
An Abstract Status Function Account of Corporations

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Abstract

In this article, I articulate and defend an account of corporations motivated by John Searle's discussion of them in his *Making the Social World*. According to this account, corporations are abstract entities that are the products of status function Declarations. They are also connected with, though not reducible to, various people and certain of the power relations among them. Moreover, these connections are responsible for corporations having features that stereotypical abstract entities lack (e.g., the abilities to take actions and make profits).

Keywords

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Introduction

Label the following the abstract status function (SF) account of corporations:

- a. corporations are abstract entities that are the products of SF Declarations,¹

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¹These are Declarations that impose SFs onto reality—see §1.

- b. related Declarations connect corporations with various people and certain of the power relations among them and, by so doing, provide corporations with features that stereotypical abstract entities lack (e.g., the abilities to take actions and make profits), and
- c. the people and power relations connected with corporations can vary over time.

Arguably, John Searle (2010) endorses this account of corporations. Undoubtedly, he maintains that corporations are the products of SF Declarations and endorses b and c. Occasionally, he also claims that corporations are abstract objects. Yet other passages suggest that Searle takes corporations to be *reducible to*—that is, identical to or constituted by—the people and power relations with which they are connected. Prima facie, if corporations are so reducible, they are not abstract, since the people and power relations in question are not.

Whether or not Searle endorses the abstract SF account of corporations, I do. Indeed, the purpose of this article is to further articulate and defend it. I shall do so in three stages. First, since it is impossible to understand this account without understanding Searle's account of (nonlinguistic)² institutional reality, I outline the latter—see §1. Second, I further articulate the abstract SF account of corporations and in the process address two concerns about it: Can abstract entities be the products of Declarations and have the atypical features ascribed to them by this account of corporations? and Does this account of corporations violate legitimate naturalistic constraints on our understanding of the world?—see §2. Third, I compare the abstract SF account of corporations with three reductive alternatives and argue that it is preferable to all three—see §3. These alternatives are

- i. Identity—corporations are (numerically) identical to a collection of people and certain of the power relations among them;
- ii. Standard Constitution—corporations are constituted by a collection of people and certain of the power relations among them, where constitution is understood in the standard way; and
- iii. Enactment—a variation on ii with constitution understood on the enactment model advocated by Frank Hindriks (see, e.g., Hindriks in press).

²According to Searle (2010, chap. 4), languages are institutions that create institutional facts differently than other institutions. Henceforth, I leave this qualifier implicit.

I. Searle's Account of Institutional Reality

I.1. Preliminaries: Searle's Naturalism and Account of Cooperative Action

For Searle,³ the task of providing an account of institutional reality is the task of showing how this reality fits into our broadly scientific view of the world. Specifically, Searle's naturalism is succinctly encapsulated by the two central constraints that he places on his account of institutional reality—that is, his *basic requirement*:

[An account of institutional reality should] not only be consistent with but in various ways derived from and dependent on [noninstitutional reality]. (4)

And his one-world constraint:

We must not allow ourselves to postulate two worlds or three worlds or anything of the sort. Our task is to give an account of how we live in exactly one world, and how all of these different phenomena, from quarks and gravitational attraction to cocktail parties and governments, are part of that one world.⁴ (3)

Searle meets these constraints by developing accounts of individual intentionality, collective intentionality, and language (including Declarations) that meet them and then by showing how to combine these into an account of institutional reality. For our purposes, it is important to note that, in so doing, he demonstrates two things: that naturalists may legitimately undertake ontological commitments to the products of Declarations and that there is at least one naturalistically acceptable way of understanding cooperative action.

Since Searle has already demonstrated its naturalistic acceptability, for convenience, I employ his account of cooperative action in explicating the abstract SF account of corporations—specifically, its treatment of corporate action.⁵ For reference, let me sketch the highlights of this account before we

³When I write about Searle's accounts of institutional reality, cooperative action, and corporations, I have in mind the accounts in Searle (2010). Also, all page numbers not accompanied by an author and year are from this book.

⁴See Smith (2003) for an independent discussion of Searle's naturalism.

⁵Those who favor a different, naturalistically acceptable account of cooperative action are welcome to substitute it in filling in the details of the abstract SF account of corporations that I provide in §2.3.

continue our exploration of Searle's account of institutional reality.⁶ As part of his discussion of individual intentionality, Searle outlines two relations that can hold between simpler and more complex actions: the *causal* "by means of" relation and the *constitutive* "by way of" relation. The following illustrate the former:

I stomp on my car's brake pedal and I rapidly bring my car to a complete stop.

In Searle's terminology: I rapidly bring my car to a complete stop *by means of* stomping on its brake pedal. Moreover, the content of the intention⁷ governing this action would be, I stomp on my car's brake pedal, which in this context *causes*, I rapidly bring my car to a complete stop. Contrast this example with the following, which illustrates the constitutive "by way of" relation:

I raise my hand and I vote for a proposal.

