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## Business Ethics from Christian Socio-ethical Perspective

### Introduction

Moral demands are consistently made on companies, be it in their dealings with their workers, be it in their attitude towards their customers and suppliers, in the way they damage the environment or in their relationship to the local or rather regional surroundings and to the community. Also their relations with business rivals and the competitive conduct play a role. With the transnational corporations, the question of their sensibility towards the various cultures and the legal system arises.

In the public, the issues of business ethics are becoming ever virulent when spectacular cases of misconduct come to fore, for instance corruption when granting contracts, or when dismissals with the close down of all the workplaces are announced. The public expects a moral conduct from the companies. Companies admit to that when they issue business guidelines and or when they subject themselves freely to self-committing agreements. But by so doing they may not be able to avoid the basic business ethical conflict between profit and morality.<sup>1</sup>

Two fundamental issues of business ethics are first of all to be dealt with below: first, the question arises as to whether the companies themselves or only the persons working in the companies, especially their management are morally contact persons. Again the question of the corporate responsibility in a market economy in relation to the economic order arises. In a pluralistic society with different ideals, it is not clear from the outset which ethical standards should regulate the companies. On account of that, international agreements are entered into which forms something like a global ethos for the economy. The social responsibility of companies is advanced through political authorities like the European Commission<sup>2</sup> when Europe-wide Corporate Social Responsibility (CSR) is promoted. Furthermore, the problems of implementing the business ethics in the company are to be addressed. The Christian social ethics has so far not dealt intensively with the question of business ethics.<sup>3</sup> In conclusion, it is to be shown from the perspective of Christian social ethics how one's own emphasis could be brought into the business ethical debate.

### I. Corporate or Employer Responsibility?

One basic question of business ethics is whether there is an ethical responsibility merely of the people who are acting in the company or a responsibility of the company itself.<sup>4</sup> In small enterprises managed by the owner himself who fully is personally liable and who takes all the essential decisions (e.g. the employment of workers), one would not differentiate between

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<sup>1</sup> Cf. Andreas Suchanek, *Ökonomische Ethik*, 2. Edition Tübingen 2007, p. 128ff.

<sup>2</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A new EU Strategy (2011-14) for Corporate Social Responsibility (CSR), Brussels, 25.10.2011 COM (2011) 681 final.

<sup>3</sup> Cf. André Habisch, *Christliche Unternehmensethik*, in: *Amosinternational* 4 / 2008, pp. 3-9.

<sup>4</sup> Cf. Elisabeth Göbel, *Unternehmensethik*, 2nd Edition, Stuttgart 2006, p. 89ff.

corporate responsibility and entrepreneurial responsibility. Besides, what speaks against such distinction is that enterprises in themselves do not have conscience, and could neither sin nor be sorry. Here, there is a distinction between personal responsibility of the individual and institutional attribution.

The following considerations speak for an independent responsibility of an enterprise,<sup>5</sup> independent of the persons who are working in the enterprise:

The first perspective is a legal one. Almost all the big companies have their own legal entity (e.g. incorporated companies) which is fixed for a very long period. In the legal system, the commercial conduct is sanctioned by the company itself, for instance when cartel authorities impose a fine on a company and not only against individual managers.

The second perspective is that from a certain size there is formal procedure in the company (work regulations, provisions on employing personnel, ethical business guidelines etc.). In fact such formal regulations are issued by the general assembly of the company, the board of directors, the management board. With big groups, certain provisions or regulations (for example unethical) could not be directly attributed to just one person in collective decisions. In a similar way, a complex end product like a car or an aircraft is the result of an in-depth work-sharing production. When a defective product is supplied, it is often not attributed to the individual mistake, so much so that the aggrieved party would go empty-handed, if a company as a whole could not be held liable.

