would be the function of the N. Also, it may be that some feature F increases the expected reproductive or survival success of N but only in the right circumstances—e.g. if there are not too many other tokens of N

¹⁵ This is a point that the present account shares with that of Merton (1968).

with F in the population (as in situations of frequency-dependent selection in biology: see e.g. Gillespie 1998, Futuyma 2009). These points will become important again momentarily. For present purposes, though, it is sufficient to note that the present version of social functionalism allows for—and indeed *invites*—complex, multi-faceted and dynamic functional ascription in the social sciences.¹⁶

All in all: according to the present account, a social institution N has function F if F increases the expected reproductive or survival success of N in the present cultural environment. Functional ascription in the social sciences is thus shown to be ahistorical and to just be based on comparing the expected reproductive or survival success, in the current bio-cultural environment, of N with F to that of N without F. To show that this makes for a fruitful approach towards the study of social institutions—and their corruption—consider the (much discussed) question of the function of corporations in contemporary capitalist systems.

IV. The Function and Corruption of Corporations

It is clear contemporary capitalist economic systems feature corporations—privately owned and independently managed entities dedicated to producing and selling a particular set of goods or

¹⁶ Relatedly, note that the account here defended does not need to commit to a specific individuation schema for social institutions or their functions. That is, whether it is more useful to theorize about the function of “golf clubs” or about the function of “sports clubs” or about the function of “private golf clubs with membership fees that are greater than \$100000 per year” is a separate question that can be looked at independently from what the function is of the social institution—however the latter is identified. (Related points hold for whether this function is specified as “providing business networking opportunities” or “learning about industry gossip” or whatever). These points hold for all forms of social functionalism (and indeed biological and social theorizing quite generally: see e.g. Baum 2013).

services (Drucker 1993, Williamson 1981). However, what is far less obvious—and indeed a point of fierce contention—is what corporations are *for*.¹⁷ Two main answers to this question have been proposed: the shareholder-value theory and the stakeholder-value theory (see also Audi 2008). Note that these two are not the only views of the function of corporations in the literature.¹⁸ However, they are the key poles around which the debate turns, and most other positions are characterized in relation to them (see also Audi 2008).¹⁹

The first of these positions is often associated with Friedman (1970), but prominent defenses are also in Hansmann and Kraakman (2001), Stout (2002), and Jensen (2002) (among others). This position states that the function of corporations is to create benefits for their *shareholders*. The shareholders of a corporation are market entities (individuals or collectives) that provide funds to the corporation and receive a stake in the company that can be sold on (Bainbridge

¹⁷ Drucker (1993, 4) has it that corporations sell goods “for profit” in a “competitive market.” However, the former would beg the question in the present context, and the latter is overly restrictive, in that there can also be corporations in less than fully competitive markets (which are an ideal anyway).

¹⁸ In particular, Miller (2017, 233-238, 2010, chaps. 2, 10) presents another account, according to which corporations have the function to provide “an adequate and sustainable supply of a good or service at a reasonable price and of reasonable quality” (Miller 2017, 231), and where the goods and services need to be defensible according to an objective moral standard (Miller 2017, 235-236). However, while very interesting, this account will not be central in what follows. On the one hand, Miller’s account has some internal problems. In particular, it is not clear how it is possible to specify “reasonable” prices and qualities of all the relevant goods and services, and it is not clear how to determine which goods or services are objectively morally defensible (indeed, many scholars have argued that objective moral standards do not exist at all: Ayer 1936, Mackie 1977, Joyce 2001, Street 2006). On the other hand and most importantly, as will be made clearer below, it is not consistent with the most compelling ways of assigning functions to social institutions in the social sciences more generally. See also note 26 below.

¹⁹ Also, the kinds of issues raised below can easily be expanded to the other theories.

2008, Stout 2002).²⁰ Key reasons for thinking that this is what corporations are for is that the social value of the goods and services produced by a corporation is reflected in the value of its shares. Hence, increasing the value of the shares is bound to be correlated with the social value of the goods and services produced.