Raising my hand does not *cause* me to vote; rather, it *constitutes* me voting. Searle would say that I vote *by way of* raising my hand, and he would maintain that the content of the intention governing this action would be, I raise my hand, which in this context *constitutes*, I vote for this proposal.

The aforementioned relations are important since they are central to Searle's account of cooperative action. According to Searle, no mere combination of individual actions caused by intentions with contents that are expressible solely in terms of *I* and beliefs with contents that concern the intentions of others is sufficient to ensure genuine cooperative action. At the same time, he recognizes that all intentions are inside the heads of individuals and can only be directly causally responsible for the actions of the individuals within whose heads they are. In response to these observations, Searle suggests that cooperative action requires individuals to have intentional contents that can only be appropriately expressed using *we* rather than *I*, even though the intentions in question only cause those whose

⁶For further details concerning Searle's account of cooperative action, consult Searle (2010, chap. 3).

⁷Since Searle's distinction between a *prior intention* and an *intention-in-action* is not important for our purposes, to save explicating it I use "intention" ambiguously throughout this section and my discussion of corporate action.

intentions they are to act. For example, suppose that we intend to change a light bulb in a high ceiling and that your contribution to this action will be to hold a ladder steady, while mine will be to climb up that ladder and change the bulb. That is, *we* intend to change the light bulb *by means of you* holding a ladder steady and *me* climbing up that ladder and changing the bulb. According to Searle, the content of your intention would be, *I* hold this ladder steady, which in this context *causes, we* change the light bulb. And, in one sense,⁸ your intention is satisfied provided that it causes *you* to hold the ladder steady. By contrast, the content of my intention would be, *I* climb up this ladder and change the bulb, which in this context *causes, we* change the light bulb, and my intention is satisfied provided that it causes *me* to climb up the ladder and change the bulb. Similarly, *we* could intend to play a duet *by way of you* playing the piano part and *me* playing the violin part. On Searle's account, the content of your intention would be, *I* play the piano part of the duet, which in this context *constitutes, we* play the duet, and your intention is satisfied, provided that it causes *you* to play the piano part of the duet. By contrast, the content of my intention would be, *I* play the violin part of the duet, which in this context *constitutes, we* play the duet, and my intention is satisfied provided that it causes me to play the violin part of the duet.

1.2. Institutions, Institutional Facts, and Constitutive Rules

Searle claims that we create institutional reality by creating institutional facts, where *institutional facts* are such facts as that Jacob Zuma is the president of South Africa and that the pope is the leader of the Roman Catholic Church—that is, facts that depend on and so obtain only as a result of institutions. Searle contrasts institutional facts with *basic* (or *brute*) *facts*—that is, facts that obtain independently of all institutions (e.g., that the Earth is roughly spherical).

According to Searle, “an *institution* is a system of constitutive rules” (10, emphasis added), where *constitutive rules* do not merely regulate activities—as do regulative rules—but also create the possibility of the very activities that they regulate (e.g., the US Constitution creates the possibility of “violating a US citizen’s First Amendment rights”). Thus, as Searle observes, an institution “automatically creates the possibility of institutional facts” (10).

⁸Henceforth, I leave this qualifier implicit.

1.3. Declarations

Searle's account of *how* institutions create institutional facts utilizes a component of his (1975, 1976) theory of illocutionary acts, according to which *Declarations* are speech acts that "change the world by declaring that a state of affairs exists and thus (bring) that state of affairs in to existence" (12). As he explains,

[Declarations] are cases where we change reality to match the . . . content of the speech act. . . . But . . . we succeed in so doing because we represent . . . reality as being so changed. (12)

Stereotypical examples of Declarations include resigning by uttering, "I resign," and marrying two people by uttering, "I now pronounce you man and wife."

According to Searle, the constitutive rules of institutions are, roughly, *standing Declarations*—that is, Declarations that remain in force for an extended period and, during this period, "specify the conditions under which certain institutional facts will be created. Sometimes . . . the conditions involve the performance of another Declaration. Sometimes . . . the act, which constitutes the institutional fact, is not itself a speech act" (98).