The third perspective for an independent corporate responsibility lies in the fact that there are also informal business cultures in the companies. These exist in collective “thought, perception and behaviour patterns of the workers of a company”.<sup>6</sup> New members of the company are initiated into such cultures and to some extent socialized. Such cultures could be positive if in many German industrial groups an ethos of higher quality prevails and it is also a matter of “honour for engineers and skilled workers”, to supply only sound products. The other way round, an atmosphere could reign in the enterprise that undermines the moral basis brought by employees. This is for instance the case in the financial sector when economically inexperienced customers turn very risky financial products because one gets high commission from them. Other manipulations in the financial market pertain, for example, to taking advantage of insider-information.<sup>7</sup> In other cases, the getting of contracts in certain regions could be tied to the expectation of special payments to the persons granting the contracts (corruption). This may begin with harmless gifts or as the case may be invitation to dinner and then would advance in ever greater dimensions. Getting a contract through corruption can become a general medium of getting contracts without this being for instance expressly endorsed by the governing board.<sup>8</sup>

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<sup>5</sup> Cf. Günter Ortman, Die wahren Verantwortlichen. Organisationen als zurechnungsfähige Akteure, in: Jahrbuch für Recht und Ethik vol. 18 (2010), pp. 369-387.

<sup>6</sup> Andreas Suchanek, op. cit., p. 120.

<sup>7</sup> Such negative socialization process depicts: Geraint Anderson, City Boy. Geld, Sex und Drogen im Herzen des Londoner Finanzdistrikts, 3. Edition. Kulmbach 2009.

<sup>8</sup> The Siemens AG was confronted in the year 2010 with massive corruption allegations. Cf. Ortman, op. cit., p. 371.

In this connection, John Paul II talked about “structural sins” in his 1987 encyclical, *Sollicitudo rei socialis* (nn. 36-39). This of course has its origin in the individual misconduct of some people, but then becomes independent and reflects in certain structures and mentalities of a company. Ethically problematic ways of conduct are continued, although none of the originally involved persons is still working in the enterprise.

An independent responsibility of companies becomes obvious when for instance after 1990, previously forced labourers from Central and East Europe who, during the Second World War were made to work in Germany, demand compensations from the German companies. The element of eternity or rather the idea that in companies long-term capital was accumulated which also the forced labourers helped to make, led to the German economy establishing a compensation fund for former forced labourers.<sup>9</sup>

In this respect, one can maintain that companies could take oversuch responsibility. In a similar way, just like the individuals can change after misbehaving, likewise the companies. These could initiate a new phase of entrepreneurial conduct through fundamental change of their company’s structures, for example, after uncovering a systematic corruption and after an ethical training of their workers.

## II. Corporate Responsibility and Economic Order

In the economic order, the conduct of companies are regulated through extensive rules of law (corporate law, Accounting Legislation, competition protective law, individual as well as collective labour law, environmental protection law, law of taxation). The adherence to the law is monitored by State authorities, e.g. Finance and Environmental authorities, competition authorities, trade supervision offices, and could be achieved in a functional constitutional State by the stakeholders of the company, like employees taking a legal action. In many sectors of the economy, there are branch-specific supervisory authorities, for example in the German finance sector, the German federal financial supervisory agency (BaFin).

When one works on the assumption of a democratic State with a functional judiciary and administration, the companies have to respect the existing statutory provisions. Were all that is legally permitted under such conditions also legitimate in the ethical sense of it so that only the legal system is respected and an independent ethical reflection not to be institutionalized in the company, then an independent business ethics would be unnecessary. The “compliance departments” which in recent time were time and again setup in companies aim normally at achieving compliance with the legal system by all employees of a company.

Three factors speak against a mere adherence to the legal system without a transcending moral responsibility.<sup>10</sup>

First, a legal system always lags systematically behind economic and social developments. Currently the modern economy is characterized by technical and organizational innovations.

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<sup>9</sup>Cf. Suchanek, op. cit., p. 123, (footnote 30).

<sup>10</sup>Cf. Nils Goldschmidt / Karl Homann, *Die gesellschaftliche Verantwortung der Unternehmen. Theoretische Grundlagen für eine praxistaugliche Konzeption*, Roman-Herzog Institut No. 10, München 2011, p. 14ff.

Such innovations can also pose ethical challenges; this applies for example to Genetic technology or data protection or rather privacy protection in the IT-branches or to new financial products. Even though no social debate has taken place in any area yet and that there exists no lawful regulation, the companies cannot simply exempt themselves from the ethical reflection of their action.