By contrast, the second position (which has seen prominent developments e.g. in Evan and Freeman 1988, Freeman and Reed 1983, Serafeim 2014) focuses on the benefits of the wider class of corporate *stakeholders*. The set of stakeholders of a corporation include the latter's shareholders as a proper subset, but has numerous other members as well: customers, employees, government regulators, competitors and those affected by any externalities produced by the corporation. Indeed, the stakeholders of a company are all those market entities with significant relationships to the corporation in question. A key motivating consideration behind the view that the function of corporations is the maximization of stakeholder benefits more generally is the fact that corporations affect many members of a society beyond its shareholders. For example, salaried employees, despite being crucial in producing the goods or services in question, need not be shareholders of the corporation they work for. The same goes for the corporation's customers, competitors, or those living near the places where the production takes place. While all of these social entities may be affected by the actions of the corporation, these effects need not be fully reflected in the value of the latter's shares. Hence, corporations should be seen to be acting in ways that take the interests of all of its stakeholders into account, not just those of its shareholders.

²⁰ The extent to which shareholding is equivalent to ownership is controversial (Bainbridge 2008, Stout 2002), but this is not so relevant here.

Which of these two views—if any—is the right answer to the question of the function of corporations? Before it is possible to answer this question, it is necessary to dispel two possible misunderstandings about this debate.

First, it is of course true that anybody can make a corporation with any particular goal in mind.²¹ However, since individual intentions alone need not ground the function of social entities, this does not mean that looking at these intentions determines the function of corporations in general: even in the absence of any explicit intention of using the institution in one way or another, the institution has an aim of its own.²² Indeed, it is precisely this fact that gives functionalist approaches the ability to criticize social practices: people can be said to be *misusing* or *misunderstanding* certain social institutions (Goodpaster 1991).²³

Second, in order to determine the appropriate aims of corporate activity, it is also not sufficient to simply consider the legal status of the relevant firm. It is true that some legal

²¹ For a discussion of related issues in the context of recent changes to French corporate law, see Segrestin, Hatchuel, and Levillain (2020).

²² This is a point made by several functionalist approaches towards the social sciences (Bigelow 1998), but it is especially associated with Merton (1968). Incidentally, the fact that the present account makes it explicit what the latent function of a social institution is helps address some of the worries surrounding this issue raised e.g. by Campbell (1982).

²³ Note also that even if individual intentions *can* sometimes ground the function of certain social institutions—which is plausible in other cases (Millikan 1984, 2002)—this does not alter the main point here. If a social institution N inherently has function F, but if individuals can override this function by using or creating a token of N with intention G, it remains the case that the individual's decision to override the natural function of N can be assessed for how compelling it is. As before, the fact that N has the inherent function F provides a standard with which to assess the actions of individuals in using that institution (Goodpaster 1991, Segrestin, Hatchuel, and Levillain 2020).

systems have specific distinctions involving corporations. So, in the US legal context, limited liability corporations (LLC's) are distinguished, among others, from limited liability partnerships (LLP's), limited liability limited partnerships (LLLP's), and low profit limited liability corporations (L3C's) (Booth 2003, Artz, Gramlich, and Porter 2012, see also Segrestin, Hatchuel, and Levillain 2020). However, the existence of these legal distinctions and frameworks does not resolve the dispute concerning the functions of corporations: existing laws need not match up, one-to-one, with social norms and functions (Marmor and Sarch 2019). The former are also responsive to what is most useful or efficient for the legal organization of society (among other reasons).

So, with this in mind, what *does* determine the function of corporations? By the account of the previous section, the answer to this question can now be seen to turn on which features, in the current bio-cultural economic environment of a given capitalist system, increase a corporation's expected reproductive or survival success. Corporations would have the function to maximize benefits for just its shareholders if doing so increases their expected survival or reproductive success (in the current economic climate) relative to those corporations that aim at maximizing benefits for all its stakeholders—and vice versa.²⁴ This reformulation of the debate surrounding the function of corporations is important, as it has three major implications that can significantly advance this debate.

First, the appeal to presentist social functionalism (PSF in what follows) shows that prior treatments of the question of the function of corporations have relied on the wrong sort of data and inferences. Given this, these prior discussions—at least by themselves—can now be seen to

²⁴ Note that which way of coding F—e.g. whether it is assigned to focus on shareholders only or all stakeholders—is arbitrary and does not affect the substance of the analysis that follows.

in fact *fail* to shed light on the question of the function of corporations. (That said, as will be made clearer in a moment, they may well turn out to be useful *ingredients* in a compelling investigation of this question.)

For example, in the discussion surrounding the function of corporations, it is a common strategy to appeal to the values of the shares of shareholder-benefit-focused corporations in relation to those of stakeholder-benefit-focused ones (Hillman and Keim 2001, Jensen 2002, Stout 2002). (It turns out that stakeholder-focused firms do not clearly do better than firms that just focus on their shareholders: Hillman and Keim 2001, Jensen 2002, Stout 2002.)

