

The Moral Obligation Inherent in Stakeholder Demands

Klaus M. Leisinger*

One of the most essential challenges in any system of ethics – including business ethics – is to provide a framework for moral standards. In any pluralistic society, different stakeholders will give different answers when asked what standards of corporate activity need to be met in order for ethical demands to be satisfied. This is due to the differing interests of, for example, employees (for example, income, job security, and working atmosphere), customers (product quality, price, safety, and innovation), suppliers (guarantees of demand, reasonable prices, and stable relations), the state (taxes and infrastructure), shareholders (share price and future expectations), the media (accurate, topical, and relevant information and background), environment groups, people concerned about development, and others.

Finding a framework

A Body of Globally Binding Values

The pluralism of demands relevant to companies lies within the corridor of globally binding values. Wherever the question is put to people of differing nationality, religious or cultural affinity, or spheres of interest, the standards that apply – apart from observance of the universal principles of human rights – are the timeless and intercultural standards that Hans Küng drew attention to in his work on the Global Ethic.¹ Whatever our perception may be in crisis situations (as on 11 September 2001), the overwhelming majority of people believe that responsible, fair, and sincere dealings represent a social pattern of behavior worth striving for and are morally valuable.² Values such as nonviolence, truthfulness, solidarity with those in need, tolerance, and observance of the ethic of reciprocity known as the Golden Rule form the basis of all world religions.

In a survey carried out at the World Forum meeting of the Institute for Global Ethics, compassion topped the list in the hierarchy of values, ahead of truth and responsibility; further important values were reverence for life and freedom. Naturally a detailed appraisal of this

* Klaus M. Leisinger is president and CEO of the Novartis Foundation for Sustainable Development (www.novartisfoundation.com) and professor of Sociology at the University of Basel

¹ See Küng H.: Projekt Weltethos. Piper, München / Zürich 1990; also Küng H.: Weltethos für Weltpolitik und Weltwirtschaft. Piper, München / Zürich 1997, and Küng H. (ed.): Globale Unternehmen - globales Ethos. Frankfurter Allgemeine Buch, Frankfurt 2001.

² Loges W.E. / Kidder R.M.: Global Values, Moral Boundaries. A Pilot Survey. Institute for Global Ethics, Camden, Maine 1997.

hierarchy shows differences between the young and the old, between Muslims and Jews, between Christians and Buddhists, and also between different professional groups – but the range of views is fairly narrow. A relatively large degree of consensus also prevails for possible ways of resolving moral dilemmas: the leading position is utilitarianism (in the sense of “maximum happiness to the maximum number”), followed by the categorical imperative (in the sense of creating a universally binding rule) and the Golden Rule, which entails recognition of a principle even when it has been applied to oneself with unpleasant consequences. At the operational level of companies, the last two years have seen an increasingly important role for the principles laid down in the UN Global Compact, which has gained international recognition through the commitment of UN Secretary-General Kofi Annan and is seen today around the world as the focus of serious efforts at implementation.³

However, in the specific context of a concrete commitment by a given company (company A in its modes of operation in country B), a generally worded declaration of compatibility with universal standards is not sufficient. Even in the context of the UN Global Compact, then, questions remain unanswered: if a ban on child labor (completely undisputed in terms of content) is also demanded of suppliers, how should a company respond so that it is in the interests of the children affected? To answer such questions, a company may seek valuable advice from outside stakeholders. An excellent example of how the dilemma can be resolved in the context of child labor in developing countries is found in the work of the Save the Children Fund.⁴ For the resolution of complex problems, simple and “cheap” solutions can rarely be expected from individual players – but there are practicable strategies that provide a framework for various partners to work synergistically together to help get complex problems closer to a solution.

In order for standards to become binding in the concrete context of corporate operations, a company must enter into a debate on standards with various stakeholders. Putting this requirement into practice, however, is not easy for a variety of reasons: every internal and external stakeholder group – and in the present context, whistleblowers are seen as internal “stakeholders” – sees the company as the addressee for its specific concerns and injects its values and constellation of interests into its specific list of criteria for legitimacy. The diversity of these concerns and their modification over time make such a discourse “open-ended” as far as content, participants, and duration are concerned.

Initially it would require considerable explanation if there were a unilateral definition of groups and individuals a company does and does not want to discuss proposed standards with. At the same time,

³ See www.unglobalcompact.org.

⁴ See www.savethechildren.org

no group knows ultimately what it is letting itself in for, because the discourse can assume a dynamic of its own in which the positions of everyone involved changes. “Involvement here does not mean inclusion in one’s own sphere or a shutting off from others,” Jürgen Habermas points out. “The ‘involvement of others’ implies rather that the borders of the community are open for everyone – also, and especially, for those who are strangers to one other and wish to remain so.”⁵

Moral Consensus at the Level of the Lowest Common Denominator

The moral consensus – the “prevailing morality” – in modern societies mostly consists of only the lowest common denominator of basic values as guaranteed, for example, by constitutions. Anything that goes beyond this frequently falls victim to a strongly developed pluralism and often lies only in the core area of particular interests – but these cannot remain compatible with company interests in the long term.⁶ Any approach to discourse that assumes only one stakeholder can assert its interests entails a disastrous leveling of the existing complexity, and the effort is ultimately doomed to fail. But any normal situation necessitates compromise – that is, finding a position through joint consideration of the pros and cons that takes into account the interests of several parties and that is often dismissed as “shabby,” although in pluralistic societies the striking of compromises is virtually inevitable.

In my perception, companies are sometimes confronted with stakeholder groups that make such fundamentalist demands that compromises are as a matter of principle not possible. For example, if sweeping bans on certain kinds of technology (such as gene technology) are demanded, or if non-negotiables (such as patents) are to be subject to negotiation, the line of principle that separates the parties cannot be overlooked. When a group runs roughshod over the principle of nonviolence, when personal threats become part of the repertoire for argument, or when “violence against property” is justified by the greater “sensitivity of conscience,” it is the restoration of law and order that is called for, not dialogue.

Wanting to Understand, but Stuck in Differences

Although in a completely different orbit, the discussion surrounding the declaration “Dominus Iesus” of the congregation for the doctrine of the faith can be highly instructive for the discussion of controversial issues between stakeholders and companies. Where people of good intention wrestle with opposing views on important subjects, the initial

⁵ Habermas J.: Die Einbeziehung des Anderen. Studien zur politischen Theorie. Suhrkamp Frankfurt am Main 1999, p.8.