1.4. Searle's Main Thesis Concerning Institutional Reality

Roughly, Searle's main thesis is, all of human institutional reality is created and maintained in existence by (standing) Declarations. Yet, for two reasons, things are not quite this simple. First, according to Searle, not all of the acts responsible for the creation and ongoing existence of institutional reality are, strictly speaking, Declarations; on some occasions, "we just linguistically treat or describe, or refer to, or talk about, or even think about an object in a way that creates a reality by representing that reality as created" (13). For example, while Colin can become a team's goalkeeper by its coach uttering, "Colin, you will be the goalkeeper," he can also do so simply by standing next to that team's goal, for the latter act will result in people representing him—that is, thinking and talking about him—as the goalkeeper. Henceforth, "Declaration" refers to *all* representational acts that create a reality by representing it as existing rather than merely Declarations in the aforementioned narrow sense. Second, according to Searle, not all types of Declarations contribute to the creation and ongoing existence of institutional reality; only those that he labels SF Declarations do so. So, more precisely, Searle's (13, emphasis in original) main thesis is,

All of human institutional reality is created and maintained in existence by (representations that have the same logical form as) SF Declarations, including the cases that are not speech acts in the explicit form of Declarations.

1.5. SFs, Institutional Deontology, and Collective Recognition

Next, observe that human beings have the ability

to impose functions on objects and people where the objects and the people cannot perform those functions solely in virtue of their physical structure. The performance of the function requires that there be a collectively recognized status that the person or object has, and it is only in virtue of that status that the person or object can perform the function in question. (7)

Label such functions and statuses *SFs* and *SF statuses* (e.g., the functions associated with such formal statuses as “governor” and “\$10 bill” and such informal statuses as “leader” and “friend”).

Typically, Searle claims, the constitutive rules of institutions have the form “‘X counts as Y in Context C.’^[9] Thus, for example, such and such *counts as* a legal knight move in a game of chess, such and such a position counts as checkmate” (10). Moreover, these examples illustrate what Searle believes to be a universal rule: the Y terms of the constitutive rules of institutions refer to SF statuses, and such rules are standing Declarations that impose SFs onto reality. It is (standing) Declarations, broadly construed, of this type that Searle labels *SF Declarations*.

To convey the significance of SFs, Searle observes that

without exception, ... [SF statuses] carry ... “*deontic powers.*” That is, they carry rights, duties, obligations, requirements, permissions, authorizations, entitlements, and so on. (8-9, emphasis added)

⁹While discussing Californian corporations, Searle suggests that the basic logical form of the creation of institutional reality is “We (or I) make it the case by Declaration that a Y status function exists in C.”

¹⁰As Searle uses “deontic powers,” it covers “both . . . positive deontic powers . . . and . . . negative deontic powers . . . , as well as other logical permutations such as conditional deontic powers and disjunctive deontic powers” (9).

Obviously, the aforementioned SF statuses carry deontic powers (e.g., “governor” carries legal and political deontic powers, while “\$10 bill” commercial deontic powers). Moreover, it is because such statuses carry such deontic powers that the facets of reality on which they are imposed can perform their SFs (e.g., Barack Obama is able to perform the functions of the US president since he has such deontic powers as the *right* to veto legislation passed by the US Congress and the *obligation* to give the State of the Union address).

Furthermore, according to Searle, institutional reality is sustained in existence by our collective recognition, and we do so by collectively recognizing, on an ongoing basis, the deontic powers carried by particular SF statuses. For example, the fact that Barack Obama is the US President obtains as a result of people—most importantly, US citizens—collectively recognizing, on an ongoing basis, that he has the deontic powers that accompany this status.

2. The Abstract SF Account of Corporations

With these preliminaries in place, let us further explore the abstract SF account of corporations. Since this account is motivated by Searle’s discussion of Californian corporations, let us begin with an outline of this discussion.

2.1. Searle on Californian Corporations

Searle first observes that Californian corporations are created by twofold Declarations: (1) a standing Declaration embedded in Sections 200 (a) and (c) of the State of California’s Corporation Codes that allows “one or more natural persons, partnerships, associations or corporations, foreign or domestic” to bring such a corporation into existence “by executing and filing articles of incorporation” and (2) the actual executing and filing of articles of incorporation by a collection of “natural persons, partnerships, associations or corporations.”

Notice that, according to these codes, there is no independently existing entity/person or group of entities/people that is transformed into a Californian corporation by these Declarations. Rather, such corporations simply come into existence by being represented as existing. Moreover, as Searle (99) notes, the logical form of Sections 200 (a) and (c) of these Codes is,

We make it the case by Declaration that for any x that satisfies a certain set of conditions p , x can create an entity with Y [SFs] by Declaration in C .

Later, Searle makes a similar point when he (100) writes, “we make it the case by Declaration that an entity Y exists that has [SF(s)] F in C.”

The Y terms in these principles float free of any X terms; that is, they are instances of what Barry Smith (2003) labels “freestanding Y terms.” Their being so suggests that Californian corporations are *freestanding institutional entities*, where their being *institutional* consists in their existing only in virtue of a constitutive rule of an institution—in this case, Section 200 of California’s Corporation Codes—and their being *freestanding* consists in their being neither identical to nor constituted by any entity/person or collection of entities/people that exists independently of the aforementioned rule/standing Declaration. In §3, I argue that corporations are, indeed, freestanding institutional entities.

