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How Can Business Ethics Strengthen the Social Cohesion of a Society?

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Abstract The essay aims to show how business ethics—understood as a three-level approach—can strengthen the social cohesion of a society, which is jeopardized today in many ways. In the first part, the purpose of business and the economy is explained as the creation of wealth defined as a combination of private and public wealth that includes natural, economic, human, and social capital. Special emphasis is placed on the implications of the creation of public wealth which requires institutions other than the market and motivations other than self-regarding ones. In the second part, the question of what holds a society together is discussed through different approaches: enlightened self-interest, a new game-theoretical approach, and the concept of the common good advanced by Catholic Social Teaching, followed by my own proposal. The third part presents several perspectives for business ethics to strengthen social cohesion of a society (a) by focusing on the purpose of business and the economy to create natural, economic, human, and social capital; (b) by advancing public goods that stand the test of ethical scrutiny; and (c) by securing human rights conceptualized as public goods.

Keywords Business ethics · Capital (natural, economic, human, social) · Human rights · Potential and limitations of market institutions · Self- and other-regarding motivations · Public goods · Social cohesion · Wealth creation

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For the social cohesion of a society, the so-called "public goods" are of vital importance. This is the topic to be explored in this essay. The question about what holds a society together is, without any doubt, extraordinarily complex. It is posed with great urgency when we believe that social cohesion is jeopardized or even is in the process of falling apart. We can identify these crisis experiences at different social levels. In our city or community, we are perhaps incapable of fixing infrastructures which are falling into disrepair or overcoming extreme social inequalities. In our country, we are not able to secure a decent livelihood for ethnic and religious minorities. In the European Union, we cannot find a common ground to address the challenges of refugees from the Middle East. And worldwide the necessary cohesion is lacking for commitment to effective policies against the threat of climate change.

These examples illustrate with clarity that we are faced with a huge number of problems—political, economic, sociological, psychological, legal, moral, and others. They are connected to each other and can be found in many societies and on different levels—from the local to the global level.

The social cohesion of a society is a daunting problem of enormous complexity and significance. We do not have to be alarmist in order to realistically perceive and urgently warn about the endangerment to and crumbling of social cohesion. The problem is far more comprehensive than we could solve from a business ethics perspective. Nevertheless, within its limitations, business ethics is challenged to face this problem: How can it strengthen the social cohesion of a society?

To address this question, I begin with defining the key terms of social cohesion and business ethics in the following way. Social cohesion is understood—according to Dick Stanley—as "the willingness of members of a society to cooperate with each other in order to survive and prosper. Willingness to cooperate means they freely choose to form partnerships and to have a reasonable chance of realizing goals, because others are willing to cooperate and share the fruits of their endeavours equitably" (Stanley 2003, p. 5). This definition may suffice for time being and will be discussed later on in this essay.

The second term, business ethics, stands for business and economic ethics and is meant in a comprehensive and differentiated sense, as it has evolved in recent years under the influence of globalization. It covers the whole sphere of economic life from the ethical perspective and includes both the theoretical elucidation (academic discipline) and the practical implementation (sound practices of business at all levels). In line with Henk van Luijk's definition (van Luijk 1997, p. 1579) widely accepted by the European Business Ethics Network and beyond (Rossouw and Stückelberger 2011), the fundamental task of business ethics is to enhance the ethical quality of decision making and action at all levels of business: at the personal (micro-), organizational (meso-), and systemic (macro-) levels. When facing complex issues, business ethics has to adopt a multilevel approach and account for the freedoms and constraints at each of these levels as well as for the interrelationships between these levels.

With this clarification in mind, the essay proceeds in three steps. First, we focus on the purpose of business and the economy. I propose to define it as the creation of wealth in a comprehensive sense, combining private and public wealth and encompassing natural, economic, human, and social capital. Second, we widen our perspective to society at large and ask for an appropriate concept and foundation of social cohesion. Different approaches are discussed: enlightened self-interest, a new game-theoretical approach, and the concept of the common good advanced by Catholic Social Teaching, followed by my own approach that emphasizes the importance of public goods. Third, based on the understanding of wealth creation cited above, I offer three ways in which business ethics can strengthen the social cohesion of a society (a) by focusing on the purpose of business and the economy to create natural, economic, human, and social capital; (b) by advancing public goods that stand the test of ethical scrutiny; and (c) by securing human rights conceptualized as public goods.

The Purpose of Business and the Economy: The Creation of Wealth as a Combination of Private and Public Wealth

On facing the multiple challenges of globalization, financialization, and threatening environmental catastrophes, it is urgently necessary to ask about the purpose of business and the economy and to examine different notions of wealth. What is meant by wealth is often very simple—the equivalent of "a ton of money"—and the purpose of business and the economy is said to be "to make as much money as possible." Or the purpose is defined very vaguely—for example, as "creating value"—so that it is interpreted in multiple and contradictory ways. Therefore, it seems appropriate to investigate the questions of the purpose of business and the economy and the concept of wealth in both a critical and a constructive way.