⁶ For the sake of completeness, it is pointed out here that the world view of the average person is by no means coherent, and actions are anything but consistent. It is quite possible, for example, that as an intellectual “morally rational chooser,” a person might find social labels to be a good thing because he or she is against exploitative working conditions and child labor – but nevertheless, as a consumer, the person might submit to the temptation of the lower price of products that do not bear this social quality label.

focus should be on the interests that are shared as a common and binding element. But where there are differences in matters of principle, neither the need for harmony nor, in particular, indifference should be allowed to lead to positions that are in principle irreconcilable, semantically neutralized, or naively glossed over. On the contrary, progress can only be achieved if someone is prepared to call a spade a spade. What Munich Professor for Dogmatics Gerhard Ludwig Müller says in response to opponents of the “Dominus Iesus” declaration also applies to many a dialogue between companies and their critics:

The principle of the dialogue among equals cannot mean that things which are not equal can be declared as equal, but – on the mutual assumption that the conscience of truth obtains on both sides – one tries to understand the other position and to establish from their shared beliefs whether it might not be possible to formulate a common basic understanding which brings the deeper intentions of both sides to bear in a spirit of convergence. In the final analysis one partner in the debate must not be allowed to leave the room as victor, but the two sides must meet in understanding [here, of the word of God, KML] enriched by the criticism and the unity.⁷

What is said here in the context of a dialogue amongst christian churches is also valid for the dialogue between a company and a stakeholder group: The risk of people considering themselves privy to the “absolute truth” also exists in the nontheological domain. In such cases, however, those who assume themselves “to be the only ones in possession of the absolute truth...are condemned to be intolerant towards others.”⁸ The discussion strategy is then often reduced to “the conversion or subjugation, demoralization or destruction of others.”⁹

Internal and External Learning Curves

In our experience, companies normally – with the best of intentions – delegate experts from staff units and communications departments to the processes of dialogue with outside stakeholders. The learning curve of participants in the discourse and the need for compromise may then give rise to significant problems of translation: experience shows that all discourse that goes beyond the friendly exchange of platitudes to tackle more difficult terrain is condemned to failure if safeguards are not established from the outset to ensure that top management – in other words, the actual decisionmakers – are included at regular intervals, both from the company side and from the side of the outside stakeholders. This is probably easier for companies than for stakeholder groups with a “grassroots-driven” organization.

It was this regular involvement that made the attempt to wring a formal statement out of a representative group of companies at the

⁷ See www.bistum-chur.ch/ne_100.htm.

⁸ Leonardo Boffs position on “Dominus Iesus,” www.muenster.de/~angergun/dominus-boff.html.

⁹ Ibid.

Earth Summit (Rio de Janeiro, 1992) so successful.¹⁰ A company's efforts are doomed to fail if the top management is represented in lengthy discussions on complex issues by technically competent members of staff units or communications specialists and then does not come to a decision as to the "company position" on the relevance of the outcome until it has had the outcome presented to it. This is because the top management people do not venture onto the learning curve that led the company representatives in the dialogue to revise their initial standpoints. The same holds true for other institutions, such as nongovernmental organizations (NGOs).¹¹

So how should a company in this situation behave? To ensure that the standards of corporate activity have the maximum binding force possible for a specific company, the standards of procedure developed by Jürgen Habermas offer an interesting point of entry.

Jürgen Habermas's recipe for communication procedures

According to the vision of Jürgen Habermas, all controversial issues should be decided in dominance-free discourse between stakeholders and companies on the basis of arguments that are capable of leading to a consensus.¹² The requirement of "dominance-free communication" describes the (ideal-typical) situation in which all parties involved have symmetrical opportunities to express themselves rather than one of an "authority"-versus-"subject" attempt to assert claims to the "truth."¹³ Dominance-free communication also includes the timely exchange of information to ensure that all parties are working within the same framework of knowledge.

Habermas assumes that "the social validity of a standard in the long term depends on these standards being accepted as valid within the

¹⁰ Schmidheiny St.: Kurswechsel. Droemer Knauer, Munich 1992.

¹¹ For example, the outcome of a process to assess the consequences of Green Gene Technology, in which I took part, did not ultimately achieve the acceptance either at the "headquarters" of the companies or at those of the NGOs involved in the dialogue that would have been necessary for a further objective collaboration between the different parties.

¹² On the contribution of Jürgen Habermas to the ethics of discourse, see also Habermas J.: *Moralbewußtsein und kommunikatives Handeln*. Suhrkamp Taschenbuch, 7th edition, Frankfurt am Main 1999; Habermas J.: *Theorie des kommunikativen Handelns*. 2 vols, Suhrkamp, Frankfurt am Main 1981; Habermas J.: *Erläuterungen zur Diskursethik*, Suhrkamp, Frankfurt am Main 1991; and Habermas J.: *Faktizität und Geltung. Beiträge zur Diskurstheorie des Rechts und des demokratischen Rechtsstaats*. Suhrkamp, Frankfurt am Main 1992, as well as Habermas, op. cit. note 6. On the debate surrounding this construct of ideas, see Harpes J.-P. / Kuhlmann W. (eds.): *Zur Relevanz der Diskursethik. Anwendungsprobleme der Diskursethik in Wirtschaft und Politik*. LIT Verlag, Münster 1997.

¹³ Habermas J./Luhmann N.: *Theorie der Gesellschaft und Sozialtechnologie*. Suhrkamp, Frankfurt am Main 1971, p.137 ff. On the degeneration of communication, see also Lay R.: *Kommunikation für Manager*. Econ Verlag, Düsseldorf 1989, p. 113 ff.

circle of their addressees.”¹⁴ What he means in concrete terms by the circle of addressees is “all those affected,” because it is not acceptable, according to Habermas, for “*individuals* to assess:

- whether they may want a standard to be enforced which is controversial in respect of the consequences and side effects which would occur if it were observed; or
- whether anyone who was in this position might want such a standard to be enforced.”¹⁵

According to Habermas, impartiality lies only in the standpoint from which standards are capable of generalization because they recognizably embody an interest that is shared by all those affected, and thus are likely to meet with general approval. In this way, they deserve intersubjective recognition. “Impartial formation of a judgment thus manifests itself in a principle which compels *everyone* within the circle of those affected to consider the position of *others* when weighing up the interests....Every valid standard must therefore satisfy the condition that the consequences and side effects which (probably) emerge in each case from the *general* observance of the standard for satisfying the interests of *each* individual are acceptable to *all* those affected (and preferred to the effects of the known alternative regulatory options).”¹⁶

As a first consequence, this makes monologue solutions impossible. Instead, cooperative efforts are required in which all those affected are admitted as participants in the discussion on the validity or binding force of the alternative arguments under debate. Unlike with the categorical imperative of Immanuel Kant,¹⁷ where it is sufficient for every individual (gifted with moral intuition) to want his or her maxims to become law and valid for all, with Habermas the maxims of action have to be submitted to everyone else – in this case to all the stakeholders in a company – so that their claim to universal validity can be tested.

Although the essential aspects of communicative action that is focused on understanding, as presented by Jürgen Habermas, are ideal-typical, they still provide a valid framework for dialogue between companies and social stakeholders:¹⁸

- *A focus on understanding and success* – that is, the discussion participants are capable of purposeful action and have an interest in seeing their plans of action being implemented; they are prepared to

¹⁴ Habermas, *Moralbewußtsein und kommunikatives Handeln*, p.72.