However, given PSF it becomes clear that these kinds of data do not in fact directly speak to the question they are meant to address. A corporation's stock market value is not the same as the probability that it survives or reproduces. A corporation's stock market value includes the value of the corporations assets and people's expectations of the value of the company in the future. There is no question that these measures can correlate with the probability that the corporation survives or reproduces: corporations whose stock market valuation decreases are often in increased danger of going bankrupt. However, there is also no question that this correlation needs not always be high. Some corporations have high or increasing stock market values and go extinct and vice-versa. More generally, it is important to recognize that a corporation's stock market valuation is simply a different measure as that of its expected reproductive or survival success in the actually prevailing economic system, and they should not be conflated with each other. Because of this, considering a corporation's stock market valuation cannot be directly used to determine its function—contrary to what is often assumed (Hillman and Keim 2001, Jensen 2002, Stout 2002).

Much the same is true for some other measures of whether the function of corporations is shareholder-benefit-focused or stakeholder-benefit-focused. For example, Bebchuk, Kastiel, and Tallarita (in press), Bebchuk and Tallarita (in press) consider the actions of corporate leaders in US states that allow for the consideration of all corporate stakeholders in corporate transactions as well as those of corporate leaders who have signed the Business Roundtable Statement on the Purpose of a Corporation (Business Roundtable 2020). The Business Roundtable Statement on the Purpose of a Corporation has corporate leaders making a “fundamental commitment to all of our stakeholders” (underlining in original) (Business Roundtable 2020). Now, it turns out that Bebchuk, Kastiel, and Tallarita (in press), Bebchuk and Tallarita (in press) found that corporate leaders hardly ever did, in fact, negotiate on behalf of all of their stakeholders during takeovers. Instead, they acted in ways that maximized the value for their shareholders (and themselves) only.

However, interesting as they are, these studies by themselves also fail to directly address the function of corporations. It is true that what corporate leaders do may, at least at times, be *related* to the relevant corporation’s expected reproductive or survival success in the actually prevailing economic system. However, these are still very different measures. There are many influences on a corporation’s expected reproductive or survival success in the actually prevailing economic system other than the actions of corporate leaders, including the actions of suppliers, competitors, consumers, and employees. Because of this, it cannot be presumed that the former exhaust the latter. It may be true that corporate leaders only act in ways that favor corporate shareholders—however, it may also be true that doing so *lowers* the expected reproductive or survival success of corporations. In this case, then, corporate leaders act in ways that are *malfunctional*. The fact that a corporate leader does X does not mean that X is part of the

function of a corporation. Hence, the consideration of the actions of corporate leaders alone cannot tell us what the function of corporations is.²⁵ We have to look at the latter directly.

This thus makes for the first beneficial upshot of the defense of PSF in relation to the question of the function of corporations: it brings into view the kinds of empirical investigations that need to be conducted so as to determine this function. While many of the currently available data are not useful to make this determination, it is now at least clearer what kinds of data we ought to be looking for.

However, this does not exhaust the beneficial upshots of applying PSF to the question of the function of corporations. Another major such benefit concerns the fact that, with this account of functionalism in the background, we can explore novel theoretical possibilities concerning the function of corporations that have not even been *considered* thus far. In the forefront of these possibilities is the fact—already noted in the previous section—that functional ascription in the social sciences need not be seen to be restricted to one static feature of an institution only. That is, given presentist social functionalism, it becomes easier to investigate whether corporations have *neither* the function of maximizing benefits for its shareholders only, *nor* that of maximizing benefits for all of its stakeholders, but may have a more complex function.²⁶

²⁵ A related point holds for Friedman's (1970) classic concern that the CEO's of corporations focused on stakeholder-benefits are put in the position of supreme arbiters of different interests—something which they may lack a sufficient basis for. However, the fact that it may be difficult for CEO's to manage these different interests (or that many CEO's fail to do so well) does not speak to whether doing so is what is required of them in order to act in line with the function of corporations (Goodpaster 1991).

²⁶ Note also that presentist social functionalism does not obviously support the fundamentally morally realist treatment in Miller (2017, 233-238, 2010, chaps. 2, 10). There is no reason to think that corporations providing “an adequate and sustainable supply of a good or service at a reasonable price and of reasonable quality” (Miller 2017,

In particular, given that the function of corporations is determined by those of their features that increase their expected reproductive or survival success, it now becomes clear that this function may depend on the features of both a focal corporation and those of *other* corporations. This also means that the function of corporations can change dynamically as the composition of corporations in the marketplace changes. There are many different ways of spelling out these kinds of possibilities, but for present purposes, a very simple form of this kind of frequency-dependency is sufficient.