The concept of wealth carries multifaceted meanings. As Robert Heilbroner (1987, p. 880) writes, "wealth is a fundamental concept in economics indeed, perhaps the conceptual starting point for the discipline. Despite its centrality, however, the concept of wealth has never been a matter of general consensus." Concerning the concept itself, it figures prominently in Adam Smith's book, *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776/1976), but is conspicuously absent from Gunnar Myrdal's book, *Asian Drama: An Inquiry Into the Poverty of Nations* (1968) and is complemented with its opposite in David Landes's book, *The Wealth and Poverty of Nations. Why Some Are So Rich and Some Are So Poor* (1999).

In order to explore and examine the concepts of wealth, we first may concentrate on what is meant by the wealth of a single nation. What makes a country like Norway "a rich country"?[1] Recent studies of the World Bank, the OECD and other institutions produced interesting results, which correct the common fixation on the Gross Domestic Product (GDP) as the decisive and often only indicator of the economic situation of a country. These publications develop a much richer and more realistic understanding of the wealth of a country (see World Bank 2006, 2011; Warsh 2006; Stiglitz et al. 2009; UNDP 2010; OECD 2013).

Drawing from this rich literature, a normative purpose of business is proposed and briefly characterized, while referring to an extensive discussion by the author in numerous articles (Enderle 2009, 2010, 2013, 2015a, b).

The Wealth of a Society is a Combination of Private and Public Wealth

When we undertake to define "the wealth of a nation," it is difficult to deny that wealth should encompass both private and public goods or assets, that is, endowments of two types: those that can be attributed to and controlled by individual actors, be they persons, groups, or organizations, and those from which no actor inside the nation can be

[1] Norway ranks as the richest country in the world in 2005, according to World Bank (2011).

excluded. In economic theory, "public goods" are defined with the characteristics of non-exclusivity and non-rivalry (see Musgrave 1958; Samuelson 1954, 1955). A classic example is national defense (in a democratic setting). When it is established, no one can be excluded from it. Moreover, one person can benefit from it without reducing the benefit of it for another person; in other words, the "consumption" or "enjoyment" of one person does not rival the "consumption" or "enjoyment" of another person. In contrast, a private good is characterized by the attributes of exclusivity and rivalry.

These two formal criteria of the public good apply also to a negative public good, or as it can be called "public bad."[2] When a region is struck by an epidemic disease (like Ebola), no one can (in principle) be excluded, and the risk of infection for one inhabitant of that ravaged region does not reduce the risk of infection of another inhabitant. (On the contrary, it might even reinforce the risk for the other person).

Of course, this brief characterization of private and public goods needs more explication, which I will provide later on. At this point, it is important to understand that the wealth of a society, ranging from the local up to the global level, be conceived as a combination of private and public wealth—not just as an aggregation of private wealth. This means that the creation of private goods depends on the availability of public goods, and, in turn, the creation of public goods is dependent on the availability of private goods.

To illustrate this thesis, I would like to mention an example from China's recent history. When, in 1978 after the death of Mao Zedong, Deng Xiaoping launched the economic reform and opening-up of the country, the Chinese people were called upon "to jump into the sea" (xià hăi), that is, to leave the security of state-owned enterprises and run the risk of opening and operating their own businesses. In the following decades, the introduction of the market economy has proven, by and large, to be very successful (which, of course, does not deny the downsides of this economic development). A decisive factor of success was the so-called "Deng Xiaoping effect" (Yasheng Huang). Although no well-established rule of law to protect private entrepreneurs existed, the Chinese trusted that Deng Xiaoping would not deceive them, but rather that he would acknowledge and support their efforts. Thus, it is fair to conclude that the existing public good of trust in Deng Xiaoping was a crucial factor of success for private entrepreneurial initiatives in China's economic reform.

On the other hand, it also holds true that the creation of public goods depends on the creation of private goods. It suffices to recall the multifaceted private contributions to the creation of public wealth, which are provided in business, education, research and development, arts, health care, in the form of taxes and in many other areas.

Hence, understanding the wealth of a society as a combination of private and public wealth, some basic assumptions are implied. I would like to highlight two assumptions with far-reaching implications. First, we know that the institution of the market is, by and large, pretty efficient in creating private goods—that is, after all, why Deng Xiaoping introduced a kind of market economy in China. We also know from economic theory that a market will fail in creating public goods. Although many public goods have a material side, it is extremely difficult, if not impossible, to put prices on them in order to make supply and demand function properly. As a consequence, other-than-market institutions are needed for the creation of public goods. It is well known that Elinor Ostrom developed other institutional forms in order to solve "the tragedy of the commons" (pointed out by Garrett Hardin in 1968), for which she received the Nobel Prize in Economic Sciences in 2009.