The second factor consists in the fact that in the era of globalization, more and more companies were active not only in their native countries but also in various countries with more or less functional legal system. If companies are not operating in a democratic constitutional State, rather in dictatorial and corrupt regimes, their corporate responsibility becomes even greater. This applies mainly to transnational companies which are in many cases active in such countries. Here, they should not take undue advantage of the shortfalls, rather should be agents of social and democratic progress. In case of necessity, one must follow the market exit strategy if one cannot do honest business transaction in a country.<sup>11</sup>

The third point consists in how companies interpret legal rules and regulations. In the face of a complex matter, it is often not possible for the lawmaker or rather the supervisory authorities to lawfully regulate company's conduct in every detail and to allow itself be monitored by the State authorities. This would moreover contradict the freedom ideals of market economy. A very strong regularization can, in addition, retard the positive functions of a market economy like creativity, innovation. The companies must make use of this opportunity to develop so that they will not only try to keep literally to the rules of the State but also do that in line with the intentions which are behind such regulations. Therefore, own-capital in the financial sector has the function to guarantee, in the case of losses, balancing of risks and to forestall that the creditors of a bank suffer for losses. A crisis of confidence of the whole banking system should ever be prevented. Before the financial crisis of 2008, many banks saw the rules of own-capital as merely a hindrance of business expansion so that they tried to keep as much as possible their capital low. As a result, own-capital was run with less than 2%.<sup>12</sup>

It is therefore essential not only to literally comply with the legal rules and regulations and search for loopholes but also to carry out the rules and regulations according to their social intentions.<sup>13</sup> Without this, there would be a self-destruction of the market economy emanating from the companies due to the fact that the State can only react to abuse of freedom of companies with new laws and new supervisory authorities whereby the company's freedom is more and more limited.

Some companies point, in this context, to competition. Since their rivals interpret legal rules and regulations only excessively or even avoid them, for them nothing else remains than to follow it. Through committed agreements in one's own sector, one can evade a competition which undermines the moral standards. Companies have over and above that, not only a

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<sup>11</sup> Aldi-Süd gave up already the Greece-business long before the crisis just as Hochtief AG does not work in Nigeria.

<sup>12</sup> Cf. Hans-Werner Sinn, *Kasino-Kapitalismus*, 2. Revised Edition. München 2009, p. 159ff.

<sup>13</sup> Cf. Nick Lin-Hi / Andreas Suchanek, *Eine wirtschaftsethische Kommentierung der Finanzkrise*, in: *Forum Wirtschaftsethik* 17. Jg. Heft 1 / 2009 pp. 20-27.

responsibility to respect the economic system, but also to enhance the economic system.<sup>14</sup> In such cases, they have to inform the public and the lawmaker about the loopholes and the possibilities of further development. The fact is that the lobby work of respective companies and economic unions are normally channeled in the opposite direction.<sup>15</sup>

### III. Corporate Responsibility in a pluralistic World

It has come about, particularly through the globalization of the economy with increasing foreign trade interdependence and a great number of direct investments that companies are operative in various societies which differ from one another on account of their cultural, religious and moral beliefs.<sup>16</sup> This challenge of “diversity” applies already in many cases purely to nationally active companies. Their staff can – especially in countries with big number of migrants – be made up of people with different religious or ideological backgrounds and ethical ideals.

Therefore the question arises as to which ideals the companies should be orientated if actually there are heterogeneous values. It is to be maintained that there is an international minimum ethos. This minimum ethos is reflected for instance in the universal declaration of human rights, the international pacts for human rights.<sup>17</sup> Now the human rights focus primarily on the nation State but also on the international organizations, however not directly on the companies. Companies must not benefit from the fact that the countries in which they are located violate human rights, a given that makes higher profits possible for them.

Additional ethical standards for companies accrue, in the labour relations, from the core labour standards of the International Labour Organization (ILO).<sup>18</sup> These core labour standards comprise of the prohibition of forced and child labour, the non-discrimination of workers on basis of sex, religion, colour, sexual orientation etc. Furthermore, the right of association for employees and the possibility of collective agreements on remuneration and labour relations should be protected.

The responsibility for human rights, as well as the ILO’s core labour standards are incorporated in the “global compact”<sup>19</sup> initiative of the former UN Secretary-General, Kofi Annan. Annan had proposed this in his speech during the world economic forum held in

<sup>14</sup> Cf. zur ordnungspolitischen Verantwortung von Unternehmen auch Göbel, op. cit., p. 162f. Päpstlicher Rat für Gerechtigkeit und Frieden, Zum Unternehmer berufen. Rom / Köln 2012, No. 37.