Searle (98) also remarks that

the whole point of [creating corporations] is to create a rather elaborate set of power relations between actual people. . . . When one creates a corporation one thereby creates an entity that can do business and that has such positions as the president of the corporation, the board of directors, and the stockholders. When a corporation is created, its [SFs] accrue to actually existing people, even though the corporation can retain its identity through changes in the people who occupy the various positions of [SFs] within it.

That is, Searle takes corporations to be linked with various people who serve SFs relevant to their operation. He (108) also adduces the following, which is relevant to the SFs and deontic powers associated with corporations:

We make it the case by Declaration that the Y [SF] exists in C, *and in so doing we create a relation R* between a person, or persons, S and Y, such that in virtue of SRY (S has power (S does A)).

Searle (108-9) continues,

Seen in this light, it turns out that the freestanding Y terms always bottom out in actual human beings who have the powers in question because they are represented as having them. So it is true that you don’t need a physical realization to have money or a corporation, or chess pieces in blindfold chess, but you do have to have *owners* of

money and *officers* and *shareholders* of corporations, and the *players* in a game of chess.

Thus, according to Searle, the SFs and deontic powers of corporations are reducible to the SFs and deontic powers of individual human beings.

As informative as this discussion is, it leaves a number of issues concerning the abstract SF account of corporations unaddressed. For example, it says nothing about their status as abstract entities, nor does it address the aforementioned concerns about whether abstract entities can be the products of Declarations and have the atypical features ascribed to them by the abstract SF account of corporations. Similarly, the above does little to show how corporations are related to various people or how such relations allow their SFs and deontic powers to “bottom out” in such people. If the abstract SF account of corporations is to be plausible, these concerns must be addressed. Thus, I devote the remainder of this section to doing so. I begin with the issue of what kinds of items abstract entities are.

2.2. Abstract Entities

The thought that abstract entities cannot be the products of Declarations and have the atypical features ascribed to them by the abstract SF account of corporations (e.g., the abilities to take actions and make profits) is plausible provided that one considers only paradigmatically abstract entities such as mathematical entities. Such entities are typically conceived of as intentionality independent and as failing to stand in any causal relations. The first of these features would, of course, exclude abstract entities from being the products of Declarations, while the second would be in conflict with them being able to influence the world, which is why I take the abilities of corporations to take actions and make profits to be atypical for abstract entities. Yet, if one considers less paradigmatically abstract entities, such as type-individuated books and fictional characters, then the plausibility of the thought that abstract entities cannot be the products of Declarations and have the atypical features ascribed to them by the abstract SF account of corporations vanishes. Minimally, considering less paradigmatically abstract entities undermines the idea that all abstract entities are intentionality independent. Indeed, perhaps the best account of the aforementioned examples is that they are the products of Declarations. For instance, plausibly, the following standing Declaration is responsible for the existence of fictional characters: an author writing about a character in a fictional novel suffices for the existence

of a corresponding abstract artifact—that is, an abstract fictional character.¹¹ The examples of type-individuated books and fictional characters also motivate the thought that abstract entities can influence the spatiotemporal world in certain ways. For example, Plato’s *Republic* has had a tremendous influence on the world, though nowhere near as great an influence as, for example, the Bible or the Qur’an. Of course, to make sense of the suggestion that abstract entities can influence the spatiotemporal world, one must tell a (sometimes complicated) story. Yet, such stories are available—in these cases, they revolve around *tokens* of the appropriate works.

As suggestive as these examples are, the best way to answer the challenge under discussion is to provide an account of abstract entities that shows that they can be the products of Declarations and have the features ascribed to some of them by the abstract SF account of corporations. In the interest of making this account of corporations clear, I shall do just this. I favor a strategy for specifying what abstract entities are that has come to be labeled “the way of negation”; that is, I take abstract entities to be those that lack the features characteristic of being concrete. Yet, unlike the other implementations of this strategy of which I am aware, I take both abstract and concrete to be governed by a cluster of features rather than a single feature. Furthermore, some of the features in these clusters are more important than others to whether an entity is, respectively, concrete or abstract. Specifically, an entity is *abstract* if and only if it fails to have *the central feature* in the cluster associated with concrete, while the more such features it fails to have, the more paradigmatically abstract it is.

