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Item Type	Article
Authors	Stückelberger, Christoph
Publisher	American Scholars Press, Inc.
Rights	With permission of the license/copyright holder
Download date	2026-11-09 12:48:21
Link to Item	http://hdl.handle.net/20.500.12424/173704

WHY SHOULD WE CARE? THE ETHICAL FOUNDATION OF THE RESPONSIBILITY OF PRODUCERS AND CONSUMERS

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Abstract: 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 globalized economy.

Keywords: responsibility of institutions, delimitation, globalized economy, anthropology

DIMENSIONS OF POWER AND RESPONSIBILITY

Power is the ability to decide between different options and to implement the decision. This is a broadly accepted definition of power based on Max Weber's definition of power. Each person has a certain amount of power, from very little to very extensive, from power and scope over self to influence and direction over the lives of 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) and so on.

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. The possession of power allows an individual to realize and implement ethical values which one recognizes as "good" and avoid the implementation of "evil."

Generally speaking, responsible behavior is the response to power (for more on this value please see Jonas, 1979, and Stuckelberger & Mathwig, 2007). Responsibility means the responsible use of power in its different forms. In ethical terms the level of responsibility inextricably links to the level of power. The more power a person has, the greater 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 does not have the will and the skills to decide between options. In contrast, a father of a family, an entrepreneur or the president of a government has the responsibility to use their power for the benefit of the people. An excellent speaker has the responsibility to use his/her eloquence and argumentations in a way which empowers and supports, but does not oppress people.

THE ANTHROPOLOGICAL FOUNDATION OF POWER AND RESPONSIBILITY

The understanding of power and responsibility depends to a great extent on the image one has of man. A pessimistic view emphasizes that man is always in danger of abusing power and neglecting his or her responsibility. The weakness and sinfulness of human beings leads to the necessity to control power of each human being by techniques of sharing and limiting. Responsibly using power means controlling, sharing, and limiting power. This is the most important way to responsibly use power. With an optimistic image of man one sees the opportunity of persons to assume responsibility by self-education and self-discipline. Looking at power from an optimistic view, optimists believe in the ability for self-responsibility, without emphasizing the need to control and share power.

All value systems stress the importance of responsibility. 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. The accumulation of power assumes a lesser role than the priority to properly use the appropriate power as needed according to each step of the task as well as the overall objective and level of action. In the Christian perspective, power is given by God and taken away by God in the case of abuse of power as occurs in many biblical stories, especially concerning the conduct of the kings in the Old Testament.

Therefore, to share and to limit power is a valid and 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 people do not share the burden of responsibility, many people tend to become selfish, autocratic or feel responsible for everything, even for matters they are unable to influence. Thus, the phenomenon of divided power rivals the destruction of undivided power. Power is tamed by responsibility toward an authority 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.

WHY SHOULD WE CARE? MOTIVATIONS FOR RESPONSIBILITY

The motivation for responsible behavior differs according to world views and value systems. In a globalized, pluralistic world and a global economy, mixed motivations influence behavior. This might not necessarily lead to value clashes or to a clash of civilizations, but may result in highly responsible cooperations. Manyfold examples of companies with Corporate Social Responsibility (CSR) show evidence for this phenomenon, even if the concepts of CSR still remain very debated and different (Enderle, 2006).

From an enlightened perspective, responsible behavior results from enlightened self-interest. Rational behavior includes responsibility because irresponsible behavior is self-destructive and violates the duties toward the community (Ulrich, 1997). Self interest and interest of others can be combined and reconciled. Social peace and a healthy environment help oneself as well as others. From a religious perspective, one has to act responsibly as a response toward God or the Deity. All power lies 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 behavior (Stückelberger, 2007).

From a Confucian perspective, responsible behavior is the core of the concept of Ren, the ideal of the morale of benevolence and of humane behavior for the sake of humanity. According to The Analects of Confucius (I-III), all human relations in its orders and its respects are basically rooted in hierarchical and concurrent mutual responsibility. In this context, sustaining long-term and stable human relationships and friendships motivates responsibility.

From a communitarian perspective, the motivation for responsible behavior results from community-orientation. The wellbeing of the community is the goal of human action. Individual wellbeing depends on the wellbeing of the community (Etzioni, 2004). From a human rights perspective, to care for others and to support their human rights is an important responsibility of policy makers. But it is also the responsibility of everybody. Obviously, rights link to duties and responsibilities (Runzo, 2003).

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 (Stückelberger & Mathwig, 2007). 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. Solidarity commands that individuals care for others (Stückelberger, 2003).