<sup>15</sup> The Lobby-work of New York’s financial industry is criticized by the economist Jagdish Bhagwati, Die Verteidigung der Globalisierung, Bonn 2008. He speaks of “Wall-Street-Finance ministry-Complex” (p. 324), in order to characterize the interplay of US Investment banks and the US Finance and also Foreign ministries.

<sup>16</sup> Cf. Udo Lehmann, Ethik und Struktur in internationalen Unternehmen. Sozialethische Anforderungen an die formalen Strukturen internationaler Unternehmen, Berlin 2006.

<sup>17</sup> Cf. Michael S. Aßländer, Menschenrechte, in: Michael S. Aßländer (ed.), Handbuch Wirtschaftsethik, Stuttgart Weimar 2011, pp. 434-436. The most important documents are found in: Bundeszentrale für Politische Bildung (ed.), Menschenrechte und Deklarationen, Schriftenreihe 397, 4th Edition. Bonn 2004.

<sup>18</sup> <http://www.ilo.org/public/german/region/eurpro/bonn/kernarbeitsnormen/index.htm> (Accessed on 16.7.2012).

<sup>19</sup> [http://www.bmz.de/de/was\\_wir\\_machen/themen/wirtschaft/privatwirtschaft/unternehmensverantwortung/global\\_compact/index.html](http://www.bmz.de/de/was_wir_machen/themen/wirtschaft/privatwirtschaft/unternehmensverantwortung/global_compact/index.html) (Accessed on 16.2.2012) likewise: Georg Kell, Global compact der Vereinten Nationen, in: Michael S. Aßländer (ed.), Handbuch Wirtschaftsethik, Stuttgart Weimar 2011, pp. 329-337.

Davos in 1999. In “global compact” companies as well as other stakeholders voluntarily committed themselves to keep to certain norms of corporate conduct. The companies have to regularly report on the implementation of and adherence to the agreement. There are certainly no independent inspection and in the case of non-compliance, no sanctions beyond a loss of reputation. The global compact emphasized in the first two goals the responsibility of companies to comply with the human rights. The ILO’s core labour standards constitute the points 3-6. Points 7-9 determine the environmental responsibility. The last of the 10 goals concerns the fight against corruption.

Another element of corporate responsibility is to be found in the OECD guidelines for transnational companies.<sup>20</sup> These were first written in the 70s and then further developed in 2011. At the beginning of 2011 the setting up of an ISO-Norm 26 000 for the social responsibility of companies and other organizations took place. The European Commission<sup>21</sup> referred to these diverse agreements in her conception of the future of social responsibility for companies.

#### IV. Business Ethics as Stakeholder Approach

The dimensions and the extent of the corporate responsibility depend first of all on the fundamental philosophy of a company. Is it committed primarily to its shareholders and then but subordinately to its remaining stakeholders, as this represents the shareholder value approach, or is there a multitude of stakeholders to which a company is connected and whose interests should be represented? This is referred to as stakeholder approach.<sup>22</sup>

From the Christian socio-ethical view, it is to be maintained that the social doctrine of the Church has always defended private ownership of means of production, but at the same time tied it to a social obligation especially towards the employees. Therefore, the Christian social ethics speaks out for stakeholder approach,<sup>23</sup> but here in contrast to Peter Ulrich<sup>24</sup> holds a realistic approach. Ulrich wants companies to comprehensively enter into intensive dialogues with their stakeholders. Since such dialogues require considerable time and must also lead to concrete decisions, they are possible only to a limited extent. It is the responsibility of the management to settle the conflicts between various stakeholders.

The stakeholders of a company that is not alone directed by an individual owner are, in the first stance, the owners of the company themselves. Additional stakeholders are the financiers who provided a company with bonded capital, like the banks or subscribers of corporate bonds.

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<sup>20</sup> [http://www.oecd.org/document/3/0,3746,de\\_34968570\\_34968855\\_41979843\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/3/0,3746,de_34968570_34968855_41979843_1_1_1_1,00.html) (Accessed on 16.07.16).

<sup>21</sup> Cf. EU-Kommission, op. cit., p.8.

<sup>22</sup> Cf. Elaborate Göbel, op. cit., p. 113ff.