¹⁵ Habermas, *Moralbewußtsein und kommunikatives Handeln*, op. cit. note 13, p. 75.

¹⁶ *Ibid.*, p. 74/75.

¹⁷ “Act only according to those maxims through which you can at the same time want them to become a universal law,” in Kant I.: *Grundlegung zur Metaphysik der Sitten*. Felix Meiner verlag, Hamburg, 3rd edition 1965 p.42 (421).

¹⁸ Habermas J.: *Moralbewußtsein und kommunikatives Handeln*, op. cit. note 13, p. 144ff.

coordinate their plans of action and to pursue their respective objectives only on condition that there is agreement on the situation and the anticipated consequences.

- *Understanding as a mechanism of the coordination of actions*, where the consent of the other party cannot be forced or imposed by manipulation, but has to be based on shared beliefs.
- *Acknowledgment of the background in the real-life world* – in other words, the fact that all participants in communicative actions are influenced by socialization processes and cultural facts of the specific real-life world, and also by feelings of solidarity with the groups to which they are bound by shared values.
- *Acknowledgment of different claims*, which every participant in communicative actions has voiced in relation to the correctness and truthfulness of the statements made.

It is sufficient just to list the complex prerequisites for achieving a consensus through dialogue on the binding force of standards relating to corporate actions in order to show not only the immense difficulties of such an undertaking but also the problems of application inherent in the ethics of discourse.

Nevertheless, today in the business ethics debate and elsewhere, the “truth finding” model synergistically developed by Jürgen Habermas and Karl-Otto Apel is still very much state-of-the-art: “truth,” and thus a general, not group-specific binding force of the claim, is established by the various stakeholder groups (including here the companies) under the conditions of an “ideal speech situation”¹⁹ and with dominance-free communication in an “ideal community of communication,”²⁰ reaching a consensus that has long-term binding force for all those involved. But since “ideal” situations and communities are hardly ever found in reality, and since the “claim for symmetry” is ultimately also not implementable in situations where, in the context of legal actions, claims are made on one world (a company) from the reference point of a quite different world (an NGO), I tend – when it comes to concrete actions – toward the views of Jean-Paul Harpes, who argues the case for a more modest variant.²¹ In this case, compromise – as an optimum consideration of the legitimate demands of all those affected and striking a balance between them – also plays a role that is appropriate

¹⁹ See Habermas J.: *Vorstudien und Ergänzungen zur Theorie des kommunikativen Handelns*. Suhrkamp, Frankfurt am Main 1984.

²⁰ See Apel K.-O.: *Fallibilismus, Konsenstheorie der Wahrheit und Letztbegründung*. In *Forum für Philosophie Bad Homburg* (ed.): *Philosophie und Begründung*. Suhrkamp, Frankfurt am Main 1987, p.116–211; also Apel K.-O.: *Diskurs und Verantwortung. Das Problem des Übergangs zur post-konventionellen Moral*, Suhrkamp, Frankfurt am Main 1988.

²¹ Harpes J.-P.: *Konsens und Kompromiss in Ethik und Politik. Plädoyer für eine bescheidene Variante der Diskursethik*. In Harpes / Kuhlmann, op. cit. note 13, p.117–35.

to company practice. In corporate dialogue, the compromise is also based on the fact that:

- only a limited number of relevant stakeholders can be included, and by no means all those who feel affected by the totality of the respective corporate effects;
- demands that fall outside a generously interpreted definition of social division of labor can be rejected; and
- a time limit should be introduced for the duration of the dialogue, and majority decisions should be binding on all participants.

Most enlightened companies do not normally experience any insuperable problems for social dialogue under such conditions. Almost insurmountable problems do, however, occur when one side has already issued normative statements on matters of principle beforehand. Prior value-based statements have no place in the same cosmos of reason and in most cases are devoid of any rational argument. This may be the case, for example, where research and development as well as the resulting technologies touch on the boundary areas of human existence. Anyone, for instance, who already sees in embryonic stem cells the full potentiality and associated dignity of human life as in the image of God will not, even under the best of all possible conditions for dialogue, be able to enter into a consensus that permits stem cell research.

The reason for what will probably remain a lasting dissent does not lie in any possible deficits in the basic conditions of the discourse, but in the irreconcilable moral claims of the dialogue partners. What is presumed as acceptable to a researcher for rational, technologically pragmatic reasons is automatically doomed to founder on the normative claims of others in the debate. If “consensus-worthiness” is denied on the basis of structurally different kinds of prior normative statement, an essential precondition is lost for reaching a consensus. Compromises, too, have no further chance, because what cannot be given up cannot be given up. Serious and purposeful debate is only possible if the force of the superior argument is also recognized by the opposing party and if alternatives to an individual’s own thinking are given serious consideration. This applies to companies just as much as to stakeholders.

With regard to the requirements of a dominance-free communication, the issue of “material constraints” should again be discussed in view of its major importance. Kettner defines constraints as “coercion”: “As long as one feels that one is acting under a constraint, one regards oneself as being coerced into doing something....It is irrelevant for the action which has to be performed in this way whether the person who willingly performs the action considers it desirable or undesirable. And the fact that the circumstance is to be immediately accepted is not the command of someone else’s

will, but of no will at all.”²² A constraint is a lack of alternatives that, under the given circumstances, cannot be denied. For this reason, constraints on all sides of a discourse are often introduced as a destructive argument: “It has to be this way and cannot be any other way, because with the best will in the world it cannot be done!” In this way, certain demands are deprived of their binding force or legitimacy. One example of a “real” constraint is that, although a person can in principle donate his or her own heart or both kidneys to save the life of another, it cannot be expected of anyone because this would lead to the death of the donor.

Assertions of constraint – in situations where they do not constitute a form of insincere dialectical tactics – limit moral imputability: “Where something is to be morally commendable, irreproachable, imperative or forbidden, one has to be free to act in this way or that,” according to Kettner. “A given ‘Ought to’ implies a corresponding ‘Can’. A given moral responsibility implies a corresponding freedom to act.”²³ Needless to say, whether a freedom to act exists in specific situations also has to do with the differences in normative claims for recognition: anyone who believes that market forces and the resulting pressures of competition are less important, for example, than the criteria of neediness will see different “material constraints” at play than someone for whom the market is sacrosanct.

Someone who sees the institutional existence of a research-based company to be dependent on the protection of that company’s intellectual property rights will view patents differently than someone who sees high prices, for example, as a restriction of access – with lethal consequences – to medicines for treating HIV/AIDS. Some will adopt the position that it is not morally acceptable under any circumstances for real human lives to be sacrificed to an abstract economic principle, while others will invoke the subsidiarity principle and social divisions of labor and will point to the subsidiary obligations of others.