From a capitalist perspective, the goal of increasing and sustainable profit can – in the long run – only be reached by responsible behavior. Irresponsible short term profit maximization 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 (Leisinger & Schmitt, 2003). This view leads to the CSR perspective. From a 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.

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 one is first responsible for his or her own life. Responsibility is not only a fundamental value and a basic ethical principle, but also a virtue and a characteristic feature of personal behavior. Second, responsibility has to be incorporated and incarnated into the structures in all sectors of society. “Codes of Conduct,” management procedures, corporate structures from planning to production, trading, reporting and recycling, the legal system of nations, international conventions of the global or regional community or states should be structures, mechanisms and institutions allowing each individual to behave in a responsible way. Managers, board members, members of parliament or governments, participants in Non-Governmental Organizations or religious communities build these structures and value systems. Individual and structural responsibility and ethics influence each other as a result of their interdependence. By itself, individual behavior generally is too weak to change the world and ethical “heroes” are rare species. On the other hand, the level to which social structures incorporate responsible

behavior depend on the efforts and struggles of individuals and communities.

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.) Two questions must be raised. First, what is responsibility? Second, how much must governments, producers, traders and consumers extend or emphasize responsibility while looking at the whole supply chain or the process of the production and consumption of goods and services? This very complex question lies at the crux of local and international debates concerning economic ethics.

Four main categories of actors can be distinguished: 1) *Individuals:* employees, workers, consumers, electorate; 2) *Private sector:* Companies, shareholders, informal sector, employer's federations, trade unions, financing institutions, ethical labeling institutions, auditing institutions; 3) *Civil society:* media, academic research institutions, consumer organizations, environmental organizations, religious institutions, networks; 4) *State:* national governments (including local, regional, national levels), supranational alliances, international organizations. In this paper, I can only indicate a few theses. 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.

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. In situations where companies do not respect stakeholders, scandals may occur, putting the company's reputation at risk (Rothlin, 2006). 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 behavior) 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, labor 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) were also high, but the standards for the second layers (Chinese private companies) were much lower, closer to the legal minimum. The study concludes, "The situation gets worse along the supply chain" (Lübcke). In a globalized economy it obviously is impossible to include all steps of the supply chain in the producer's scope of responsibility. Yet, the responsibility of the producer must include at least a part of the supply chain.

The state plays a crucial role in defining the macroeconomic framework and conditions for economic activities in all continents. Reasonable laws and their enforcement, together with a transparent and faithful court system, are the most important pillars to encourage fair and responsible business activities. International organizations and conventions such as the legal framework of the WTO, the ILO conventions, the Kyoto protocol and UN conventions- above all the UN Universal Declaration of

Human Right build an important framework for all economic activities in a globalized economy, because these frameworks give all member states equal opportunities and obligations.

Consumers have enormous purchasing power (Zhou, 2006). Their influence on companies preferentially buying bio-products and fair trade-labeled products is substantial not only in industrialized countries, but also in countries with transitional economic systems and in developing countries. This trend results from the growing numbers of middle class consumers (Stückelberger, 2003). Information systems of state public and private media play a crucial role. Companies often change their environmental or social strategy and behavior only after an international audience views public reports and scandals. Also government officials, consumers and other actors can not assume their respective responsibilities if they have no access to relevant information. Information and communication are a pivotal pre-condition and foundation for ethically responsible behavior.

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, companies are not pressured forcefully enough to emphasize companies' social responsibilities. But when the stock market reacts to a scandal, such as river pollution of a river by a company, companies understand the message immediately. Socially responsible investments, (SRI) therefore are important and already well-established instruments that push for responsibility in business.

ETHICAL STANDARDS AND BEHAVIOR AS A PROCESS

As a rule, the rating of companies (producers, traders) or consumers by ethical standards assesses certain conduct, as well as important features of a company or person at a certain point in time. Ratings use defined benchmarks to measure whether a company satisfies or does not satisfy certain financial, ecological, and social criteria. 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 the code of conduct.

This static view of performance ratings is helpful and often necessary for measurability of ethical conduct. However, the performance ratings must be complemented by a process-oriented approach (Stückelberger, 2003). Concerning the factual improvement of conduct, the direction in which a company, non-governmental organization 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 damaged the environment has made efforts to contribute to the solution of the problem, such efforts may be even greater than those of a service industry which has few environmental problems and satisfies environmental criteria more easily.

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 such as "transitional labels" may be given. They characterize "companies in transition" with more ethical conduct and can later lead to a "full" label of ethical conduct.

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