The second basic assumption implied in the thesis of the wealth of a society as a combination of private and public wealth concerns motivations: self-interest cannot but fail when it comes to the creation of public wealth. Why? Whoever is engaged in creating public goods cannot expect, realistically speaking, a reward equivalent to the time and effort put into such engagement. In many cases, one has to accept or at least put up with sacrifices in one form or another. Strictly guided by self-interest alone (as advocated, for example, by the Russian-American philosopher Ayn Rand[3]), one can support or tolerate the interests of other people only to the extent that they do not conflict with one's own interest. Therefore, in order to create public goods, another kind of motivation is necessary that takes the interests of other persons, groups, organizations, states, and other entities at least as seriously as one's own interest. As economic history shows, motivations can take a huge variety of forms such as selfless engagement for entrepreneurial success, love for the mother country, solidarity with the poor, and the fight for a lost cause. In each case, the other-regarding motivation transcends self-interest, be it for a good or for a bad cause.

[2] The term public bad is used in economics as the symmetric of the term public good because of its characteristics of non-exclusivity and non-rivalry and its negative impact on people and nature. Air pollution is an obvious example of a public bad. For current definitions of public bads, see Kolstad (2010).

[3] Ayn Rand inspired Alan Greenspan, Chairman of the Federal Reserve of the United States (1987–2006), over several decades until his hearing in the U.S. Senate on October 23, 2008 when he admitted: "I made a mistake in presuming that the self-interest of organizations, specifically banks and others, were such that they were best capable of protecting their own shareholders and their equity in the firms" (quoted by Knowlton and Grynbaum 2008).

Therefore, other-regarding motivation is a necessary, though not a sufficient, reason for creating public goods, and ethical evaluation is still required for creating positive public goods. When global public goods or bads are at stake (like in the case of climate change), other-regarding motivations are especially difficult to mobilize. One may, therefore, expect the world's religions to help strengthen the motivations for (positive) global public goods (Enderle 2000).

The Wealth of a Society Encompasses Natural, Economic, Human, and Social Capital

After discussing the *formal* criteria of private and public goods, we now turn to the *substantive* determination of wealth. In doing so, I use some concepts of economic theory which may sound a bit strange to non-economists—concepts such as capital, consumption, investment, and opportunity costs. These concepts can help to capture complex problems more precisely without yielding to a kind of economic imperialism.

In line with the OECD report *How's Life? 2013. Measuring Well-Being* (2013), I propose to define the wealth of a society—for example, of a country—as *the total amount of economically relevant private and public assets including natural capital, economic capital, human capital, and social capital*. Natural capital consists of the natural resources minus environmental burdens.[4] Economic capital is composed of "real" and financial capital. Human capital stands for human beings' health and education. Finally, social capital—as trust relations according to Robert Putnam—indicates the level of trust between human beings.[5]

This definition of wealth (that is close to the meaning of well-being) involves important characteristics emphasized by the OECD report (2013) as well.[6] First, not only economic capital but also natural, human, and social capital are of economic relevance. However, this does not mean that they are only important in economic terms; rather, they can be intrinsically valuable as well. Consequently, public goods can be relevant not only for wealth creation but also for other non-economic purposes.

Second, this definition of wealth includes human beings as well as things and environmental conditions which matter to human beings. Thus, it goes beyond the common, material definition of wealth by taking seriously "human capabilities" (according to Amartya Sen) and placing human well-being on the center stage. The definition differs, though, from the definition of human development by the United Nations Development Programme, which seems to identify the "real wealth of nations" only in human beings (and not also things and nature important for human beings). In a nutshell, the definition proposed here aims at taking seriously and expressing the bodiliness of human beings.

Third, as in the report of the Stiglitz-Sen-Fitoussi Commission (2009) and in the OECD report (2013), the concept of capital refers to stocks and flows, embracing not only economically relevant stocks of capital at a certain point in time but also changes of capital stocks over a certain period of time. In this way, one takes into account, for example, both wealth and income, and both stocks of natural resources and changes thereof.

As these conceptual considerations show, a thorough and well thought-out concept of wealth is of extraordinary significance. Some important aspects have been explained; others cannot be addressed in this essay, but are discussed elsewhere (see author's references). An especially intriguing topic for further exploration beyond this essay is the study of poverty and economic inequality in light of this comprehensive notion of private and public wealth.