In order of centrality, the following are the most central members of the relevant clusters:

Concrete:

1. spatial/spatiotemporal
2. causally efficacious
3. exists for a finite period
4. contingent

Abstract:

- nonspatial/nonspatiotemporal
- causally inefficacious/acausal
- eternal/semi-eternal/atemporal
- necessary/amodal

As noted above, I take only the first of these features to be essential to being, respectively, concrete and abstract. Moreover, since we developed our concepts of concrete and abstract before we understood that space and time are linked, the features listed under 1 should be understood in purely spatial

¹¹See Thomasson (1999) for further details and justification.

rather than spatiotemporal terms. Thus, what I take to be essential to being abstract is lacking a spatial location; having any of features 2 through 4 in addition simply makes an entity more paradigmatically abstract. My failure to include causal inefficacy or acausality among the features essential to being an abstract entity might trouble some. Yet I appeal to the examples of type-individuated books and fictional characters as justification for this feature of my account.

Now, in light of this account, the constitutive rules of institutions, being Declarations, are a suitable tool for creating abstract entities. Declarations make reality as we *represent it to be*. Thus, they can be responsible for the existence of entities that fail to have the features that are characteristic of concrete entities provided that we can represent reality as containing such entities. Moreover, as our many actual representations of entities that lack such features show, we can represent reality in this way.

Ideally, I should now argue that abstract entities can have the kinds of features that corporations have that paradigmatically abstract entities lack, such as being able to take actions and make profit. Yet, I am unable to do so without first providing some more details concerning the relationships between corporations and people.

2.3. On the Relationship between Corporations and People

About such relationships I want to make two basic points: (1) that they exist because the specific SF Declarations responsible for corporations existing are merely single elements of systems or collections of overlapping systems that establish them and (2) that these relationships allow corporations to act *by way of* or *by means of* certain of the people with whom they are associated acting, either individually or cooperatively.

Concerning 1, recall that, according to Searle, an institution is a *system* of constitutive rules—that is, a system of standing Declarations. So, we should expect the standing Declaration responsible for a particular corporation existing to be but one of a whole system or collection of systems of such Declarations. For example, the relevant corporation codes will certainly contain other constitutive rules, as will the corporation's articles and bylaws.

Concerning 2, note that other Declarations within one or more of the aforementioned systems associate a variety of actual people with a given corporation. Two particularly important groups are: (a) its *officers*—a (perhaps single-membered) collection that is authorized to exercise the deontic powers of the corporation by way of, individually or cooperatively, exercising their own deontic powers and (b) its *directors*—a (perhaps single-membered) collection that is

authorized to appoint or remove its officers by way of, individually or cooperatively, exercising their own deontic powers. Of course, the exact powers of a given corporation's officers and directors will vary from one corporation to another, as will the procedures that they will need to follow to exercise those powers. Yet, for well-functioning corporations, the relevant details should be specified in the appropriate codes, articles, or bylaws.

In addition to its officers and directors, there might be, among others, two further groups associated with a given corporation: (c) a collection whose deontic powers give them control over who will be its directors and (d) a collection who act as *delegates* of its officers. Think, respectively, of a corporation's *shareholders* and of its *employees, subcontractors, lawyers*, and so on. Also note that there can be, but need not be, overlap between the aforementioned collections.

Now, all actions taken by a corporation are taken *by way of* or *by means of* its officers or their delegates taking actions. Put another way, a corporation's officers and their delegates *enact* its actions. For example, suppose that National Delivery LLC's bylaws specify that all decisions as to whether it should enter into a contract are at the sole joint discretion of its CEO and CFO and that all such contracts require both of their signatures to be binding. Then, National Delivery LLC can enter into a new contract *by way of* its CEO and CFO signing that contract. On Searle's model, in signing such a contract, both the CEO's and CFO's actions would be governed by an intention with the following content: I sign this piece of paper, which in this context constitutes, National Delivery LLC entering into this contract. And, in the sense mentioned in §1.1, these intentions would be satisfied provided that they, respectively, caused the CEO and CFO to sign the relevant piece of paper. Suppose further that the aforementioned contract is to deliver twenty thousand bolts to a warehouse and that Frank is the employee of National Delivery LLC who will undertake this particular delivery. Then, *National Delivery LLC* can fulfill its contractual obligations *by way of Frank* delivering twenty thousand bolts to the relevant warehouse. Moreover, the content of Frank's intention might be, *I deliver twenty thousand bolts to this warehouse*, which in this context *constitutes, National Delivery LLC* delivering twenty thousand bolts to this warehouse, which in this context *constitutes, National Delivery LLC* fulfilling its contractual obligation.¹²

¹²For more details on how a corporation's officers and their delegates enact corporate actions, consult Hindriks's (in press) enactment account of organizational constitution. I discuss the problems with this account in §3.3.