Assume that corporations that only maximize shareholder benefits have higher expected reproductive success than those focused on maximizing benefits for all stakeholders, but only if they are rare in the relevant economic system. This may be because corporations that only maximize shareholder benefits produce highly sought-after goods and services at minimum cost. In turn, this might help them spread through the market: they are less likely to go bankrupt, and more likely to create offspring outlets (see also Schulz 2020). However, once these corporations are widely represented in the market, their fortunes turn. Corporations that offer a wider set of benefits to a wider set of stakeholders—including employees, customers, and the environment—will start to stand out as producing more valued goods and services. Despite their higher production costs, people are increasingly willing to purchase these goods and services, leading to the relevant corporations spreading through the market—and the cycle starting anew.

Formally, we might thus have it that the expected reproductive and survival success of the two types of corporations is as follows:

231), and where the goods and services are defensible according to an objective moral standard (Miller 2017, 235-236), are the ones with the greatest expected reproductive success (see also Street 2006, Joyce 2005). See also note 18 above.

$$(1) w_r = a_1 - bf_r$$

$$(2) w_s = a_2 + cf_r,$$

where a_1 , a_2 , b , c , are all positive parameters, $a_1 > a_2$, w_r is the cultural fitness of shareholder-focused corporations, w_s is the cultural fitness of stakeholder-focused corporations, and f_r is the frequency of shareholder-focused corporations in the market.

In equilibrium, we have $w_r = w_s$, which implies that

$$(3) a_1 - bf_r = a_2 + cf_r = (a_1 - a_2) / (c + b) = f_r$$

Depending on the details of the case, the upshot of this kind of scenario therefore is either a static stable state that contains both shareholder-focused and stakeholder-focused corporations, or a dynamic stable state that cycles through periods that contain mostly stakeholder-focused corporations and mostly shareholder-focused corporations (Orzack and Sober 1994).

Graphically:

[Figure 1 about here]

As noted above, this is a highly simplified sketch of this case; however, what matters for present purposes is just that it illustrates a scenario in which it is not the case that the function of a corporation is to maximize either shareholder benefits or stakeholder benefits. Rather, something more complex is true here. The function of individual corporations differs from each

other: in a mixed stable state, some corporations have the function to maximize just shareholder benefits and some the function to maximize stakeholder benefits. Dynamically, too, the above case sees the function of corporations—even of the same token corporation—as changing from maximizing just shareholder benefits to maximizing stakeholder benefits (and vice versa), depending on what happens in the wider economic system the corporation is part of.

Generalizing, what this implies is that, on the above scenario, the best description of the function of corporations is dynamic and relativistic: this function depends on the details of the market environment—and which the corporations themselves are responsible for creating.

Now, it is important to be clear about the nature of the conclusion reached here. The claim is not that it is definitely true that there is frequency-dependency in the function of corporations. Rather, the key point here is just that this is a hypothesis that should be further explored. Up until now, the entire discussion surrounding the function of corporations was conducted in an either / or framework where corporations are either shareholder-benefit-maximizing or stakeholder-benefit-maximizing (or have some other unique feature F: see e.g. Miller 2017, 2010). However, given PSF in the background, it becomes clear that this view of the universe of possibilities is too limited. There are many more options that need to be explored before it is possible to comfortably conclude what the function of corporation is. Indeed, it is only thanks to PSF that the dynamic and relativistic hypothesis concerning the function of corporations sketched here becomes even visible. This thus shows that PSF is a fruitful theoretical framework that can push the existing discussion surrounding the function of corporations into novel directions.

All of this matters further, as it brings into view a third benefit of the application of PSF to the question of the function of corporations: namely, that it can advance the analysis and handling of corporate *corruption*. For an example of this, consider the debate about whether it is socially and

morally defensible for big corporations to use tactics like persistent advertising meetings or biased information distribution to prevent employees from forming a union (Story 1995, Cooper and Patmore 2009). On the one hand, these tactics are often legal (Story 1995), and unionization is not necessarily something that benefits a corporation's shareholder value, its customers, or the wider economic system (see e.g. Cahuc, Carcillo, and Zylberberg 2014, chap. 7, for a useful overview of the issues here, see also DiNardo and Lee 2004). On the other hand, unions can provide benefits to the employees of the corporation, and thus improve their well-being (Givan 2007, O'Mara 2019).