Since pluralistic societies are familiar with conflicting standards by virtue of the diversity of interests in those societies, material constraints become the object of normative discourse between different stakeholder groups and companies on what is or is not reasonable. This gives rise at least to the need, for example, for economic constraints not to be unquestioningly accepted as God-given and immutable, but also to be explained in social terms and, if compelled by superordinate extra-economic necessity, to be dealt with in an innovative and constructive way. Many a seemingly unalterable situation that is presented as a constraint is nothing more than an

²² Kettner M.: Sachzwang. Über einen kritischen Grundbegriff der Wirtschaftsethik. In: Koslowski P.: Wirtschaftsethik - Wo ist die Philosophie? Physika-Verlag, Heidelberg 2001, p.117–44.

²³ Ibid., p.118.

ideology-encrusted constraint of thinking. “Leadership” here also implies overcoming thesis and antithesis to reach an innovative new quality of action. A good example can be found in the differential price models that allow life-saving medicines to be distributed through the World Health Organization to patients in developing countries who cannot afford them, while patients with money or a health insurance are supplied with these medicines at market prices.

With regard to the metaphor used earlier, a person only donates *one* kidney according to his or her understanding of the superordinate emergency situation, on the one hand, and to the individual’s legitimate self-interests on the other. Many things are not absolutely compelling and mandatory, but are open to creative modification in new contexts.

Further practical problems have to do with the binding definition of the quality of behavioral standards.

Defining the Quality of Standards

The binding force of the demands made by various outside stakeholder groups differs widely. Since the examination of these demands by a company should not be an arbitrary process or clouded by personal animosities, it is essential that they be reviewed according to ethically relevant criteria, such as the binding force of the standards on which the demands are based. A distinction can be made here between:

- “must” standards,
- “ought to” standards, and
- “can standards.”²⁴

“Must” Standards

“Must” standards are defined as general rules of behavior that are least renounceable in order to ensure a minimum degree of settled coexistence of people and to avoid fundamental frictions within a society. The standards are not negotiable, or they show at the very least a high degree of mutual obligation. Compliance with these standards is a matter of course and is therefore not rewarded. Noncompliance, on the other hand, invites negative sanctions; these may range from gossip, scorn, or derision to punishments, severe social pressure, and ostracism. In modern societies, “must” standards are largely identical with legal standards; in the traditional societies of economically underdeveloped countries, they often go beyond this.

“Must” standards in the context of business ethics include observance of the laws. Where the position of the law is deficient or its implementation lacking, the “must” standards also include applying the spirit of relevant laws. This is in keeping with an approach to life as defined by the Golden Rule. Whether in the passive wording of the Old

²⁴ For more on this distinction, see Henecka H.P.: Grundkurs Soziologie. Leske + Budrich, 4. durchgesehene und bearbeitete Auflage, Opladen 1993, p.60ff, and Hillmann K.-H.: Allgemeine Wirtschaftssoziologie. Eine grundlegende Einführung. Verlag Franz Vahlen, Munich 1988, p.101ff.

Testament (“Do that to no man which thou hatest,” Book of Tobit, 4.15) or the more demanding active form of the New Testament (“Therefore all things whatsoever ye would that men should do to you, do ye even so to them,” Gospel of Matthew 7.12.) – or as George Bernard Shaw put it, “Do not do unto others as you would that they should do unto you. Their tastes may not be the same” – this Golden Rule is common to almost all cultures and has been from time immemorial. Rabbi Hillel in 20 BC is said to have summarized the Torah to a young man with the Golden Rule: “What is hateful to you, do not do to your fellow men. That is the entire Law; all the rest is commentary.”²⁵

Richard M. Hare has adapted the Golden Rule to modern societies. According to his view, individuals and collective human action is to be shaped in such a way that we can commit ourselves to it (prescriptivity) but at the same time are also prepared to accept it as an example of a principle that should also apply as a rule for others in similar circumstances (universalizability).²⁶ The reflections of the Golden Rule are an invitation to engage in an imaginary exchange of roles with the person or persons affected by one’s actions. Georges Enderle points to three characteristics that are of general importance – beyond an analysis of the binding force of any standards – for a constructive debate between the representatives of different interests:

- The judging side should put itself in the position of the person affected, embracing and empathizing with the essential features of that person’s role – that is, undertaking a genuine inner exchange.
- An individual’s wishes in the role of the other person should be the decisive criterion.
- The exchange of roles should be characterized by an openness of actions that is shaped by experience and focused on the future – that is, the many different alternatives of action that are morally acceptable should become transparent to enable a responsible variant to be selected from them.²⁷

This kind of empathy and embracing of other ideas makes it impossible – or at least difficult – to remain indifferent both in the interpersonal and in the institutional context to the external effects of a person’s own actions and tends toward the “universalizability” of actions.

Apart from the Golden Rule, probably the most important “must” standard, but one that is also subject to wide differences of interpretation, is universalizability as a criterion for action. One of the major contributions of Immanuel Kant to philosophy was his universalization precept of the “categorical imperative.” With his

²⁵ Cited according to Enderle G.: *Handlungsorientierte Wirtschaftsethik. Grundlagen und Anwendungen*. Verlag Paul Haupt, Bern/Stuttgart/Vienna, 1993, p.170.

²⁶ Hare R.M.: *Eine moderne Form der ‘Goldenen Regel’*. In: Birnbacher D. / Hoerster N. In: *Texte zur Ethik*. Dtv, 6th edition, Munich 1987, p. 110f.

²⁷ See Enderle G.: *Die Goldene Regel für Manager?* In: Lattmann Ch. (ed.): *Ethik und Unternehmensführung*. Physika-Verlag, Heidelberg 1988, p.130–48.

formulation “act only on a maxim that you can will to be a universal law,”²⁸ Kant appeals to all rational beings. In so doing, he excludes socially unacceptable behavior as a point of reference for universalizability.²⁹

A last “must” standard to discuss here is the principle of justice as a guiding maxim. Neither general ethical reflection nor debates about special problems can be engaged in without conceding that the issue of “justice” is of central importance. At the very least since the emergence of stoic philosophy (300 BC to about 300 AD), the principle has been accepted that every person is entitled to his or her measure of justice. This entitlement stems from the very fact that he or she is a human being. But what does this mean in concrete terms?

The attempt to define “justice” and invest it with content is at least as old as western thinking – and probably as old as human life itself. And yet questions of justice are never definitively answered; they are always being posed again and again from one specific case to another. This is because justice is a relative term, as Honecker points out: “the question is always: justice with regard to what? What then needs to be established is by what yardstick, what standard, is justice actually being measured? What is the standard in terms of content? Who sets this standard?”³⁰ But precisely this point is often so controversial in dialogues between companies and outside stakeholders that the view of Diderot remains as valid as ever: questions of justice can only be decided in the “silence of the passions.” We shall return to the discussion on the concept of justice by John Rawls in the context of “ought to” standards.

Companies that are apprised by inside or outside stakeholders of deficits in respect of compliance with “must” standards in the course of their business activities are in principle well advised to give their full attention to this issue. Where laws are not abided by or fundamental principles of care are not observed, there is a need for immediate corrective action without any further discussion. In such cases – to avoid any further unpleasant surprises – the auditors should be called in to conduct a study that sheds as much light as possible on the reasons for these deficiencies.

