

Why should we care? Ethical Foundation of the Responsibility of Producers and Consumers

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The „ethics of responsibility“ is developed on the basis of reflections about anthropology, different motivations for responsibility, responsibility of individuals compared to responsibility of institutions and limitations and "de-limitations" (Entgrenzung) of responsibility of producers, traders, consumers and the state in a globalised economy.

1. Dimensions of power and responsibility

Power is the ability to decide between one or different options and to implement the decision. Therefore each person has a certain amount of power, from very little to very extensive, from power only about oneself to influencing and directing millions of people. Different forms of power can be distinguished: competence (technical and social competence), capital (money, in general material possessions), communication and information (very important in the modern information society), experience (including the power of history), innovation (creative power), physical strength (physical power, arms), credibility (power of reputation), conviction (power of arguments), decision-making (power of taking and implementing decisions), monopoly (power without counter-power), cooperation (power to form coalitions), time (time and speed as an important power in modern economy) etc.

Owing to the fact that power often is abused, power tends to have a negative connotation. Can power be ethical? According to the sociologist Max Weber, power is the possibility of enforcing one's own will. As a capacity for the realisation and implementation of ethical values, power is positive; indeed, it is necessary to implement what one recognises as "good" and to avoid what one recognises as "evil".

Generally speaking responsibility¹ is the response to power. Responsibility means the responsible use of power in its different forms. In ethical terms the level of responsibility is inextricably linked to the level of power. The more power a person has, the greater is his or her responsibility. Somebody who has no power, cannot assume responsibility, and anybody who exercises power without responsibility, abuses it. A newborn baby cannot as yet be held responsible, because it has not the will and the skills to decide between options. In contrast, a father of a family, an entrepreneur or the president of a government, have the responsibility to use their power for the benefit of the people entrusted. An excellent speaker has the responsibility to use his/her eloquence and argumentations in a way, which empowers and supports, but not oppresses people.

2. The anthropological foundation of power and responsibility

The understanding of power and responsibility depends to a great extent on the image of man one has. With a pessimist view, one emphasises that man is always in danger to abuse power and to neglect his or her responsibility. The weakness and sinfulness of human beings

¹ More on this fundamental value see: Jonas, Hans (1979): *Das Prinzip Verantwortung*, München: Piper 1979; Stückelberger, Christoph/ Mathwig, Frank (2007): *Grundwerte. Eine theologisch-ethische Perspektive*, Zürich: TVZ, 121-143 (chapter 3.3 on responsibility).

leads to the necessity to control power of each human being by techniques of sharing and limiting. To control, share and limit power is the most important way for a responsible use of power. With an optimistic image of man one sees the opportunity of persons to assume responsibility by self-education and self-discipline. Based on the ability for self-responsibility, the control and sharing of power is seen as less necessary.

In all value systems, responsibility is a key value. Yet, its understanding (what kind of responsibility?), range (responsible toward whom?), and motivation (why?) are very different. In the perspective of Christian anthropology and ethics, power and responsibility are rooted in God and are derived from him. According to the theological definition of the Ecumenical Council of Churches, power represents man's ability to participate in God's creation. Therefore, the question is not to accumulate as much power as possible, but to dispose of the power that is appropriate for the task and the objectives at every level of action. In the Christian perspective, power is given by God and taken away by God in case of abuse as it is shown in many biblical stories, especially about the kings in the Old Testament. Therefore, to share and to limit power is a valid, important way to avoid its abuse. Power is a loan in the service of the community. The measure of responsibility must be adequate to the measure of power invested in a person or institution, and vice versa. Not only power, but also the burden of responsibilities has to be shared. If it is not shared, people tend to become selfish, autocratic or they feel responsible for everything, even for matters they are unable to influence, and this is almost as destructive as undivided power. Power is tamed by responsibility toward an authority that is above the holder of the power, thereby putting power at the service of humanity. Conversely, it is irresponsible to demand responsibility from somebody without granting him or her the corresponding power.