Already in his day, Adam Smith saw in the creation of wealth the purpose of business and the economy. Today, we can define the purpose in significantly broader and richer terms. It goes without saying that only a minority of the population and only a few responsible leaders in science and politics probably share this notion. However, despite its significance, it should not be overvalued. It is always embedded in the societal context where other equally or even more important purposes matter: democratic control of power, responsible promotion of

[4] The important concept of natural capital has been emphasized by *The Natural Capital Declaration*, a commitment of the finance sector for Rio+20 and beyond. It defines natural capital as Earth's natural assets (soil, air, water, flora, and fauna), and the ecosystem services resulting from them, which make human life possible. The signatories of the declaration wish to demonstrate their commitment to the eventual integration of natural capital considerations into private sector reporting, accounting, and decision making, with standardization of measurement and disclosure of natural capital use by the private sector (www.naturalcapitaldeclaration.org).

[5] There are a great many concepts of social capital at multiple levels of human relations (see, for example, Ayios et al. (2014); Kwon and Adler 2014). After reviewing over 90 books and articles, Kwon and Adler conclude: "The basic thesis—that the social ties can be efficacious in providing information, influence, and solidarity—is no longer in dispute" (p. 419). In this essay, I concentrate on economically relevant social capital and use Robert Putnam's definition which refers to "connections among individuals—social networks and the norms of reciprocity and trustworthiness that arise from them" (Putnam 2000, p. 19). Social capital can be simultaneously a private good and a public good and can have "a dark side" (meaning restricting freedom and encouraging intolerance), which is examined from an ethics perspective by Ayios et al. (2014). Thus, the definition of social capital used in this essay differs from the concept of social cohesion, as becomes clear in the following section.

[6] Similarly, the International Integrated Reporting Committee distinguishes six types of capital: financial, manufactured, intellectual, human, social and relationship, and natural (IIRC 2013, particularly pp. 12–13).

knowledge and arts, careful dealing with nature, and other purposes.

What Holds a Society Together?

Having determined more precisely the purpose of business and the economy as the creation of wealth, we now focus on the question how the social cohesion of a society can best be conceptualized. The question is not new; but in recent years it has solicited a great deal of discussion. This should not come as a surprise when we realize the enormous pressure of globalization on our societies and their pluralistic fragmentation. Early on, John Rawls urged, in *A Theory of Justice* (1971) and *Political Liberalism* (1993), that our pluralistic (democratic) societies needed an "overlapping consensus," or a common ethical ground, if they were to be stable. The Institute for Social Ethics of the Swiss Federation of Protestant Churches celebrated its 25th anniversary in 1996 with a conference on "Social cohesion—Put into question" (Voyé et al. 1998). A few years ago, the Rottendorf Foundation at the Munich School of Philosophy of the Jesuits invited scholars to a symposium on "What holds a society together? The jeopardized dealing with pluralism" (Reder et al. 2013). And the new book by Christoph Luetge (2015) has the title *Order Ethics or Moral Surplus. What Holds a Society Together?*

There is a great variety of concepts related to social cohesion, particularly in the literature of sociology, while the term itself is much less frequently used in the literature of political philosophy and business ethics.[7] The OECD report (2011) defines social cohesion in a very broad sense: "A society is 'cohesive' if it works towards the well-being of all its members, fights exclusion and marginalization, creates a sense of belonging, promotes trust, and offers its members the opportunity of upward social mobility" (OECD 2011, p. 51). Social cohesion consists of three different, equally important components: (a) social inclusion (measured by such aspects of social exclusion as poverty, inequality and social polarization); (b) social capital (combining measures of trust—interpersonal and societal—with various forms of civic engagement; and (c) social mobility (measuring the degree to which people can or believe they can change their position in society). Influenced by numerous reports of international organizations, this definition, while rather comprehensive, in my view, lacks precision and consistency.

Dick Stanley presents a fine and differentiated discussion of the concept and model of social cohesion as it has unfolded in the Canadian government's Social Cohesion Research Network:

> Social cohesion is defined as the willingness of members of a society to cooperate with each other in order to survive and prosper. Willingness to cooperate means they bqfreely choose to form partnerships and to have a reasonable chance of realizing goals, because others are willing to cooperate and share the fruits of their endeavours equitably. (Stanley 2003, p. 5)

This concept contains three key components. First, the willingness and capacity of people to cooperate with each other in the diversity of collective enterprises that members of a society must do in order to survive and prosper. It also implies a willingness on the part of partners to share the fruits of their cooperation fairly. As cooperation takes place at all levels of social activity, social cohesion is the sum over a population of individuals' willingness to cooperate. Second, social cohesion should not be confused with social order, common values, or communities of interpretation because they can also be achieved in an authoritarian society or a beleaguered community through coercion and exclusion, out of fear or hatred without free choice of the members. Third, there is an affinity between social cohesion and liberal social values such as freedom, equality, tolerance, respect for diversity, and human rights. Social cohesion guided by liberal social values engenders fair social outcomes, which, in turn, strengthens social cohesion.