While spartan, this discussion should make clear how, according to the abstract SF account, corporations are able to act, including exercising their deontic powers, despite the fact that they are abstract entities. Specifically, all such actions are enacted by people associated with the corporation in question; that is, they take place by way of or by means of human beings, individually or cooperatively, taking actions. So, this discussion shows how it is possible for an abstract entity to have one of the atypical features ascribed to some of them by the abstract SF account of corporations: the ability to take actions. Similar discussions can account for their other atypical features. Take, for example, the ability to make profits. Other Declarations in the systems governing corporations provide them with the authority to open bank accounts in their name and own various items classified as assets. Loosely speaking, a corporation is able to make profits *by means of* taking actions that result in a net increase in its assets. So there is no more mystery involved in a corporation, as characterized by the abstract SF account, having these kinds of features than there is in a type-individuated book having the ability to influence the world once one understands the relationship between such books and their tokens and the fact that the latter are concrete entities that can causally influence the world.

Let me make two final observations before proceeding to argue for the abstract SF account of corporations. First, in explicating this account, the only resources that I have used are ones used by Searle in providing his account of institutional reality. Thus, in establishing the naturalistic acceptability of his account of institutional reality, Searle has, in effect, established the naturalistic acceptability of the abstract SF account of corporations. Of course, the key worries here arise from corporations being the products of Declarations and having the ability to act. But, as I noted in §1.1, Searle addresses these worries. Second, my discussion of corporations having assets alludes to the important fact that various people are not the only items intimately connected with corporations. They are also connected with other institutional entities, such as bank accounts and governments, and various concrete entities, such as buildings, office furniture, computers, and so on.

3. In Defense of the Abstract SF Account of Corporations

Now that we better understand the abstract SF account of corporations, let me undertake a defense of it. In fact, in a couple of places it will be helpful to defend an abstract SF account of organizations more generally, where an *orga-*

nization is any entity with the following three properties: (a) it is introduced by a SF Declaration, (b) this Declaration is an element of a system or collection of systems of Declarations that connect particular people with it and, in so doing, provide it with the ability to exercise its deontic powers, and (c) the people connected with it can vary over time.

It would extend this article unmanageably to justify Searle's whole approach to institutional reality and corporations. Thus, I simply assume that they are correct. In effect, this amounts to assuming that corporations exist as the products of standing SF Declarations and are connected with various people and certain of the power relations among them. With these assumptions in place, there are only two plausible alternatives to the abstract SF account of corporations: corporations are reducible to such people and power relations, and corporations, while not so reducible, are nonetheless concrete since they are spatially located. In the remainder of this section, I argue that neither of these alternatives is correct. Specifically, I first argue that the three reductive accounts of corporations mentioned in the introduction are false and then that corporations lack a location. To refresh, those three accounts are

- i. Identity—corporations are (numerically) identical to a collection of people and certain of the power relations among them;
- ii. Standard Constitution—corporations are constituted by a collection of people and certain of the power relations among them, where constitution is understood in the standard way; and
- iii. Enactment—a variation on ii with constitution understood on the enactment model advocated by Frank Hindriks (see, e.g., Hindriks in press).

3.1. Against Reductive Account: i. Identity

Fortunately, Gabriel Uzquiano (2004) has provided the details of the argument that account i is false for a different organization and collection of people: the US Supreme Court and its past, present, and future justices. The key to Uzquiano's arguments is the observation that this court retains its identity through changes in its justices. Indeed, his arguments are generalizable to all entities that retain their identity through changes in the people and power relations with which they might potentially be identified; the exact mechanism by which such changes take place does not matter. This is important because, as Searle (98) observes, a "corporation can retain its identity through changes in the people who occupy the various positions of [SFs]

within it.” Thus, for the reasons detailed by Uzquiano, the identity and persistence conditions of typical corporations do not coincide with those of any set, collection, or mereological fusion of actual people or relations among such people.

3.2. *Against Reductive Account: ii. Standard Constitution*

As standardly understood, the constitution relation has at least these two features: it holds between spatially coincident entities and constituents make wholly causal contributions to the features of the entities that they constitute (see, e.g., Baker 1997, 2000, 2007). The relationship between corporations and the people and power relations with which they are connected is not one of constitution, so understood, since this relationship has neither of these standard features. Concerning the first feature, it is far from clear that corporations, as opposed to items with which they are connected (e.g., offices, headquarters, areas of operation), have locations.¹³ But if corporations do have locations, they are located somewhere with which they have strong ties. Yet, for any particular corporation, it is possible to imagine *all* of the actual people associated with it, with their power relations intact, gathered somewhere with which the corporation in question has no strong ties. Hence, if corporations have locations, they cannot be identified with the locations of any collection of the actual people and power relations with which they are connected.

Concerning the second feature, note that the officers, directors, and shareholders of corporations frequently contribute to their functioning by exercising the deontic powers associated with their respective positions. Consequently, since such exercises of deontic powers are not causal in the relevant sense, the contributions of these individuals are not wholly causal.