<sup>23</sup> Cf. Reinhard Marx, Die Stakeholder eines Unternehmens. Unternehmerisches Handeln vor dem Anspruch der Ethik, in: Ursula Nothelle-Wildfeuer / Norbert Glatzel (ed.), Christliche Sozialethik im Dialog, Graftschafft 2000, pp. 465-482. Benedikt XVI, Caritas in veritate, No. 40.

<sup>24</sup> Cf. Peter Ulrich, Der entzauberte Markt, Freiburg 2002.

Added to that, the employees of a company, including those who, may be, through agencies for temporary work or labour contracts are connected to a company. The differentiation of the employees who are working together in a place poses, in this regard, an ethical challenge.

Beside the employees, suppliers and customers are additional stakeholders of the company. Here, business ethical questions arise when certain suppliers are to a large extent dependent on a company. In relation to customers, there is a responsibility in designing just contracts, keeping to the qualitative standards of supplied goods, goodwill in the case of scarcity of goods etc.

Furthermore, a company has a responsibility towards the natural environment. Every company uses somehow natural resources or exerts the nature, for instance, through the travelling of its workers (CO<sub>2</sub>- emission). Here a more economical dealing with nature is demanded.

Moreover companies are tied to the local environment, the place and region of their location and the country. This means for instance that companies should render appropriate tax loads for their usage of public infrastructure and for goods and services from which they benefit like roads and other infrastructure, legal security, skilled workers from the public educational or training system etc. Further, they have to pay the designated charges, for example, for the social insurance of their workers. Again, a company should also keep in view its social surroundings, be it through the pollutions it causes, for example, air pollution or noise. Above all, it should from self-interest, have in mind the wellbeing of the local community because a good site, for example, can be very attractive to employees.

It is however to be pointed out that the primary corporate responsibility does not lie in the promotion of local activities, like the social and cultural sponsorship or other activities geared towards charity.<sup>25</sup> The primary responsibility lies in the responsibility of its value creation for its products, the working conditions, manufacturing process and concrete contract relations with customers and suppliers as well as the consideration of legitimate demands of financiers.

Where a company should specially direct its moral attention depends always on its products, the branch of the economy, size and legal form etc; and it cannot be specified or determined generally. There are however respective core questions for corporate responsibility which can provide clues for ethically problematic conduct or corporate strategies:

1. When one, in a company, consciously keeps certain ways of conduct, business strategies etc. secret and systematically avoids transparency and publicity, it points to moral problems. Of course companies should, in competition, conceal from their rivals for instance the development of new products or production process if they want to achieve or enjoy a competitive advantage. Such confidentiality is legitimate. That is to be distinguished from a confidentiality that will prevent objectionable business conducts from getting to the public. If

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<sup>25</sup>Cf. Suchanek, op. cit., p. 124ff.

one does not want to tell one's family what one daily does in the company, then it is an indication of some ethical problems.<sup>26</sup>

2. Business strategies are in many cases based on a short term. In doing so, it can to a certain extent ruin workers, the natural environment, social overhead capital of the society or company's earned reputation. This short-term attitude of companies is also partly conditioned in a way that stock market oriented companies must present quarterly reports on their sales and profit trends. This can lead companies to conducts based on short-term considerations, for instance, through avoidance of investments in the quality of their workers which principally pays off in the long run. So, an ethical question is whether the corporate conduct is in the long term feasible and for this reason consistent with the criterion of *sustainability*.<sup>27</sup>

3. Companies try partly to run strategies which bring them a one-sided advantage against their rivals. The advantage would be lost if all (comparable) companies would behave that way. If one, for example, finds possibilities of transferring profits to a low-taxed foreign country, one expects that other companies at home pay sufficient taxes to ensure that there is investment in infrastructure, that educational system is adequately financed and efficient administration maintained etc. If all the companies follow extreme tax avoidance strategies, they would undermine the social basic principles of their economic activity. Corporate conduct should for this reason be in accord with the criterion of *universal applicability*.

Companies should themselves contribute through their observance of these three criteria to a preservation of a corporate acceptance of an economic market order in which competitive freedom, private property and free business initiatives are respected. According to the principle of subsidiarity, corporate freedom, which must always be associated with responsibility, is found in a market economy.