This concept of social cohesion appears to be particularly appropriate from the perspective of business ethics and moral responsibility. According to De George (2010, chapter 6), acting in a morally responsible manner means to be capable of acting (causing the result of action) and to do it knowingly and willingly; in other words, it means not to be forced to do it, to have a choice, to know what one is doing, and to do it deliberately.

Based on Stanley's concept of social cohesion, we now discuss different approaches of its foundation. The first approach deals with the individualistic model of the neoclassical economic theory that is also used in the so-called order ethics. The second, game-theoretical approach goes beyond the neoclassical model and opens up promising new perspectives, which can rectify the weaknesses of the individualistic model. The third approach portrays the concept of the common good advanced by Catholic Social Teaching. Finally, I explain more extensively why public

[7] See above references and literature cited in Stanley (2003) and OECD (2011). The term social cohesion is absent in the indices of *Lexikon der Wirtschaftsethik* [German Encyclopedia of Business Ethics, 1993], *A Companion to Business Ethics* (1999), *The Blackwell Companion to Philosophy* (2003), *Encyclopedia of Ethics* (2001), *The Blackwell Encyclopedia of Management. Second Edition. Business Ethics* (2005), *Encyclopedia of Business Ethics and Society*, *The Oxford Handbook of Corporate Social Responsibility* (2008), *Handbook of Research on Global Corporate* Citizenship (2008), and *The Oxford Handbook of Business Ethics* (2010).

goods are of decisive importance for the social cohesion of a society.

Is Enlightened Self-interest on Its Own a Solid Foundation?

In the neoclassical economic theory, rationality and the motivation for economic activities are characterized with the notions of the "homo oeconomicus" and its intellectual descendant "REMM" (resourceful, evaluative, maximizing man) (Kaufmann 1988, pp. 244 ff.; see also Luetge 2013, pp. 251–335). The economic actors (households, firms) act rationally if they maximize their own utility or profit, respectively. This concept of rationality is based on action theory by focusing on various options for action, while the conditions of actions are assumed to be relatively stable. It presupposes methodological individualism that traces all actions back to individual decisions (of households and firms). As Franz-Xavier Kaufmann writes in the *Handwörterbuch der Wirtschaftswissenschaften (HdWW)*, the homo oeconomicus can take three different meanings: (1) It is a real-typical reconstruction of empirical economic behavior. (2) It defines the norm of rational economic behavior. (3) It is the analytical starting point for decision-theoretical calculations.

Accordingly, the critique of the homo oeconomicus can be threefold: (1) The concept is a bad real-typical reconstruction and can be refuted in multiple ways (which has been undertaken by behavioral economics). (2) The norm is questionable because it can hardly be justified by reasoning. (3) The analytical method is of little explicative value.

In addition to these criticisms, methodological individualism can be put into question because the relevance of collective actors is left out of account or even contested. The action-theoretical approach has difficulty capturing clearly the changing conditions of action. The time horizon in which the maximization has to take place is difficult to determine. Finally, the aggregation of the utilities of individual actors to a "social welfare function" is practically not possible, as many years ago Kenneth Arrow demonstrated in his famous book *Social Choice and Individual Values* (Arrow 1951/1963).

Despite all these problems, it is astonishing how much the homo oeconomicus has not only survived but even flourished in economic sciences and beyond. How can this construct—in spite of all this questionableness—provide a solid foundation that holds a society together?

A partial rescue attempt of the homo oeconomicus has been undertaken by Karl Homann and recently by Luetge (2015). They acknowledge the criticism that the homo oeconomicus fails if it is understood in the real-typical and normative sense (points 1 and 2). However, they maintain that this construct is appropriate and can be useful for analyzing certain problems (point 3). Luetge advocates the thesis that the homo oeconomicus provides a solid foundation for addressing the problem of a basic order of society, that is, an "order ethics." The attitudes and behaviors guided by enlightened self-interest would indeed hold a society together in the global and pluralistic context (Luetge 2015, especially pp. 176–177).

Luetge develops his provocative thesis in careful steps and in discussions with a number of noted philosophers. Unfortunately, I cannot present my comment here; but, at least, I would like to briefly indicate my criticism, which primarily presents two reasons that speak against his thesis. First, methodological individualism is based on an individualistic and western anthropology, which does not take collective phenomena seriously in an adequate manner. Second, this approach fails when we consider the kind of goods that are at stake. Social cohesion of a society is a central public good. Therefore, its creation and maintenance cannot be motivated—as explained above—by mere self-interest, even if it is enlightened. Required are also other-regarding motivations, which take seriously the interests of the society as a whole.