Where it is a question of general problems of justice, however, the issue becomes more complicated: how does a company behave “justly,” for example, in relation to the prices of medicines for treating HIV/AIDS patients in sub-Saharan Africa? It is clear that legitimate efforts to make a profit and insistence on the intellectual property rights of a pharmaceutical company may under certain circumstances

²⁸ Kant I.: Die Metaphysik der Sitten. Werkausgabe Band VIII (ed.: W. Weischedel) Suhrkamp Taschenbuch, Frankfurt am Main, 9th edition 1991, p. 331.

²⁹ Kant I.: Kritik der praktischen Vernunft. Grundlegung zur Metaphysik der Sitten. Werkausgabe Band VII (ed.: W. Weischedel) Suhrkamp Taschenbuch, Frankfurt am Main, 11th edition 1991, p. 58.

³⁰ See Honecker M: Einführung in die Theologische Ethik. De Gruyter Lehrbuch, Berlin/ New York 1990, p.188.

be in conflict with the “right to life” of an impoverished person. It is equally clear that in the case of such complex problems there can be no “simple” solutions – it cannot fall under the obligations of a company to give away valuable commodities if those who need them cannot pay for them. But it does not serve the decisionmakers of an enlightened company or certainly society as a whole if those who can contribute a stone to the mosaic of the overall solution shrug their shoulders and point to the responsibilities of others. A hopeful pathway to constructive solutions for such complex problems of multicausal origin is, in my opinion, to be found in the realm of “ought to” rather than “must” standards.

“Ought to” Standards

“Ought to” standards have less binding force than “must” standards, but are still perceived as largely taken for granted. Their claim to legitimacy is beyond that of the “legally” prescribed minimum. Examples are the “good manners” or “general customs” expected in business collaborations, as well as the reliance on the “first principles of equity.” They also include the prerequisite of a certain correctness in dealing with one another. Those who observe “ought to” standards will be given preferential treatment. Although failure to observe these standards would also be attended by the threat of negative sanctions, these are not so severe as those that attend noncompliance with “must” standards. If we imagine “must” standards in terms of legal action as a consequence of laws or the spirit of those laws, then “ought to” standards could be seen in terms of the constructive and generous filling of space not regulated by law.

In the context of multinational companies’ operations in developing countries, “ought to” standards include, for example, areas of activity not regulated by the law that in terms of the standards in industrial countries are seen as conditions taken for granted. This may take the form, for instance, of a pay and salary policy that is not dictated by any legal requirements for minimum pay or (in the case of widespread unemployment and underemployment) by the “free market” but that goes beyond this in order to ensure humane living standards for the people employed by the company and provides “living wages.”

The personnel policies and fringe benefits of companies also provide examples of the desirability of complying with “ought to” standards: for example, in relation to sick pay, protection against wrongful dismissal, health insurance, pensions, and job security right through to concrete assistance to help cover basic needs (such as free or heavily subsidized canteens and basic medical care). These are things that in many industrial countries belong to an established portfolio of modern personnel welfare benefits and play an important role, especially under conditions of collective and individual poverty. Also of great importance is corresponding action in the area of environmental protection.

The discussion of concepts of justice by John Rawls³¹ is an interesting level of reflection for company “ought to” standards. The first Rawls principle postulates that everyone has the same right to the most comprehensive system of equal freedom and basic freedoms for all. By “basic freedoms” Rawls means political freedoms (the right to vote and to hold public office) and freedom of speech and of assembly; freedom of conscience and beliefs; the personal freedom that includes protection against psychological repression and physical maltreatment and mutilation (inviolability of the person); the right to personal property; and protection against arbitrary detention and arrest. These basic freedoms refer to all spheres of human life – and they are covered by the first two principles of the UN Global Compact.

Liberty, according to Rawls, can only be restricted for the sake of liberty, and this in only one of two situations: a less comprehensive liberty may be restricted if this strengthens the overall system of freedom that everyone shares. An example of this would be a ban on production processes that, through their effects on the environment, jeopardize the lives of uninvolved people alive today or at some time in the future (such as chemicals that damage the ozone layer). The second condition, according to Rawls, is that the inequality of liberty must be acceptable for citizens with less freedom.³²

Rawls’s second principle postulates that any social and economic inequalities existing in the real world must be such that they bring the greatest possible advantage to the least fortunate individuals, and they must be associated with offices and positions that are open to all in accordance with equality of opportunities.³³ Rawls calls this the “maximin strategy,” because those who have only a minimum should enjoy the maximum profit. The priority rule “priority of justice over efficiency and welfare” postulates that the principle of fair opportunity has priority over any differences that may be justified on grounds of efficiency.³⁴

Whereas the first principle of Rawls should not pose any problem even in the corporate context, the second principle encounters problems of implementation: In the case of corporate action within the framework of a social market economy, it is normally considered to be fair that greater commitment to and level of performance will lead to higher levels of pay and other advantages, regardless of conditions at the level of basic pay (which allow the basic need of a family to be satisfied).

It is generally argued that, when things are going well for a company, they will most likely be going well for all employees, because, for example, higher pay or additional fringe benefits will also be possible as a result of corporate success. However, it is not consistent with my perception of how things work in practice that,

³¹ Rawls J.: Eine Theorie der Gerechtigkeit. Suhrkamp. Frankfurt am Main 1975.

³² Ibid., p.283.

³³ Ibid., p.104.

³⁴ Ibid., p.283.

under normal corporate circumstances, social and economic inequalities bring the greatest possible advantage to the least fortunate. Although the *World Investment Report 1994* of the United Nations showed that substantial efforts were being made in many companies with international operations to increase the quality of life and equality of opportunities for lower-income groups, it is almost the unanimous consensus of the decisionmakers in industry that the responsibility for social leveling lies with the state (such as through tax progression), not with individual companies. A combination of the subsidiarity principle with a generous interpretation of corporate self-interest and a fulfillment of “can” standards by the company should open up feasible avenues.

Companies that are reproached by stakeholder groups for deficits in compliance with “ought to” standards in the course of their business activities should enter into a dialogue on these issues. This could open up the opportunity to improve the quality of corporate behavior over that of the competition.

“Can” Standards

“Can” standards are comparable to Kant’s “imperfect duties”; their level of commitment is bound by prerequisites in the sense of a hypothetical imperative (“if X, then Y”). Although compliance with these standards is likewise socially desirable, associated with a high degree of esteem, and accompanied by positive sanctions, it cannot as a rule be claimed as a mandatory requirement. In his “Foundations for the Metaphysics of Morals,” Immanuel Kant distinguished between “perfect” and “imperfect duties”³⁵ and explained this distinction later in detail.³⁶ The “perfect duties” to oneself include, for example, self-preservation, and the “imperfect duties” include the development and replication of one’s own perfection. Observance of the commandment in the Old Testament (Exodus 20, 13) “thou shalt not commit murder” comes under the same category of “perfect duties” for civilized people, whereas the commandment from the Sermon on the Mount (Matthew 5, 44) to “love your enemies...and pray for them which...persecute you” belongs more to the “imperfect duties.”