3. Why should we care? Motivations for responsibility

The motivation for responsible behaviour differs according to different world views and value systems. In a globalised, pluralistic world and a global economy, the motivations are often mixed. This must not necessarily lead to value clashes or to a clash of civilisations, but may result in highly responsible cooperations. Manyfold examples of companies with Corporate Social Responsibility (CSR) show evidence for this, even if the concepts of CSR still remain very debated and different.²

From an enlightened perspective, responsible behaviour is a result of enlightened self-interest. Rational behaviour includes responsibility because irresponsible behaviour is self-destructive and violates the duties toward the community.³ Self interest and interest of others can be combined and reconciled. Social peace and a healthy environment are equally good for others as for oneself.

From a religious perspective, one has to act responsibly as a response toward God or the Deity. All power is with God and is granted to man by God. Therefore man is responsible toward God to use his power for the benefit of the community. The efforts for personal salvation, personal perfection and wholeness or (in a protestant perspective) the liberation from these efforts by God's grace lead to responsible behaviour.⁴

From a Confucian perspective, responsible behaviour is the core of the concept of *ren*, the ideal of the morale of benevolence and of humane behaviour for the sake of humanity. All human relations in its orders and its respects are basically rooted in hierarchical and concur-

² See Enderle, Georges (2006): *Corporate Responsibility in the CSR Debate*, in: Wieland Josef u.a. (eds.): *Unternehmensethik im Spannungsfeld der Kulturen und Religionen*, Stuttgart: Kohlhammer Verlag, 108-124.

³ Ulrich, Peter (1997): *Integrative Wirtschaftsethik. Grundlagen einer lebensdienlichen Ökonomie*, Bern: Haupt Verlag.

⁴ Stückelberger, Christoph (2007): *Stewards and 'Careholders'. A Christian Ethical Perspective*, in: Stückelberger, Christoph/ Mugambi, J.N.K.: *Responsible Leadership. Global and Contextual Ethical Perspectives*, Geneva: WCC Publications, 3-12.

rent mutual responsibility. In this context the motivation for responsibility is to maintain long-term and stable human relationships and friendships.⁵

From a communitarian perspective, the motivation for responsible behaviour results from community-orientation. The wellbeing of the community is the goal of human action. Individual wellbeing depends on wellbeing of the community.⁶

From a human rights perspective, the care for others and the support of their the human rights is an important responsibility of policy makers. But it is also the responsibility of everybody. Obviously, rights are linked to duties and responsibilities.⁷

From a liberal perspective, personal freedom finds its limitation at the freedom of other fellow human beings. In order to guarantee freedom in the long run, freedom must be linked with responsibility, which respects the freedom of others.⁸

From a socialist perspective, the struggle for justice and equity between all human beings leads to the call for responsibility. Irresponsible use or abuse of power oppresses the poor and weakens the weak. To care for others is a commandment of solidarity.⁹

From a capitalist perspective, the goal of increasing and sustainable profit can – in the long run – only be reached by responsible behaviour. Irresponsible short term profit maximisation increases conflicts with stakeholders, results in negative media reports, legal court cases, and environmental damage, thereby leading to various reputation risks and to corresponding financial damage.¹⁰ This view leads to the

CSR perspective: "Corporate Social (and Environmental) Responsibility" (CSR) leads to a long term, sustainable perspective and avoids or at least reduces reputation risks. Financially, ethics pays off in the long run.