In order to overcome the approach based on self-interest alone, Juljan Krause and Markus Scholz propose a team-oriented model rooted in game theory (Krause and Scholz 2016). The game-theoretical model aims at capturing the key problems in negotiations among many stakeholders for common, above all, global standards. The actors can switch between two types of reasoning—the I-modus and the We-modus. The kind of agreement is influenced by the extent to which the actors are willing to argue from the standpoint of the group. In my view, this model presents a promising approach for better understanding of the creation of public goods.

How Solid is the Concept of the Common Good in Catholic Social Teaching?

The common good is a key concept in Catholic Social Teaching and involves various connotations. An important definition can be found in the *Pastoral Constitution on the Church in the Modern World* "*Gaudium et Spes*" (1965, no. 26):

> [The common good] is the sum of those conditions of social life which allow social groups and their individual members relatively thorough and ready access to their own fulfillment … [T]oday [it] takes on an increasingly universal complexion and consequently bqinvolves rights and duties with respect to the whole human race. Every social group must take account of the needs and legitimate aspirations of other groups,

and even of the general welfare of the entire human family.

Four aspects of this definition deserve to be emphasized particularly: First, the common good pertains to the conditions of social (or societal) life, not to the substantive goal of all people in society (described in German as "Gemeingut"). Therefore, the common good is an instrumental value ("Dienstwert"), not an intrinsic value ("Selbstwert") (see Brieskorn 2010, p. 157). Second, these conditions are necessary for both social groups and their individual members in order to achieve their respective life plans ("their own fulfillment"). Third, the common good encompasses the totality of those social conditions. Fourth, because of globalization (i.e., the increasingly close interdependence worldwide), all these conditions concern all humankind.

How are these social conditions defined in substantive terms? Based on the encyclical *Pacem in Terris* (1963) by John XXIII and confirmed by the Second Vatican Council, these conditions encompass all human rights as promulgated in the Universal Declaration of Human Rights in 1948 and specified in the International Covenants and Conventions of the United Nations. With unequivocal clarity, Catholic Social Teaching today affirms the totality of human rights as defined above, although many Catholics and people outside the Catholic church are not aware of this fact or do not want to note or live up to it.

Given this concept of the common good, we now ask what it implies for our question regarding the social cohesion of a society. In contrast to the anthropological assumption of the homo oeconomicus, Catholic Social Teaching makes the assumption that humans are relational beings. Relations to other human beings are constitutive for the identity of the person, prominently asserted by the Pastoral Constitution *Gaudium et Spes* (No. 12): "[For] by his innermost nature man is a social being, and unless he relates himself to others he can neither live nor develop his potential." This basic anthropological assumption forms the foundation for social cohesion of any society and excludes both individualistic and collectivistic conceptions. Therefore, motivations exclusively driven by self-interest, even if it is enlightened, are incompatible with the relationality of human beings. It goes without saying that people can and often do act by disregarding or violating their relationality.

As stated above, the common good defines the conditions under which social groups and their individual members should be able to pursue their life plans. They hold for every society from the local to the global level and consist, to a significant extent, of human rights. Having said this, still two important questions remain: First, to be more precise, what kinds of society do we have in mind? And second, of what kinds of goods are these conditions composed?

As one may suspect, I propose to conceptualize the social conditions as combinations of private and public goods. Having done so, it will be easier to determine more precisely the society or the societies to be considered.

The Creation and Maintenance of Public Goods Provide a Solid Foundation for the Social Cohesion of a Society

As explained above, public goods are defined with the characteristics of non-exclusivity and non-rivalry. In order to create and maintain them, collective actors are necessary, who are guided by motivations that take the interests of other persons and social actors seriously at least to the extent that they account for their own interests.

At this point, some further clarification of the concept of public goods is in order. In particular, I mention three aspects: First, while private and public goods can be distinguished with great clarity thanks to the characteristics of non-exclusivity and non-rivalry, many mixed forms can occur between these two poles—according to the degrees of exclusivity and rivalry. To illustrate, the software program may be of minimal rivalry because its use by one engineer hardly affects the program when used by another engineer. However, the legal protection of intellectual property prevents outsiders from using the program. Another example is "the tragedy of the commons": If no cattle are excluded from grazing on the commons, a large number of cattle may ruin the pasture despite the small rival consumption of each individual cow.

Second, there exists a large variety of public goods which are not limited to given political, social, cultural, or other boundaries. For example, the impact of a nuclear power plant situated at a national border reaches far into the neighboring country. The criterion of the extension of a public good is the extension of its impact on people and nature.

Third, the formal definition of the public good implies that it can be "good" (positive) or "bad" (negative).[8] To illustrate, a stable, efficient, fair, and reliable financial system is valued as positive, while an unstable, inefficient,

[8] Examples of positive public goods are physical infrastructure, access to vital information (transparency), rule of law, basic health care and education, social capital (trust in interpersonal relations and social institutions), human rights (civil, political, economic, social, cultural), relatively corruption-free business practices, relatively conflict-free (peaceful) environments, safety in the transportation system, liberal prerequisites for innovation, etc.