At the company level, special fringe benefits are offered in this context that are neither laid down in law nor customary in industry – and yet that may bring substantial social or other advantages to people. In the social area, these may take the form of, for instance, a free or heavily subsidized transport service between home and workplace or kindergartens for single mothers, free training opportunities using the company infrastructure, or scholarships or grants for the children of employees. Special offers of diagnosis, treatment, and psychosocial welfare, such as for employees with HIV infection or AIDS, are included among these fringe benefits.

The establishment and endowment of foundations with a humanitarian purpose falls under the context of “can” standards. In

³⁵ Kant, op. cit. note 30, p.52.

³⁶ Kant, op. cit. note 29, p. 553ff.

view of widespread poverty and the enormous human suffering associated with it, the role of the company simply as a sponsor for humanitarian purposes would be seen in an extremely positive light. Many companies, however, have not only the financial resources but also experience and knowledge that they can use to the enormous benefit of projects and programs aimed at development cooperation and humanitarian aid, increasing the effectiveness, efficiency, and significance of such projects.³⁷

It is clear that companies in modern societies only have limited scope to decide themselves what is felt in the long term to be socially and ethically acceptable. This does not mean, however, that the responsibility for what is ultimately the content of a corporate decision can be delegated from within the company. The decision is made on a broader footing – and in this connection certain questions of detail arise with regard to the attitudes that companies have to outside stakeholders and the way in which they deal with them.

³⁷ Siehe dazu z.B. den Bericht der Novartis Stiftung für Nachhaltige Entwicklung, Basel 2001 (P.O.Box, CH-4002 Basel, Schweiz) oder www.novartisfoundation.com.

Attitudes toward and dealing with Stakeholders

No company is an autonomous cosmos unto itself; it forms a living part of a living society. To quote a metaphor from Albert Schweitzer, companies are also “life that wants to live in the midst of life that wants to live.” In a process of ongoing interaction, companies influence the world around them and are influenced in turn by it. In pluralistic societies, it is entirely normal that outside attempts are made to bring influence to bear in a variety of ways and for a variety of motives. This can give rise to conflicts, which in free societies should be seen first and foremost as justified by the fact that social change is not possible without conflicting interests and an examination of their value. But since the demands of other actors on the social stage will not be registered, let alone accepted, without a counterargument, a company should address demands made upon it from outside (as well as inside) constructively and without prejudice. As Ralf Dahrendorf points out, however, conflicts should be settled in a controlled form with the observance of certain rules (such as nonviolence).³⁸

“Best Practices” in Dealing with Stakeholders

Since it is in the company’s own interest to know and cultivate the social environment that it perceives to be relevant, “stakeholder relations” today form a natural part of management’s role. Anyone who listens to others, takes their concerns seriously, addresses them, and adopts clear positions in the process becomes part of a communicating community. This helps not only to know and come to terms with the way in which a company’s own actions are seen, but also to know the people behind the various stakeholder positions. Although even the most enlightened company can never be equally receptive to all stakeholder groups, it is in the interest of the company to know what claims are being made with what legitimacy and by whom. The remark by Martin Buber that “through the ‘Thou’, a man becomes ‘I’” applies in a modified form also to companies: they establish their identity in the way they deal with their social environment.

Only a sober, professional analysis allows meaningful conclusions to be drawn as to the validity of claims made on the company by outside stakeholder groups.³⁹ Not only does dissent on essential aspects need to be accepted, it offers the opportunity to find higher-quality solutions. Evasive strategies, such as “sitting out” conflicts, ideological explanations for a rejection, or a self-prescribed unwillingness to compromise, will leave a company out in the cold, as will a populist fixation on compromise and acquiescence without the presentation of any counterargument. The very fact that a company delegates people to enter into a dialogue with stakeholder groups in order to present its

³⁸ Dahrendorf R.: *Gesellschaft und Freiheit*. Piper Verlag, Munich 1981.

³⁹ See Clarkson Center for Business Ethics: *Principles of Stakeholder Management*. “The Clarkson Principles.” Toronto 1999.

own positions, to respond rationally to counterarguments, and to listen in turn to the other side keeps a company from sinking into the kind of anonymity that is so often the cause of diffuse feelings of disquiet and unease.

Professional experience suggests that the following principles and procedures are useful for research-based companies with international operations:

- Acknowledgment of the fact that the social environment as a whole, and especially those sectors that are directly affected by the activities of a company, have a legitimate entitlement to have their interests taken into account. At the very least, any restrictions, impositions, or even damage should be kept to a minimum, and ideally, positive externalities should be maximized.
- Ongoing analysis of the scientific, social, political, and journalistic arguments on all aspects that are of importance in terms of the corporate strategy and sustainable security of the company's continuing existence.
- Ongoing evaluation of the potential implications that these arguments may have for the corporate strategy and future success of the company as well as the need for strategic adaptations.
- Ongoing and as far as possible "dominance-free" communication with all relevant stakeholder groups of the company, including shareholders. "Ongoing" is taken here to mean explicitly that communication is important not only in problematical times and during public conflicts and controversies, but at all times. This puts a company in the position of conveying complex internal realities to the outside world and external perceptions of strategically important facts (risks, benefits, fears, vulnerabilities) to the internal organization. Ideally, there is a "balance of perceptions" on the reality of the situation or at least a better understanding of alternative views.
- The fact that there are potential conflicts between the interests of the company and those of outside stakeholders must be openly addressed. The problems likewise have to be addressed that are inherent in the fact that there are corporate dilemma situations for which there is no resolution in the sense of a solution that is satisfactory for everyone, but that necessitate a search for the "lesser evil." In this connection, the consequences of non-action should also become part of the dialogue.
- Companies should not only be purely receptive actors in the theater of debate on complex issues, but should also assume a role in political terms as a co-determining and shaping influence on "civil society."

This kind of action may appear superficially to be something new. But most companies do precisely this on their "product markets": companies examine the latest product developments, test the developments of the competition in the light of their own progress, and draw conclusions in order to gain optimum competitive advantage. The

same professional approach to different kinds of evaluation, demands, and changes in *zeitgeist* on the “opinion markets” has a similar objective: a review of the ongoing development in the company’s positions on the “opinion and evaluation markets” in competition with social stakeholders who engage in social assessments of the legitimacy of corporate action. The most successful possible competition on the “opinion markets” ultimately has a major influence on the way the company is perceived by society and thus on the company’s success in the “product markets.”