#### V. Towards Incorporating Ethics in Companies

Many companies wrote their own code of ethics. Moreover, they not only publish annually a report on their business activities which reflects the key economic figures but also a sustainability report which, for instance, gives information about their attitude towards the environment. Also many companies have voluntarily subjected themselves to self-committing conventions like the "global compact". Such documents and self-commitments are frequently published on internet homepage of the companies. And so, they become also available to the public who can now assess the companies. One can, in many cases, get the impression that companies apply such codes, sustainability reports and especially self-commitments as instrument for "image campaign" in the sense of "public relations". In this way, BP, for example, tried to give itself a "green painting" and to define BP as "beyond petroleum". This attempt of BP was absolutely a success because this company by "ethical investment"<sup>28</sup> was judged one of the best mineral oil firms so that ethically oriented investors who invested in

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<sup>26</sup> The Pontifical Council for Justice and Peace, Vocation of the Business Leader, points in this connection to the division between action in economic life and in other areas of life, No. 10f.

<sup>27</sup> Cf. *ibid*, No. 51-54.

<sup>28</sup> Cf. zum ethischen Investment: Sachverständigengruppe „Weltwirtschaft und Sozialethik“, Mit Geld die Welt verändern, hrsg. v. der Wiss. Arbeitsgruppe Weltkirche der Deutschen Bischofskonferenz, Bonn 2010.



the oil sector received preferentially BP shares.<sup>29</sup> Not only the disaster of offshore drilling platform “Deepwater Horizon” in the year 2010 but also other “crimes against the environment” like leaky oil pipelines in Alaska made the discrepancy between self-portrayal and the reality obvious.

In the business ethical discussion<sup>30</sup> it was pointed out that such a discrepancy between self-portrayal and the reality leads to an immense loss of reputation. Reputation presents to the companies an important capital that is slowly setup and in which one must invest but which is quickly lost in the case of scandal. The question arises as to whether such a loss of reputation amounts, in all cases, to an enough sanction potential. The actual resources of BP are the oil sources and corresponding drilling rights which are constantly becoming more valuable on account of increasing shortage of oil. Thus a lasting and essential loss of market position of BP is not to be assumed.

In order that in respective company ethics is effectively incorporated, the following steps are necessary: a company needs a code of ethics<sup>31</sup> that is particularly meant for the company. The ethical challenges depend on the products, the place of production, the economic sector, the size of the company etc. A company has to give in its ethics code answers to the central challenges of its business policy. If a company, for instance, has in many cases something to do with public contract-givers especially in developing countries, the issue “corruption” plays an essential role so that the problem has to be made a central issue.

A company’s code of ethics is only reasonable if in the company the board of directors and the management are committed to generating such a code of ethics and if it becomes clear to the workers that it is their concern. The company’s management must take part in its drafting and not leave this to an external consulting firm or subordinate authorities like ethics department only to formally endorse the code without participating in the discussion itself. If an ethical value is to be rooted in the company, a broad participation in the drafting of a code of ethics is needed. People would identify themselves stronger with guiding principles if they were able to take part in the drafting.

Code of ethics must prove its worth not only at the process of its drafting but also in the social reality. The credibility of a code depends on whether the management acts in accordance to with it, for instance, when those within the company are communicated that one turned down a contract because one could only get it through bribery. If the employees go against the code, for example, attracting a contract through bribery, this also has to be sanctioned by the company’s management. Furthermore, the establishment of an ethics-commission<sup>32</sup> or rather ethics-hotline where the workers can report problematic cases or reassure themselves in cases of ethical doubt increases credibility. Also the management must keep to the code in conflict situations. Thus the workers would be frequently characterized as “valuable resources” of the

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<sup>29</sup> In an “Ethics-Ranking” published in the Handelsblatt, BP got the second position (Handelsblatt 12.06.2006).

<sup>30</sup> Cf. Andreas Suchanek, op. cit., p. 118f.

<sup>31</sup> Cf. Till Talaulicar, Ethikkodizes, in: Michael S. Aßländer (ed.), Handbuch der Wirtschaftsethik, Weimar 2011, pp. 229-236.

<sup>32</sup> Cf. Tobias Gößling / W. Michael Hoffmann, Ethics Officer, in: Michael S. Aßländer (ed.), Handbuch Wirtschaftsethik, Weimar 2011, pp. 285-293.

company. This must prove itself even in crises situations, when, for instance, sales-slumps are the case or jobs are threatened.