Examples for negative public goods ("public bads") are multiple forms of environmental degradation, corruption, military conflicts, epidemics, dysfunctional governments, decay of infrastructure, etc.

unfair, and unreliable system is considered a "public bad." This dual-sidedness of public goods, which, of course is often not so straightforward, prompts or even forces those affected by the public good/bad (or the representative of those affected) to take a stand and make a decision—figuratively speaking, because they are sitting in the same boat. Not only the benefits of a positive public good but also its opportunity costs must be taken into account. This dual-sidedness is a challenge and an opportunity to strengthen the social cohesion of a society with the help of providing public goods and preventing public bads. An interesting perspective for further research is the question how Catholic Social Teaching with its principles of solidarity and subsidiarity can provide valuable guidance for identifying and addressing issues of public goods.

How Business Ethics Can Strengthen the Social Cohesion of a Society

After considering the purpose of business and the economy and the significance of public goods for wealth creation, the answer to the initial question of this essay unsurprisingly arises—at least in brief outline and with conceptual clarification. The most important answer, of course, must be given in practice.

We have defined the purpose of business and the economy as the creation of wealth in a comprehensive sense. It encompasses all economically relevant private and public assets including natural, economic, human, and social capital. It is, therefore, by far more substantive than the maximization of profit and much more precise than the so-called "creation of values." The significance of public goods for public wealth has been particularly highlighted because, in our public debates today, the comprehension of these truly public affairs is getting lost, which threatens and undermines the social cohesion of societies. This dangerous development is especially threatening given the enormous challenges of globalization.

Business ethics, however, while exposed to these challenges, is not without help. It can strengthen the social cohesion of a society from the local to the global level in multiple ways. I identify the following three sets of opportunities and tasks: regarding the substantive notion of wealth, the formal concept of public wealth, and the comprehension of human rights as public goods.[9]

[9] These perspectives, along with active involvement of the world's religions, are further developed in Enderle (2011).

Creating Natural, Economic, Human, and Social Capital

As the OECD report on well-being (2013) explains, the sustainability of well-being over time requires preserving all four types of capital while taking into account the distribution of these capitals among the population. Business ethics should take inspiration from this valuable framework, persistently raising the question of the purpose of business and the economy in economic sciences as well as in business and economic practice and offering well thought-out answers at all levels of action: at the individual, organizational, and systemic levels. At stake is the "creation" of wealth, which means making something new *and* better—in other words, it is about "ethical innovation in business and the economy" (see Enderle and Murphy 2016). More specifically, ethical innovation pertains to each type of capital:

- *The creation of natural capital*—consuming less natural resources and burdening less of the environment—has to be taken seriously, with great consistency at the level of individual actors such as consumers; at the level of enterprises, investment firms, and consumer organizations; and at the systemic level where, driven by a culture of sustainability, environmental laws and regulations are to be set up and implemented.
- *The creation of economic capital* requires—among many other challenges—the reintegration of the financial services sector into the real economy in order to play (again) a serving role in the creation of wealth in a comprehensive sense.
- *As for the creation of human capital*, the health care and the educational systems should not be considered to be primarily huge national expenditures. Rather, they should be treated as efficient investments in people for the enhancement of their health and education.
- *Creating social capital* means strengthening and expanding trust in interpersonal relations through honest business behavior, which, at the same time, needs to be secured by fair and efficient institutions.

Fostering the Comprehension of Public Wealth

Business ethics should systematically develop and explain the central importance of public wealth and demonstrate its relevance for the creation of natural, economic, human, and social capital.

- *The concept of public goods* should be clarified and deepened for a better understanding of public wealth. The structural presuppositions and consequences implied in this concept are to be openly explored and explained. The institutions and motivations necessary for the creation of public goods deserve extensive discussion.

- Because the definition of public goods is of a formal nature—defined by non-exclusivity and non-rivalry—*ethical evaluation* is indispensable. "Good" and "bad" public goods should be distinguishable.
- Because wealth of a society is conceived as a combination of private and public wealth, it is crucial to understand their mutual dependence and to *strike a reasonable balance between both*. The potential and the limitations of both basic institutions need to be clarified and examined of the market required for the creation of private wealth and of the collective actors necessary for the creation of public wealth—ranging from the local to the global level.

Conceptualizing and Securing Human Rights as Public Goods

In order to strengthen the social cohesion of a society, business ethics, generally speaking, is called to help create wealth in a comprehensive sense while particularly advancing public wealth. More specifically, I propose to conceptualize human rights as "good"—ethically binding—public goods.