The intensive cultivation of “stakeholder relations” in the sense of a rational and professional debate with the social environment is a conscious strategy of the company:

- not only to meet its obligations as an actor in the theater of civil society but also to exercise its rights;
- to procure, process, and evaluate relevant knowledge;
- to correct misperceptions and introduce its own judgments and arguments to the social debate; and, if necessary,
- to make strategic adjustments in corporate practice in order to optimize the company’s success in the light of new social developments.

Effects of This Kind of “Stakeholder Relations”

This approach has several advantages for a company: it serves as an early warning system, it supplies knowledge of stakeholders and their opinion leaders, and it provides an opportunity to influence the development of a debate through argument.

Early Warning System

Anyone who remains in constant touch with the changing *zeitgeist* in the evaluation factors of importance for a company is far in the picture and has a better chance of not suffering any “unpleasant” surprises. Most controversial and hotly debated issues in society that have led in the course of time to substantial problems for exposed companies already formed a part of the scientific disputes that prevailed for years before and subsequently became part of the work of specialized stakeholders.

For example, anyone who compares the demands of professional environmental groups of the late 1970s with what was found in environmental reports of companies in the 1990s might have the impression that what Herbert Marcuse famously referred to in the 1960s as the “long march through the institutions” had actually taken place. If the corporate world had addressed the issues of environmental protection as openly and constructively in the late 1970s as happened in preparation for the UN Conference on Environment and Development in Rio de Janeiro in 1992, a much faster social learning process would have been possible, to the benefit of future generations. It is in the nature of the issue that not all demands from “outside” are ultimately considered legitimate from the point of view of the company. By giving serious consideration to stakeholder demands and

coming to grips with different kinds of value system, a company can also help itself anticipate changes in society's constellation of values

To put it in concrete terms: for some time, stakeholders engaged in development and social policy have been applying the articles of the Universal Declaration of Human Rights increasingly to the entrepreneurial dimension of social life. The focus here is not so much on the rights of political freedom (right to life, property, and security, as well as freedom of beliefs and opinions) as on the so-called social rights. These are defined in Articles 22–28 of the Declaration of Human Rights: the right to social security, the right to work, the right to standards of living adequate to health and well-being, including food, medical care, and so on. What does this mean for a pharmaceutical company, for example, and for the prices of its products? How does a company deal with demands for price cuts for medicines to treat HIV/AIDS that are to be distributed to patients in sub-Saharan Africa? Is a company that is not prepared to offer any price concessions violating the human rights of these patients?

It is not possible to give an adequate and detailed response to this question here, but one thing is clear: neither ignoring such demands nor completely capitulating to them by distributing medicines free of charge without any conditions can offer a sustainable solution. And a further point would appear to be clear: companies cannot solve problems of this kind alone, but only in coalition with other partners of good will. It would be of no help to the company to be depicted as an unscrupulous, money-grubbing organization with no interest in HIV/AIDS patients – and it would be of no help to future patients of poverty-related diseases if, as a result of public pressure on prices, the pharmaceutical industry withdrew from the research and development of medicines to treat such diseases. The demand for access to life-saving medicines is in any case a legitimate one. The question to be answered, however, is to whom should the demand for social sharing of responsibilities and possible coalitions of reason be addressed.

The company derives positive benefit from a serious analysis of positions and vulnerabilities when coming to grips with external perceptions and with stakeholder demands. On its own initiative and without any defensive compulsions, it establishes where its actions are less than optimal. A further indirect advantage is that an internal early-warning system is set up in the company and the company's internal sensitivity to potentially illegitimate actions is enhanced. Why should a company not reward serious criticism in the same way that improvements in company processes are rewarded through company suggestions schemes? Why not set up "complaints boxes" and have the Chairman of the Executive Committee comment on selected "letters" once a month?

Stakeholder-oriented analyses of weaknesses also reduce the likelihood of unrecognized irregularities or shortcomings whose problems have not been expounded becoming established as the norm – this in turn reduces the need for "whistle-blowing." A professional approach to changing social values, a proactive concern with the consequences of technology, and an ongoing dialogue with relevant

stakeholders create an additional early-warning system of a sociopolitical kind in a company.

Any company that sets its corporate mind on remaining in touch with all relevant stakeholders on an institutionalized basis is not only able to pick up trends initiated outside the company at an earlier stage, but can also widen its own horizons earlier on – dismantling prejudices against unorthodox perceptions of problems and furthering its own case in the light of new insights. As a social learning process, the tension is removed between the approaches of stakeholders with a purely normative thrust, which run the risk of losing touch with social reality, and the approaches of companies based exclusively on corporate pragmatism, which run the risk of excluding all normative aspects.⁴⁰

Knowledge of Stakeholders and Their Opinion Leaders

Given that young people today have much more trust in NGOs such as Amnesty International or Greenpeace than in political institutions or companies, it has to be accepted that the “political process” has become more complex.⁴¹ Companies that are especially affected by sociopolitical factors in the degree of freedom they enjoy are therefore well advised to do their “homework” in these political terms. The question of whether a company’s outside stakeholders have moral legitimacy has long since been answered, and the response is a clearly affirmative one.⁴²

Addressing the arguments of outside stakeholders means coming to terms not only with the content of the arguments but also with the human aspect of the debate. Knowing the people behind the arguments provides a better understanding of the thinking behind them. This allows discussions to take place on a one-to-one basis, and experience shows that this in turn can bring about a change of attitudes on both sides of the argument among well-informed and serious-minded people of good intention. In the best-case scenario, a learning process takes place that leads to qualitatively better solutions without a public showdown. The idealized assumption is made here that both parties involved are able to accept the power of the better argument.

One aspect that must not be underestimated is that of interpersonal learning experiences in social dialogues. The pursuit of different interests and different objectives often has its origin not in simple ideological predispositions (although these are present too), but in

⁴⁰ See Habermas J.: *Faktizität und Geltung. Beiträge zur Diskurstheorie des Rechts und des demokratischen Rechtsstaats.* Suhrkamp Frankfurt am Main 1992.

⁴¹ See Environics International: *Global Issues Monitor 2001*, New York 2001. According to this source, 65 percent of respondents trust NGOs to work in the best interests of society, whereas 51 percent mistrust globally operating companies in this respect. The German Shell Youth Study obtained similar findings for Germany in 1997.

⁴² See, e.g., Gibson K.: “The Moral Basis of Stakeholder Theory.” In: *Journal of Business Ethics* Vol.6 (2000) p. 245–57.

divergent underlying values and differences in socialization on the basis of different life systems. In particular, that which is intuitively perceived as ethical or unethical is passed on through socialization and thus depends on the social context of the person concerned. Anxieties generated by the challenges of rapid social change or the erosion of feelings of familiarity and security can also play a role. The knowledge that people of the same dignity and rank take different positions on the basis of differing life experiences takes the polemical harshness out of controversies and creates the conditions for confidence-building measures.