So, reductive account ii is false. Moreover, parallel arguments show that the relationship between organizations in general and the people and power relations with which they are connected is also not one of constitution, at least as this relation is standardly understood.

3.3. *Against Reductive Account: iii. Enactment*

In §2.3, I outlined an account of how specific people connected with corporations enact the actions of those corporations. In recent work, Frank Hindriks (see, e.g., in press) has developed this idea in some detail for organizations

¹³In §3.4, I argue that they do not.

more generally. Yet he takes his discussion to be an account of how organizations are constituted rather than simply of how they act. In particular, Hindriks takes organizations to be *constituted by* the people who enact their actions, though not all of these people, for it would be implausible to take, for example, subcontractors or lawyers who are not direct employees or members of an organization to be among those who constitute it. More accurately, according to Hindriks's account, an organization is constituted at a given time by a subcollection of the people who may enact its actions or authorize others to do so at that time. Moreover, the people who constitute a given organization can vary over time.

Whatever the merits of this nonstandard account of constitution for certain very simple organizations (e.g., small, local clubs), it is not adequate for organizations in general, including corporations, for an organization can exist at times when there are no people who, according to this account, might plausibly be taken to constitute it. For example, the only people who might plausibly be taken to constitute the US Supreme Court are its justices. Yet should all of its justices die in a natural disaster, this court would not cease to exist. Rather, it would continue to exist and certain politicians would appoint new justices to it. Moreover, should the disaster in question also kill all of the relevant politicians, the surviving US citizens, provided that there were a relatively large number of them, would first elect new politicians, who would eventually appoint new justices. In effect, the only ways in which the US Supreme Court can cease to exist are US citizens ceasing to collectively recognize some or all of the current US Constitution or there ceasing to be any US citizens. Certainly, the death of a relatively small number of such citizens would not result in this court ceasing to exist. As a result, this court is not constituted, in the enactment sense, by its justices, for it is a conceptual truth that a constituted entity can exist at some time only if there are entities that constitute it at that time.

Formally, the example in the previous paragraph challenges condition 5 of Hindriks's (in press, §2.3) Enactment Account of Constitution:

It is impossible for [an organization] to exist without there being one or more agents who enact its actions or who authorize other agents to do so.

The aforementioned example shows that the US Supreme Court can exist without there being any agents who may enact its actions or (directly) authorize others to do so, for the only such agents are its justices, their delegates, and certain elected politicians, yet this court can exist in the absence of agents

of all three types. Of course, it is almost certainly possible to reformulate Hindriks's condition to accommodate this counterexample, at least in a technical sense, but any such reformulation would have to have the counterintuitive consequence that *all* US citizens are among those who constitute the US Supreme Court. The relationship between this court and those elected politicians who have authority over who will be appointed to it is already such that it is implausible to take these individuals to be among those who constitute it; to include not only these politicians but also those responsible for electing them, among those who constitute this court, is surely to stretch the relationship between constituting and constituted entities too far. After all, contra the fundamental idea behind the enactment account of constitution, neither the relevant politicians nor US citizens more generally may enact the US Supreme Court's actions.

In effect, the situation concerning typical large corporations does not differ significantly from that concerning the US Supreme Court. Since only a small number of the people associated with such a corporation are authorized to take or authorize actions on its behalf, only a small number might plausibly be counted among those who constitute it according to the enactment account of constitution—roughly, its officers. Yet large corporations can exist, at least temporarily, without any officers since there is a specific group that is responsible for replacing such officers if needs be—its directors. Furthermore, should a situation arise in which there were no directors to appoint new officers, there is a third group that could appoint new directors—its shareholders.

So, typical large corporations are not constituted, in the enactment sense, by any collection of the people associated with them. Neither are even much smaller corporations. Consider, for example, a sole individual who decides to create an LLC to limit her financial liability should one of her clients decide to sue over a fault in her product. Typically, even this type of LLC is associated with a variety of entities that are not the person in question. For example, it will have a bank account, perhaps debtors and creditors, and perhaps also premises on which the individual in question manufactures her product. Moreover, were such a person to die, the LLC in question would not immediately cease to exist. Rather, someone would have to take the actions appropriate to ending its existence, such as closing its bank accounts, selling its property, collecting monies from its debtors, distributing its funds to its creditors, and so on. Thus, even a very small LLC can temporarily exist in the absence of any entities that, according to the enactment account, might plausibly be taken to constitute it.

In fact, the observations in the previous paragraph show that corporations are not reducible to any collection of people and power relations among

them, for they show that corporations can exist, at least temporarily, in the absence of any of the people and power relations with which they might plausibly be identified or that might plausibly be taken to constitute them. It is perhaps worth noting that our inability to reduce corporations to any collection of people and power relations among them should not be surprising. To operate effectively, corporations need to be relatively stable. After all, undertaking a contract with an entity that could simply cease to exist, leaving no one with a responsibility for fulfilling that contract or making some kind of amends for failing to do so, would be very risky: perhaps too risky for us to do it on a regular basis. Consequently, corporation codes make corporations more stable than any collection of people and power relations associated with them. For example, such codes insist on corporations having directors in addition to officers, and they include rules that specify the procedures that must be followed to close down corporations governed by them.