A code of ethics is not easy to write, to be declared binding by the management and board of directors and to be distributed as brochure to the all workers, so as to be assumed that it is going to be implemented. For it to be rooted in the company, it is required, that one speaks all the time about it during conferences, further training, for instance with the help of case studies. Newer developments in the company (new products, company's acquisitions, investments in distant countries, new social challenges) entail also regular reviews and further developments of the code. Moreover, it is imperative that new workers especially the managers are not only accessed according to their professional competence but also according to their value-attitudes. They must fit into the company's value-concept and are to be consciously integrated into the value-concept. Also, value related issues and not only factual competence, work input and efficiency should play an important role by promotion and career advancement in the company.

By the sustainability reports,<sup>33</sup> it is imperative that companies not only publish selected data which are favourable to them and merely highlight positive development trends (e.g. more women in leadership positions, reduction of water consumption), but should also present relevant data and not again exclude purposefully certain data in the next report when aggravations are foreseeable. It would be preferable if sustainability reports comply with certain standards<sup>34</sup> and too externally, just like business or financial figures are examined by auditing firms.

There, where there are self-commitments like by "global compact", there are also obligations to give reports. All institutions that organize such self-commitments have to make sure that these are not used as an instrument of "public relations" but that the obligation to give a report is met and that companies which commit grave violations against the ethical codes are also excluded. Otherwise such self-commitment concepts would lose their effectiveness and credibility.

Personal business codes, ethical further training and choice of managers, sustainability reports and participation in self-commitment agreements are to be seen as essential properties of "management of values"<sup>35</sup>. Each managing board should have this dimension of its managerial tasks within its horizon. This can also bring about the economic success of its company since the social or societal acceptance depends on it. Sectors like electricity manufacturers with nuclear energy after Fukushima 2011 or investment banks after the financial scandals of 2008 are losing such a social approval.

## VI. Christian Socio-ethical Approaches

That the Christians especially in managerial responsibility in the company should keep to the laws in democratic constitutional States as well as accept the recognized guidelines of an

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<sup>33</sup>Cf. Christian Lautermann / Reinhard Pfriem, Nachhaltigkeitsberichterstattung, in: Michael S. Aßländer (ed.), Handbuch Wirtschaftsethik, pp. 276-285.

<sup>34</sup> "Global Reporting Initiative" drew up guidelines for that: [www.globalreporting.org](http://www.globalreporting.org)

<sup>35</sup>Cf. Josef Wieland, Wertemanagement, Michael S. Aßländer (ed.), Handbuch Wirtschaftsethik, pp. 245-252.

economic ethics which is to be found in the human rights, the core labour standards or in “global compact” goes without saying. Thus the human rights are the core elements of Church’s social proclamation. From its beginning, the social doctrine of the Church advocates for humane or rather decent working conditions. Therefore the core labour standards of the ILO can be affirmed. Similarly, the Church fights for the preservation of creation so that also the environmental goals of “global compact” can be supported. Besides, corruption is for the Church a social evil so that here likewise there is a convergence. The Church, in addition, encourages her members to be active in the society, for instance, employers in employers’ associations. The perception of ethical responsibility through companies conforms to the principle of subsidiarity.<sup>36</sup>

Can the Christian social ethics still bring into business ethical debate additional contributions? The first point of view is that the Christian belief in God is made capable of an ideological criticism<sup>37</sup> and to some extent deified<sup>38</sup>, when the economic leaders present themselves, as it were, as economic gods or rather the “markets” are unchallenged. The second aspect concerns the employer or rather the manager in the economy.<sup>39</sup> The Christian faith should make the individual aware of moral challenges. It should bring about an open heart and an alert mind also for the respective ethical relevance of business policy decisions. The Christian faith can make a leader to observe his or her activities from a certain distance. One should not be entirely absorbed in one’s profession but must be open to other dimensions of human life, the family, friends, religion etc. Already in 1956, Joseph Höffner<sup>40</sup> warned against “total employer” who neglects the rest of the dimensions of human life. The openness and ability of self-reflection make a critical distance possible, which, for instance, does not necessarily lead to ensuring that even the slightest profit is not left. Furthermore, a fairly long-term perspective should be effective. A Christian should be ready to consistently question his action and thinking. Therefore, one should not as a leader surround oneself with yes-men but is to consciously obtain other opinions and facilitate a critical consideration of his action.