The special focus on human rights is suggested for several reasons. In the process of globalization, economies and businesses have expanded far beyond national borders and increasingly been connected both internationally and globally. Through this process, the realm of not only private but also public goods has been enlarged dramatically. With this expansion comes a growing need for universal normative standards for businesses and economies. Since the Universal Declaration of Human Rights in 1948, the ethical (and legal) framework of human rights has developed to a widely accepted, though not undisputed, universal ethical framework that has no comparable alternatives. Moreover, in the new millennium, the global concern for business and human rights has considerably strengthened.

With the United Nations Framework and its Guiding Principles for business and human rights, developed under the leadership of John Ruggie from 2005 to 2011, human rights have become a clearly defined global standard for corporate responsibility, that is, for business ethics at the organizational level. (Of course, this does not exempt states and other actors at different levels from their respective responsibilities.) Based on numerous international covenants and conventions supported through many worldwide consultations by the Ruggie team with businesses, civil society organizations, other organizations and experts from many fields, 30 human rights have been identified as relevant for business (UN 2008): civil, political, economic, social, and cultural rights, including the right to development. In 2011, the United Nations released the UN Guiding Principles for Business and Human Rights (UN 2011), which since seem to have gathered increasing momentum. These developments and their recent impact are reported in the excellent account in Ruggie's book, *Just Business* (2013).

My proposal is to conceptualize these 30 human rights as "good" public goods, which, after the considerations presented in this essay, might be rather easy. Non-exclusivity means that no single human being *should* be excluded from any human right. In other words, all human beings should be able to enjoy all human rights. Non-rivalry implies that the enjoyment of any human right by one person *should not* diminish the enjoyment of this right by another person and that the enjoyment of different human rights *should not* compete with each other. In other words, no trade-offs between human rights are acceptable. For example, the right to political participation should not impair the right to freedom of thought, conscience, and religion, nor vice versa; or the freedom of association should not negatively affect the right to non-discrimination, nor vice versa.

Beyond the exclusion of negative impact, one can argue that the enjoyment of any human right by oneself or any person may be independent from the enjoyment of other rights. For example, the right to freedom of movement may not affect the right to freedom from torture. Furthermore, the enjoyment of one right may even reinforce the enjoyment of another right. For instance, the right to an adequate standard of living (including food, clothing, housing, and a minimal income) and the rights to work and education can strengthen each other.

The definition of human rights as ethically demanded public goods obviously has far-reaching implications for the states and intergovernmental organizations because collective actions at multiple levels are required (which is a broad topic area beyond the scope of this essay). For now, three implications are briefly outlined that pertain to "corporate responsibility" as defined by the UN Guiding Principles.[10] First, transnational corporations and other business enterprises are "responsible to respect human rights" and to help "remedy human rights violations," but not "to protect human rights" which is the "duty" of states. In other words, corporations have to contribute to this kind of public goods, in addition to producing private goods. Second, contributing to public goods necessitates a motivation that transcends the self-interest of corporations and includes other-regarding motives. There is no pre-established harmony that would coordinate exclusively self-regarding behaviors in order to produce public goods in

[10] For an extensive discussion of the UN Framework on Business and Human Rights and its Guiding Principles, see Enderle (2014).

general and the respect for human rights in particular (see the critique of enlightened self-interest above and Greenspan's admission in note 3). Third, contributing to public goods is not just a kind of "charitable donation" (or a "supererogatory" work) to society. Rather, a certain set of public goods (such as the rule of law and human rights, social customs, technological knowledge, educational skills, and health conditions) are actually preconditions to producing private goods. Therefore, corporations have a moral obligation to recognize these inputs from society and to "give back to society" their due shares, including respecting human rights and remedying human rights violations. In such a way, the understanding of the wealth of a society as a combination of private and public wealth can clarify and reinforce corporate responsibility for human rights.

The social cohesion of our societies is threatened in multiple ways and at different levels, from the local to the global level. In this essay, I have attempted to show how business ethics can make an important, though limited, contribution to address this challenge. The old, but not less crucial question of the purpose of business and the economy can find a new and rich answer that proposes the creation of wealth in a comprehensive sense, including natural, economic, human, and social capital and advances particularly public wealth. Different approaches of what holds a society together are discussed: enlightened self-interest, a new game-theoretical approach, and the concept of the common good advocated by Catholic Social Teaching. My own proposal is that the creation and maintenance of public goods provide a solid foundation for the social cohesion of a society. Guided by the purpose of wealth creation and the importance of public goods, business ethics can unfold a whole program of exciting perspectives to strengthen social cohesion by creating wealth in this comprehensive sense with a special focus on public wealth. As a more concrete and clearly defined normative ethical task, I conclude by conceptualizing human rights as public goods. Indeed, business ethics is facing very new and exciting challenges.

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