Influencing the Development of a Debate Through Arguments

Any participant in an objective debate can bring his or her arguments to bear in the opinion-forming process, act to correct any arguments of the other party that may be built on false premises, and introduce additional points that have not yet been considered. The recognition of companies as actors in the theater of civil society and the demand that they meet their obligations also gives them the right to represent their interests by taking part in the political opinion-forming process. This can be an attempt to exert influence in the sense of “advocacy,” although it does not necessarily have to be. Often there are differing views on the nature of certain deficits and where they can be overcome. Through the introduction of other points of view, issues and criteria of assessment that were under dispute appear in a different light. In a situation of this kind, the company can constructively take the offensive and make its own positions a subject of the public debate instead of having to react defensively to campaigns steered from outside. This in turn not only enables the course of a social debate to be modified, it also helps to make an issue that is automatically controversial capable of resolution – perhaps modified in content – in a manner that is commonly acceptable and compatible with company objectives.

For example, the controversies surrounding “green gene technology” began in the mid-1980s first on the scientific level, then on the social level (through NGOs such as Greenpeace), and finally on the journalistic level. If companies in which this technology was of major strategic importance had taken part in the scientific, social, and journalistic debate earlier on, in a more objective professional and open way, it would probably have been possible to prevent a one-sidedly risk-focused debate and to cope with any justified concerns – either through a well-argued case or through technological adjustments.

In a best-case scenario, constructive and open participation in the debate on this new technology could also have helped to bring about something of a transformation away from diffuse uncertainty toward quantifiable and calculable risks. This would not only have offered the opportunity of discussing the risks of non-action and the known possibilities of risk management, but would also have helped to transform “anxiety” (which is barely susceptible to rational management) into “fear” (which can be assuaged with convincing arguments).

Concrete projects of cooperation can be a considerable help here. But any willingness for cooperation between various stakeholders and companies is driven by a quasi-economic logic: only those who stand to gain from the cooperative efforts of interaction will be prepared to cooperate with others. Conversely, those who stand to gain from confrontation – for instance, when a Robin Hood is on the lookout for donations, he needs a Sheriff of Nottingham to heighten his profile – will for perfectly understandable reasons prefer confrontation to cooperation out of self-interest. Such actors on the stage of civil society will also see it as their mission in the future to denounce irregularities and incite outrage rather than achieve results in joint projects. In this respect, an observation made by Max Weber 80 years ago remains as relevant today as ever, namely that the constellation of power in a society is not a simple opposition of the “powerful” versus the “impotent” but is an “endlessly complicated field of forces.”⁴³ Selecting the right partner is the first step in plotting the course for successful cooperation. Anyone who has a completely different set of definitions for the problems to be addressed in the cooperative effort fails to qualify for cooperation for the simple reason that, in the light of his or her diagnosis, the individual will propose solutions that are structured in a completely different way.

In the effort to become familiar with positions that differ from our own convictions, it is not a question of having to apply Manichaeic principles and choosing between “good” and “evil” or “right” and “wrong” but of getting to appreciate in the first instance the “this way” or “that way.” Even with the best information on the various standpoints and with the best will in the world to understand people with different points of view, it will only be possible in exceptional cases to fundamentally resolve conflicts of values and completely eliminate differences in perception derived from these values. One way or other, however, valuable additional information will flow into the portfolio of reasons for or against any company decisions, because it is a holistic reality check that is taking place and not simply an internal discussion process.

Conclusions

My experience has taught me that successful discourse – success being measured by the degree of consensus achieved – has to be extremely well prepared and must take into account the conflicting interests of all those involved. This starts with the definition of the essential problems, because this serves as the basis for assessing the suitability of the resources and methods used. Dialogue among well-meaning partners in the first instance creates understanding of the various positions in the discourse and, through the information on offer and the exchange of this information, can provide insights into the fears and misgivings of others and in this way help to reduce prejudices or at least to reach an underlying consensus. Dialogue takes

⁴³ Weber M.: *Wirtschaft und Gesellschaft. Grundriss der verstehenden Soziologie* (1922), UTB / J.C.B.Mohr, 5th revised edition, Tübingen 1980, p.351.

place between people, not institutions. We know since Socrates that people tend to mistake their subjective beliefs for the objective truth. This confusion of subjective beliefs and objective truth, which has an inter-subjective value because it excludes error and deception, is often the cause of evil.

When it comes to whistle-blowing, it is important to bear in mind that conflicts of belief and differences of opinion in practice do not only occur between people in companies and people outside them, but also form a part of everyday life for people within a company. Staff units and the specialists working there, such as marketing people or finance specialists, can, for example, hold completely different views on the content or strategic needs of a company. The resolution of such dissent can – in controlled forms – lead to learning processes that benefit the company as a whole.

Successful strategies to overcome internal dissent within a company do not differ essentially from those for resolving dissent with outside stakeholders – with one exception: internal dissent can if necessary be ended with a “decision from above,” while external ones cannot. Otherwise, however, in both internal and external situations, strategies to resolve dissent have the best chances of success if they embrace the principles of compromise and compensation.⁴⁴

Whether the debate is held within a company or outside it, the following principle applies: constructive dialogue among well-meaning people can make a substantial contribution to the joint efforts aimed at understanding the complexity of specific issues. Through a willingness to engage in proper dialogue, it can also be clearly established that by no means all judgments on what is “good” and “right” have to be moral judgments. Nor do all dissenting views on technological issues take the form of moral dissent.⁴⁵ Perhaps moral dissent is even the exception that proves the rule, since there is also

- *dissent in terms of interpretation*, for instance with regard to the usefulness of certain parameters, the ability of biotopes to regenerate, or the hazards of scientific experiments (as in field tests with genetically modified crops);
- *dissent on the likelihood of success for alternative methods* to achieve a given objective, for example an economic boycott against a “rogue state” or a boycott on the purchase of tropical timber; and
- *dissent on the estimation of material constraints*, such as profit maximization in contrast to long-term profit optimization.

Other forms of dissent may, but do not have to, take the form of moral dissent:

⁴⁴ Hubig Chr.: Technik- und Wirtschaftsethik - Synergien und Disparitäten. In: Koslowski, op. cit. note 23, p.198–201.

⁴⁵ Ibid., p.179–206.

- dissent on the *validity of the basic values that are affected*, such as acceptability of side effects or other adverse consequences of a certain action, or
- dissent on *attributing responsibility* to specific players or institutions.

Material examination of the demands of different stakeholders also clarifies the type of dissent involved – and thereby opens up a number of completely normal approaches to resolving the problem. However, a constructive dialogue requires a basis of common values and certain rules of play. The minimum that is needed is not only a renunciation of violence, tolerance, and an abandonment of enemy concepts, but also the sharing of common values. In business ethics, as in other areas, there is no room for an “anything-you-please pluralism.” Here, too, joint action presupposes an underlying consensus on basic values, basic rights, and basic obligations. Arguments opposed to this view do not fall under the pluralism of opinions but show a lack of any sense of responsibility.

In the final analysis, dialogue is not an end in itself. It is part of an act of discovery, part of the road to understanding reality, but only in order to change the deficits of reality by putting into practice the findings made in this discovery process.