Thirdly, are there also specifically Christian contents of a business ethics? Not all the moral standards, on the one hand, could allow themselves be converted into lawful rules and regulations; on the other hand the legal order also reflects partly only a minimal consensus in a pluralistic society. Christian orientation in companies can occur at a level which is not in the strict sense lawfully adjustable.

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<sup>36</sup>Cf. André Habisch, Unternehmensethik, in: Handbuch der Katholischen Soziallehre, ed. by A. Rauscher, Berlin 2008, pp. 591-603.

<sup>37</sup> Cf. Pontifical Council for Justice and Peace, Vocation to be a business leader. An encouragement for managers in the economy, Rome / Cologne 2012, No. 11.

<sup>38</sup>Cf. Michael Schramm. „Spirituelles Kapital“. Wozu eine christliche Wirtschaftsethik nützlich ist. Hohenheimer Working Papers zur Theologie und zur Christlichen Sozialethik No. 3 Universität Hohenheim: Lehrstuhl für Katholische Theologie und Wirtschaftsethik (560 D) 2012, pp. 46-48.

<sup>39</sup>Cf. zur „conformitas Christi“ für Führungskräfte: Stephan Wirz, Erfolg und Moral in der Unternehmensführung. Eine ethische Orientierungshilfe im Umgang mit Managementtrends, Frankfurt a. M. 2007, p. 195ff. And Pontifical Council for Justice and Peace, Vocation to be a business leader No. 12.

<sup>40</sup>Cf. Michael Schramm, Unternehmer- und Unternehmensethik, in: Nils Goldschmidt/ Ursula Nothelle-Wildfeuer (ed.), Freiburger Schule und Christliche Gesellschaftslehre, Tübingen 2010, pp. 311-331, here 321.

In dealing with workers especially subordinates, respect but also considerateness plays an essential role, for example when a worker has private problems. Much of what accounts for a good “working atmosphere” is formally not comprehensible. The same thing applies of course when dealing with business partners like suppliers or buyers. A special concern of social teaching of the Church is the compatibility of family and work, especially in designing the working hours and restriction of Sunday work.<sup>41</sup>

Moreover, the question arises as to whether the object or the products of a company are problematic from the Christian point of view, that a Christian should not do such businesses which expressly are legally not prohibited but are morally improper. This applies certainly to the areas of “sex industry” like the production of suitable magazines, the operation of brothels or the organisation of sex tourism which was expressly condemned by Pope Benedict XVI in Caritas Veritate Nr. 61. That also, from the Christian perspective, the rejection of certain products is not easy, shows itself in the area of armaments industry. From the view point of Christian social ethics, there is an ethically legitimate national defence. Thus Christian soldiers are also permitted. These soldiers need also weapons; consequently the involvement in the manufacturing of arms or also militarily useful (dual use) goods cannot be basically seen as immoral. Ethically problematic would be the involvement in the manufacturing of such weapon systems by which worldwide there are bids for their proscription (means or weapons of mass extermination, land mine) as well as the exportation of arms and ammunition to war regions. While the Quakers reject not only arms but also the production of alcohol, by the Catholics is that not the case because many monasteries brew beer, produce liqueur and keep vineyards. Basically, the respective product or rather the respective sector of economy in which one works or invests is to be considered in an ethical reflection.<sup>42</sup>

#### Concluding Remark

That economic activity takes place for the welfare of the society is first of all to be guaranteed through politically agreed legal order. Systematic shortcomings in politics, administration and justice cannot alone be compensated by companies. A functioning State economic system gives companies the freedom which they – from long-term self-interest – must responsibly use. Market economy lives on corporate freedom which is to be filled not only in the economic sense but also ethically and responsibly. Thus a business ethical responsibility is indispensable. The Christian ethics can give an impulse to that.

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<sup>41</sup> Cf. Pontifical Council for Justice and Peace (ed.), Compendium of Social Doctrine of the Church, Freiburg 2006, No. 345.

<sup>42</sup> Cf. Pontifical Council for Justice and Peace, Vocation to be a business leader No. 40ff.