4. Individual and structural ethics

In human relations responsibility in the care for oneself and for others is an ethical category. First of all, as part of individual ethics it concerns the responsibility of an individual toward others and toward his or her own life. Responsibility is not only a fundamental value, a basic ethical principle; but it is also a virtue, and a characteristic feature of personal behaviour. Second, responsibility has to be incorporated and incarnated into the structures in all sectors of the society. "Codes of Conduct", management procedures, corporate structures from planning to production, trading, reporting and recycling, the legal system of a nation, international conventions of the global or regional community or states etc. all of them should be structures, mechanisms and institutions, which allow each individual to behave in a responsible way. They all are built by managers, board members, members of parliament or governments, participants in Non-Governmental Organisations or religious communities. Individual and structural responsibility and ethics therefore are interdependent and influence each other. By itself individual behaviour generally is too weak to change the world and ethical "heroes" are rare species. On the other hand, the difficulties or ease of responsible behaviour are incorporated in social structures only if individuals and communities struggle for it.

⁵ Confucius, *The Analects of Confucius* (I-III).

⁶ Etzioni, Amitai (2004): *From Empire to Community*, New York: Palgrave MacMillan.

⁷ Runzo, Joseph et al (eds.) (2003): *Human Rights and Responsibilities in the World Religions*, Exford: One World Publications.

⁸ Stückelberger, Christoph/ Mathwig, Frank (2007): *Grundwerte. Eine theologisch-ethische Perspektive*, Zürich: TVZ, 101-120 (chapter 3.2 on freedom).

⁹ Stückelberger, Christoph (2003): *Global Trade Ethics. An Overview*, Geneva: WCC Publications (available also in French, German, Chinese, 2006).

¹⁰ Leisinger, Klaus/ Schmitt, Karin M. (2003): *Corporate Ethics in a Time of Globalisation*, Sri Lanka: Sarvodaya Vishva Lekha.

5. Responsibility of governments, producers, traders and consumers

This concept of responsibility is valid for all sectors of the society. Consequently, it also applies to the sector of economic ethics (which includes all economic activities from micro to macro) and more specifically to the field of business ethics (as the part of economic ethics which concentrates on companies). The problem must be raised, what is and how far goes the responsibility of governments, producers, traders and consumers in the production and consumption of goods and services, while looking at the whole supply chain? This very complex question is the key issue of economic ethics in debates from the local to the international level. Four main categories of actors can be distinguished:

- *Individuals*: employees, workers, consumers, electorate
- *Private sector*: Companies, shareholders, informal sector, employer's federations, trade unions, financing institutions, ethical labelling institutions, auditing institutions
- *Civil society*: media, academic research institutions, consumer organisations, environmental organisations, religious institutions, networks
- *State*: national governments (including local, regional, national levels), supranational alliances, international organisations.

In this short paper, I can indicate only a few theses:

- a) *Each actor* has to contribute in his/her specific area to a responsible, ethical production, distribution and recycling of goods and services. This seems to be obvious and trivial. Yet, the reality is that many actors blame others for what they should or should not do. Yet, they do not mention their own responsibility.
- b) In a free market economy, *companies* have the task to use their freedom in a responsible way so that business serves not only the shareholders, but also all other stakeholders such as the employees, the consumers, the local community, the state, the broader society and the environment. Where these are not respected, the risk of scandals and therefore reputation risks is high.¹¹ Companies are responsible not only for their own production units, but they have the obligation to look at the standards (in quality, working conditions, social and environmental behaviour) of their suppliers at least for the first and second layer of the chain. If these two levels are monitored ethically, a substantial increase in responsibility of production can be seen. A study about German Companies in China showed that they respected the same high standards (working hours, working conditions, labour rights etc.) in their own production in China as in Germany, much above the legal requirement. The standards for the first layers in the supply chain (international companies) was also high, but for the second layers (Chinese private companies) it was much lower, closer to the legal minimum and related to contracts in sectors such as electronics, which do not respecting all laws. The study concludes: "The situation gets worse along the supply chain."¹² In a globalised economy it obviously is impossible to include all steps of the supply chain in the producer's responsibility. Yet, the responsibility of the producer has to include at least a part of the supply chain.
- c) The *state* plays a crucial role in defining the macroeconomic frame and the conditions for economic activities in all continents. Reasonable laws and their enforcement to-

¹¹ See Rothlin, Stephan (2006): *Spannungsfelder der Wirtschaftsethik im Chinesischen Kontext*, in: Wieland, Josef, u.a. (eds.): *Unternehmensethik im Spannungsfeld der Kulturen und Religionen*, Stuttgart: Kohlhammer Verlag, 40-52.

