

A Radical New Understanding of Business Ethics

By Georges Enderle

Five years ago, I published my book *Corporate Responsibility for Wealth Creation and Human Rights* (Cambridge University Press, 2021). It has been in the making for many years and presents a kind of synthesis of my understanding of business and economic ethics. This would not have been possible without my educational interdisciplinary background in philosophy, theology, and economics; the inspiration and guidance of scholars such as Amartya Sen, 1998 Nobel Prize in Economic Science; and the colleagues and friends of the International Society of Business, Economics, and Ethics (ISBEE) since its foundation in 1989 to the present day.

In this book I argue for a radically new understanding of the ethics of business enterprises or “corporate responsibility” in the global and pluralistic context. This perspective is new in combining three crucial respects. First, business enterprises as primarily economic entities are called to pursue the creation of wealth in a comprehensive sense that is beyond maximizing profit or adding value. Second, business enterprises operate in an increasingly interconnected world. They consist of human beings and affect human beings from the local to the global level. To evaluate their impact, we have worldwide standards stipulated in international agreements, most importantly the International Bill of Human Rights: including civil, political, economic, social and cultural rights and the right to development. With the United Nations Framework (2008) and the United Nations Guiding Principles on Business and Human Rights (2011), business enterprises – in addition to States – have become accountable in a new way for their impact on human rights. Third, in this interconnected world not only individual businesspeople but also business enterprises as organizations – independent of the duties of States – now carry moral obligations regarding human rights. This means that moral (and not only legal) obligations are attributed to organizations understood as moral actors (but not as moral persons). Based on this theoretical underpinning, moral responsibility can be attributed to corporations in a genuine sense.

In this new approach, the ethics of business enterprises can be summarized as “corporate responsibility for creating wealth and respecting human rights.” It combines three parts. In Part One, I take a macro-perspective, applicable nationally and internationally, on the economy that is the primary interface between “business” and “society.” This economic approach is an “ethics-related approach” in the sense proposed by Amartya Sen, which is broader than a “value-free” logistical (“engineering” or transactional) approach, by including human motivation and the judgment of social achievements. It goes beyond the “creation of wealth” – in line with and beyond Adam Smith – by offering a broad and comprehensive definition of wealth and by revealing many dysfunctional features of the current economy. In Part Two, I switch to a normative-ethical perspective by identifying internationally recognized human rights as minimal ethical standards. Given the globalizing economy, universal minimal ethical standards are

indispensable for living and working together on Earth. They are conceived as global “public goods,” using the precise term developed in the first step. Although human rights are being violated in multiple ways, they are the only worldwide recognized standards and, in addition, provide space for a large diversity of acceptable ethical and cultural values. After arguing for wealth creation in a comprehensive sense and the relevance of human rights as global public goods, in Part Three, I draw the implications of this comprehensive view for corporate responsibility that pertains to all types of business enterprises worldwide. As primarily economic organizations, business enterprises are being held responsible for creating wealth that includes seven features. And, consisting of and affecting human beings, they have to respect all human rights and remedy human rights violations.

Considering the enormous challenges of the cracking world-disorder since the publication of my book in 2021, I am realizing that my radically new understanding of wealth creation as the purpose of business and the economy, human rights as public goods in wealth creation, and their implications for corporate responsibility are extremely needed today more than ever before. Here are several radical changes needed:

- (1) Wealth creation requires to measure the economy not only in flows (flows over a certain period of time, e.g., as Gross Domestic Product) but also in stocks (stocks at a certain point in time).
- (2) The comprehensive conception of wealth includes not only economic capital but also natural, human and social capital (i.e., the relationship to nature, healthy and educated people, and trust relations).
- (3) Wealth consists not only of private goods but also of public goods (i.e., goods formally defined by non-rivalry and non-excludability).
- (4) Mutual dependence of private and public goods: The production of private goods depends on public goods and can suffer from public bads; individuals and companies need public goods in order to be productive. And the production of public goods depends on the contributions by individuals and companies through taxes, philanthropy, and expertise in science and technology, arts and the humanities, and in many other fields.
- (5) Different types of motivations are required: In order to produce private goods, the motivation of self-interest plays an important though not an exclusive role. The production of public goods is based on human relatedness and needs other-regarding motivations such as gratitude for the gifts received, entrepreneurial spirit, and service to others. Without other-regarding motivations, public goods cannot be created locally, nationally and internationally.

These five groundbreaking features of genuine “wealth creation” hopefully can motivate the reader to learn more in [Chapter 1](#) (and in the whole book and related [bibliography](#)) about the far-reaching relevance of “wealth creation”, “human rights” and “corporate responsibility for

wealth creation and human rights”. As we know, our present world-disorder is vastly shaken by these (and more) enormous challenges.