However, given presentist social functionalism, this question can now be investigated more precisely than that. On the one hand, it is not implausible that a corporation's present expective reproductive or survival success may be increased by its fair, equitable, and honest dealings with its employees. If so, then benefiting its employees is part of the function of a corporation, and anti-union action turns out to be a form of *corporate corruption*. However, whether this is in fact the case depends on whether it is actually—i.e. in the present socio-economic environment—true that a corporation's present expective reproductive or survival success is increased by its fair, equitable, and honest dealings with its employees, and whether unionization contributes to this.

Importantly, the latter may be true for some corporations at some time, but not for all corporations at all times. It is plausible that it will hold true in socio-economic systems where consumers are well-informed and have significant alternatives for the goods and services provided by a corporation. For in such cases, a corporation that does not treat its employees in a fair, equitable, and honest manner—which may (though need not) require allowing the formation of a union—may stand out negatively, and thus lose market share and be at a higher risk of bankruptcy or failure to spawn offspring firms (see also Schulz 2020, chap. 3). In these cases,

therefore, treating its employees in a fair, equitable, and honest manner, is (at least *ceteris paribus*) part of the function of a corporation.²⁷ This is important to note, as the existing evaluations of anti-union action are typically done in an either / or manner: this either is, or is not, seen as morally or socially defensible.

Furthermore, to the extent that we seek to encourage corporations having this function—and to treat their employees in a fair, equitable, and honest manner—this thus suggests regulating our socio-economic system in such a way that consumers *are* well-informed about the nature of corporate policies and actions (for example by encouraging the development of a free and widely read business press) and that they have many alternatives for the goods and services provided by a given corporation (thus encouraging the development of a robust competition regulator). Of course, there are many details to be worked out here about what exactly this entails. However, what matters for present purposes is just that the presentist social functionalist perspective defended here can make more precise exactly when, where, and why certain corporate behaviors (such as anti-union advertising) are corrupting.

Importantly also, the remarks of this section generalize to other social institutions. Whether the analysis is focused on privatized military contractors, campaign finance, policing (or whatever other social institution), a presentist functionalist perspective can (a) make more precise what data we need to consider in order to determine what the purpose is of the social institution in question (e.g. is the expected reproductive or survival success of a national defense force increased or decreased by its being managed by a private corporation or a public office?), (b) consider novel theoretical possibilities about this purpose (e.g. do elections for different offices have different functions—such as allowing the public to influence collective decision-

²⁷ Of course, the same analysis can help clarify which union actions are corruption of the function of a union.

making, as opposed to making people feel connected to each other), and (c) advance the analysis and handling of institutional corruption (e.g. would the installation of automatic speed cameras decrease the likelihood that the function of policing is undermined by the racial profiling of traffic violations?). For this reason, PSF can be seen as a productive approach towards the study of institutional purpose and its corruption quite generally.

V. Conclusion

This paper presented and defended a novel account of social functionalism: presentist social functionalism. According to this account, the function of a social institution are those of its features that increase the probability that the social institution will survive or reproduce. This account of social functionalism is shown to improve on the major alternative in the recent philosophical literature: the counterfactually-based account of Pettit (1996). In particular, by being grounded in the actual circumstances prevailing in the economy, the account defended in this paper avoids the modal ambiguities that plague that of Pettit (1996). Furthermore, the present account—like the one in Pettit (1996)—sidesteps the problems of some of the classical historical versions of social functionalism: no specific historical thesis about the emergence and persistence of the social institutions in questions needs to be made.

To show the fruitfulness of this account, the paper then used this presentist version of social functionalism to assess the function of corporations. The upshot of this assessment is threefold. First, existing discussions of this question have tended to look at data that are not directly about the function of corporations (such as stock market valuations or the behaviors of corporate leaders); instead, new studies should assess the expected reproductive or survival success of different types of corporations directly. Second, the application of PSF to the question of the

function of corporations makes it clear that there are numerous options about this function that have not even been considered thus far. Third, an appeal to PSF can make it clearer when and which corporate behaviors (such as anti-union advertising) are corruptive, and what regulatory changes may promote fair, equitable, and honest dealings between a corporation and its employees. In short: PSF provides a compelling and fruitful characterization of institutional purpose—and its corruption.

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