So, corporations are not reducible to any collection of actual people and powers relations among them. In fact, as the principles discussed in §2.1 suggested, they are not identical to or constituted by *any* collection of entities or relations. Rather, they are freestanding institutional entities. Moreover, the same is true of organizations in general. The only issue that remains, then, is, do the freestanding institutional entities that are corporations (organizations) have a location?

3.4. *On the Location of Corporations*

As I have observed repeatedly, various people are not the only items with which corporations are intimately connected; all corporations have an official mailing address, while many have various offices, retail locations, manufacturing plants, areas of operation, and so on. In fact, the same is true of organizations in general. Furthermore, most of these items have locations, which suggests that, in various nonstrict senses, corporations and other organizations are located. Furthermore, typically, when someone asks, “Where is Organization X located?” the context determines that what he or she is asking after is the location of one or more of the items associated with Organization X (e.g., its main offices). Indeed, when asked this question outside a context that determines some such item or items, we *take* the person to be asking after the location of one or more such items, where which particular item or items we take him or her to be asking after is contributed by us rather than by him or her, or the question.

Of course, occasionally, there is only one location that could plausibly be taken to be a given organization’s location, and, in such instances, we tend to

take it to be located in the relevant spot. Think, for example, of a single-campus university. Yet it isn't clear that what we take to be the case in such instances is actually the case, for the location in question is, in fact, just the location of one or more of the items associated with the organization; in the aforementioned example, the location of the university's single *campus*. Moreover, typically, it is a purely contingent matter that such an organization has only one location that could be taken to be its location and that *that* location is the one that could be so taken (e.g., single-campus universities can open further campuses and can abandon their current campuses and move to new ones).

Now, our ability on numerous occasions to answer the question "where is Organization X located?", together with the relationships between organizations and various located items, certainly make it seem like organizations are located. Yet, do organizations *themselves*—that is, the aforementioned free-standing institutional entities—have locations? I think not, at least in general. The basic reason for this is that organizations obtain their features from the overlapping systems of rules/Declarations that govern them, such as particular corporation codes, articles, and bylaws. Moreover, in general, none of the rules in these systems determine that organizations themselves have locations. All that these rules determine is that organizations are connected with various distinct items that have locations. Yet, since organizations themselves are neither identical to nor constituted by these distinct items, the fact that these items have locations does not mean that organizations themselves have locations. Of course, a particular organization might be governed by a rule/Declaration that provides it with a location. But, in general, this is not so. Thus, in general, organizations themselves are abstract entities.

Next, note that, according to the abstract SF account, there is no need for any organization to be located for it to perform its SFs, for these are performed by the exercise of deontic powers, and an organization's deontic powers are exercised by way of actual people who are associated with it exercising their deontic powers. Moreover, whether an organization itself is located is irrelevant to whether such people can exercise their deontic powers.

So, corporations and other organizations can perform their SFs even if they are abstract entities, and we have good reason to believe that, in general, they are abstract entities. Those familiar with Hindriks's enactment account of the constitution of organizations should not find the first of these results surprising, for this account already allows for the individuals who enact an organization's actions to be located in a different place than the organization itself. I have merely strengthened this result and suggested that the organization itself need have no location for these individuals to enact its actions. To

my mind, Hindriks's resistance to the second of the above results issues from an error in his naturalism. He (in press, §1) maintains that a naturalist "cannot deny that . . . social entities that depend on [physical entities that have a location] have a location as well." Yet, if one's naturalism provides for the acceptability of the products of Declarations, as does, I believe correctly, Searle's, then one's naturalism can readily recognize that certain social entities are abstract—see §2.2.¹⁴

4. Conclusion

In this article, I have articulated and defended the abstract SF account of corporations and organizations in general. This account differs from most accounts of these entities in that it denies that they are identical to or constituted by certain people and some of the power relations among them. Essentially, I reject this thesis since corporations and typical organizations can, at least temporarily, exist in the absence of any people and power relations with which they might plausibly be identified or be taken to be constituted. Perhaps the abstract SF account's most controversial thesis, however, is that corporations and other organizations are abstract entities, for, one might think, abstract entities just are not the kinds of items that can have the kinds of features that organizations clearly have (e.g., the ability to take actions). Yet, in §2, I provided an account of abstract entities that shows that, in fact, they are quite capable of having these types of features.

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¹⁴Smith (2003) provides an independent argument for this conclusion.

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