

Christian Social Thought and the Weak Ethical Roots of CSR

Helen Alford

Businesses are made up of people and things (money, capital equipment, assets in general), and are organised according to certain legal forms and principles. Human ingenuity has arrived at this combination of elements in order to achieve certain goals. As such, business structures represent a combination of natural and artificial (or man-made) components; natural components include the people in the business and their work, whereas artificial components include the policies the business adopts, as well as the legal form it has. The business is therefore a complex form, neither purely natural nor purely artificial. A machine is purely artificial; it is an instrument, and is judged to be good if it is good *for* achieving the task for which it was made. A business is not so simple; it is created not only *for* something else, though its members are brought together for the sake of working together or putting in resources for a purpose, but in the process of doing so, its members begin to develop an intrinsic good between them, where “good” here means the realisation of the potential of those involved, or their development towards the fullest expression of their being. A business may begin with an idea for doing something in the mind of the entrepreneur, in a way not dissimilar to the idea of the machine in the mind of the inventor. But as the business comes into existence, it develops into more than an instrument, whereas the machine can never become anything other than an instrument. This is because human beings bring themselves to a business, and as they work in it, they not only produce objective goods, products and services, but they also develop in themselves; we could say they “produce themselves”, in communion with the others with whom they work. People working together are developing a good which they hold together, in common, as well as developing each one of themselves individually. Recognition of this phenomenon has prompted the development of the literature on “core competences” in the firm, which are capacities of the business as a whole. They are not held individually, but are rather held in common between the members of the business.

The business therefore has both instrumental and intrinsic ends. It is not just a “mere fiction”, nor is it nothing more than an “artificial construct” that is useful to us in achieving our ends, though it does have instrumental ends and does need to be efficient and effective about achieving those ends. Neither is it a living being in its own right with its own intrinsic ends, though since its active component is made up of human beings it does “produce” intrinsic goods as part of its operation and its activity needs to be ordered towards the development of the intrinsic common good of society. The business is a complex reality that constitutes a category in its own right, one that we can most succinctly describe as a form of “common good”, with both instrumental and intrinsic aspects, as we will soon discuss further. Another way of thinking about the business in the same vein is to see it as a “community of work”.

Most approaches to business ethics and to the question of CSR only see the business as an instrument (like a machine), and therefore they do not recognise that it is also producing intrinsic goods as part of its normal operation, both at the level of the individual and at the level of the business as a whole (among its members or those that participate in its activity). The term that is often used is “nexus of contracts”, and, although this creates a more complex image in the mind’s eye of what a business is than the image of the machine, it still keeps the image at the instrumental level. Having seen that this thinking does not fully describe what a business is, we turn to the problems it creates for the ethical grounding of CSR.

An example will help. Lorenzo Sacconi has developed one of the most advanced explanations of the ethical basis of CSR so far, starting with two social contracts.¹ The first one is a general one, agreed by all members of the business, which, while giving them all equal rights in the business, turns out to be impractical. So on the basis of the first social contract, a second one is negotiated; in this one, decision-making powers are

delegated to one group (managers) in order that the business can function, but the managers agree to make decisions on the basis of the principles underlying the two contracts so that everyone's rights are protected. As in the case of social contracts in general, no actual contract is negotiated; the idea of the contract is a useful concept for explaining the ethical basis of CSR. The final part of the argument deals with what makes the managers stick to the "agreement" they have made – after all, if there were no consequences to breaking the notional contract, there could be a strong incentive for them to do so on occasion, for their own personal gain. Here, the reputational mechanism comes into play; the idea is that managers will not in fact behave opportunistically because they will know that it will damage the reputation of the business, and that this will make it harder for them to obtain funds, win customers and attract talent to work in the business. However, apart from the problem of the very abstract nature of the social contracts themselves, simple experience shows that the reputational mechanism is weak, if it works at all. Businesses have significant control over what information about them reaches the press, and NGO's are not necessarily present in all parts of the world to denounce violations of the "social contract" when they happen. Most importantly of all, however, is that the whole approach makes being ethical an extrinsic activity; it is about keeping rules and applying sanctions; it does not touch the inner dynamism of the human being. As research has showed, such mechanisms tend to "crowd-out" intrinsic motivations for being socially-responsible or ethical, and in the end make it more likely that non-socially responsible or non-ethical behaviour results.

As we have already hinted, the problem here for these mainstream approaches goes deeper. The underlying problem for mainstream business ethics and CSR is an incomplete anthropology, one that blocks adequate recognition of the development of the people working *together with each other* within the business, and similarly does not recognise the possibility for intrinsic good to develop between the business and the wider society around it. An individualistic starting point cannot recognise real, intrinsic good *in the relationships between people*. On this point of weakness, Christian social thought can provide some help. Its personalist approach recognises the importance of

the individual aspect of the human being, and the advantages and gains that have been made by those who have developed theories of individualism. But it goes further than individualism to recognise another aspect of the human being, which, at least in the business sphere, turns out to be equally important. For, as personalism recognises, the relationships we have with each other are not only useful to us in achieving our individual ends; they are also intrinsically important to each one of us, for they are part of who we are. The human person is both an individual, with his own interests to pursue and who is largely in competition or in conflict with others, and at the same time, a *being in relation* with others, where it is the shared goals and goods developed in pursuing those goals that are important, and one's behaviour is based on cooperation and solidarity. The human being is both of these things simultaneously, entirely and at all times both an individual and a being in relation (in the language of personalism, the "being in relation" side of the human being is called "person"). Understanding the fundamental duality at the basis of human existence, individual – person, is the first key recognition that needs to be made if we are get beyond the shortcomings of an individualistic approach.

Once this conceptual breakthrough has been made, we are able to recognise that through the relationships set up between people in a business, real, intrinsic human good can be created between them (they develop together), and that the business itself can be seen as a kind of common good among its members. This second recognition allows us to reach the key point in this discussion for the ethical underpinnings of CSR, and hence for business ethics. For on this understanding of business we can provide managers with a way of both recognising individual interests and rights (perhaps through a stakeholder analysis) and a way of synthesising (prioritising) the satisfaction of these rights and interests in an ethical way, that is, on the basis of what promotes the common good that the actors involved have developed between them and from which they all benefit.

¹ Lorenzo Sacconi, 2006, 'Corporate Social Responsibility (CSR) as a Model of "Extended" Corporate Governance. An Explanation based on the Economic Theories of Social Contract, Reputation and Reciprocal Conformism', Liuc Papers n. 142, Serie Etica, Diritto ed Economia 10, suppl. a febbraio 2004.