¹² Lübcke, Eileen: *Corporate Social Responsibility in China. Work policy of German Multinational Enterprises in China*, study conducted at the ITB University Bremen, conference summary, 21.

gether with a transparent and faithful court system is the most important pillar for fair and responsible business activities.

- d) *International organisations and conventions* such as the legal framework of the WTO, the ILO conventions, UN conventions such the one on the right to adequate food, the right to water, the Kyoto protocol etc. build a important frame for all economic activities in a globalised economy, because it gives to all member states equal opportunities and obligations.
- e) The *consumers* have an enormous purchasing power.¹³ Their influence on companies preferentially buying labelled fair trade and bio-products is substantial not only in industrialised countries, but as a result of growing numbers of middle classes consumers more and more also in towns of developing and of transition countries.¹⁴
- f) *The information systems* by state public and private media play a crucial role. Companies often change their environmental or social strategy and behaviour only after public reports and scandals as one can see all over the world. Also government officials, consumers and the other actors can not assume their respective responsibility if they have not access to the relevant information. Information and communication are a pivotal pre-condition and foundation for ethically responsible behaviour.
- g) *The investors* play probably the most important role of all actors in influencing the strategy and responsibility or irresponsibility of companies. As long as they do not include social and environmental criteria in their rating of companies, these are not forcefully enough pressured to listen. But when the stock market reacts e.g. as a result of pollution of a river by a company, the message is understood immediately. Socially responsible investments, SRI, therefore are important and already well established instruments to push for responsibility in business.

6. Ethical standards and behaviour as a process

As a rule the rating of companies (producers, traders) or consumers by ethical standards assesses a certain conduct and thereby important features of a company or person at a certain point in time. Defined benchmarks are used to measure whether a company satisfies certain financial, ecological, social and societal criteria or not. Accordingly, a company may be granted a fair-trade or bio label, meet an ISO standard, be given a score from a rating agency for ethical investment, or sign a code of conduct and give evidence of compliance with it.

This static view is helpful and often necessary for measurability of ethical conduct. But it has to be complemented by a process-oriented approach.¹⁵ As far as the factual improvement of conduct is concerned, the direction in which a company, non-governmental organisation or government institution is moving, is of equal importance. If an agent is moving in the direction of a relatively more ethical type of conduct, this must be rated positively in ethical terms even if he is still lagging behind others. If, say, an industry that has traditionally been damaging to the environment, has made efforts and thus contributed to the solution of the problem, such efforts may even be greater than those of a service industry which has few environmental problems and satisfies environmental criteria more easily.

¹³ Zhou, Zhongzhi (2006): *Ethical Concepts of Consumption in China and the West in the Context of Globalization*, in Lu, Xiaohe/ Enderle, Georges (eds.): *Developing Business Ethics in China*, New York: Palgrave MacMillan.

¹⁴ Stükelberger, Christoph (2003): *Global Trade Ethics. An Overview*, Geneva: WCC Publications, chapter 2.6.; Sebastian, J. Jayakiran (2007): *Having and Sharing: Theological Perspectives from India on Consumerism and Exclusion*, *International Journal of Public theology* 1 (2007), 112-126.

¹⁵ Stükelberger, Christoph (2003): *Global Trade Ethics. An Overview*, Geneva: WCC Publications, chapter 2.6.

This relational view regards the present practice of an organization not only in regard to an absolute point of reference but assesses it in relation to the agent's point of departure. Even if the point of departure is unsatisfactory,, a framework of fundamental values in terms of required legal obligations and minimum standards must still be respected. Above this level process-oriented labels as "transition labels" may be given. They characterise "companies in transition" to more ethical conduct and can later lead to a "full" label of ethical conduct.