Cosmopolitan Corporate Responsibilities

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ABSTRACT
Despite a wide consensus among cosmopolitan thinkers that multinational corporations (MNCs) have a tremendous impact on people’s live all over the world, corporations receive little attention from these thinkers when it comes to developing ‘cures’ for many of the global worries they regard those corporations to be constitutive of. This chapter starts to fill that void. Following Kuper’s three tasks in distributing responsibilities, I first establish the grounds for allocating responsibilities through Gould's social ontological approach in which duties exist prior to rights and result from the claims each makes on others. I argue that claims people make on corporations are cosmopolitan in the sense that they are human aspirations of self-transformation beyond determinations of nationality, ethnicity, gender, place of birth, etc. I then attribute cosmopolitan responsibilities to corporations using a four dimensional model of the spectrum of economic activity in which the dimensions are differentiated by type of actors with whom corporations as business organizations rather than Ersatz-governments, have relationships. Finally, I contend that convincing corporate agents to fulfil their responsibilities can be pursued through the Habermasian notion of 'performative contradiction' or Risse's 'argumentative self-entrapment'.

KEYWORDS: cosmopolitanism, social ontology, business ethics, corporate social responsibilities, distribution of responsibilities

Despite a wide consensus among cosmopolitan thinkers that multinational corporations (MNCs) have a tremendous impact on people’s live all over the world, corporations receive

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1 I received valuable comments on earlier versions of this paper from participants at the IGEA 2008 conference, and additionally from Stan Van Hooft, Carol Gould, Ronald Commers, Jos Leys, and Alicja Gescinska.
little attention from these thinkers when it comes to developing ‘cures’ for many of the global worries they regard those corporations to be constitutive of. Hence we should question cosmopolitanism on whether it is ‘out of touch’ with reality. As Kuper\(^2\) puts it:

Theorists of justice and development – from political philosophers to comparativists – are hardly in a position to refute the inevitable charge of being ‘out of touch’. Most of us have not wanted to think about corporations (except perhaps as agents of injustice) let alone think like corporations.

One explanation for this lack of attention is offered by John Ruggie\(^3\):

The place of non-state actors and movements remains poorly understood in the mainstream literature, largely because they tend to be viewed, implicitly if not explicitly, through the lenses of an ‘institutional substitutability’ premise. That is to say, if other institutional forms at the international level do not have the potential to replace the territorial state they tend to be regarded as unworthy of serious consideration.

Indeed, some cosmopolitan thinkers do open a door for corporate responsibilities in the realm of global justice, but nearly always as Ersatz-governments. Held\(^4\) asserts that states are not “ontologically privileged” but he does not develop a specific framework for corporate responsibilities. O’Neill\(^5\) suggests that it would be simplistic to presume that non-state actors are per definition ill-motivated or indifferent to justice, and that in the context of unjust or weak states, MNCs can and should take up political duties normally taken up by state actors. Pogge’s treatment of corporations is even poorer. Gould\(^6\) comments that

Pogge’s account of the problems with the global economic order wrongly omits the contribution of corporations to the lack of human rights fulfilment. His focus on state actors lead to an overly narrow diagnosis of the problems with globalization and the concomitant responsibility to rectify its impacts in developing countries.

Hence, within cosmopolitan thinking there is an enormous void with regard to the ‘distribution of responsibilities’.\(^7\)

Kuper\(^8\) sees three tasks in distributing responsibilities:


1. establishing the grounds for allocating responsibilities,
2. attributing responsibilities to diverse agents,
3. convincing those agents to fulfil their responsibilities.

This chapter commences on these tasks but focuses exclusively on corporations, as this is clearly a void in cosmopolitan thinking today.

In the next section, I establish a ground for allocating cosmopolitan responsibilities to corporations. I develop an argument as to why corporations have cosmopolitan responsibilities that is different than the ‘corporations as an Ersatz-government’ argument. The section after that offers a model to group cosmopolitan responsibilities of corporations towards various actors. In the concluding section, I will show that convincing corporations to fulfil their cosmopolitan responsibilities can start from the notion of ‘performative contradiction’.

**Why corporations have cosmopolitan responsibilities**

The leading question in this section is: on what ground can we allocate cosmopolitan responsibilities to corporations? The answer to that must enable us to redistribute responsibilities away from the governmental myopia of current cosmopolitan thinking. In this regard it is important to note that perceiving corporations as Ersatz-governments – as entities taking over responsibilities from weak or unjust states – does not entail a redistribution of responsibilities. Rather, it boils down to a back-up plan for a nation-state centred distribution. Obviously, cosmopolitan thinkers stuck to the state-paradigm loose their object when it comes to weak states because they then say corporations must take over state responsibilities. Thus, they promote corporations to state-like actors. This is an assertion I will not make. In what I will develop in the remainder of this chapter it must be clear that I do regard corporations as collective actors with a political dimension, but not as a state-like actor. In my understanding of what that political dimension is, I follow Iris Young who wrote that the political involves activities

> In which people organise collectively to regulate or transform some aspect of their shared social conditions, along with the communicative activities in which they try to persuade one another to join such collective action or decide what direction they wish to take it.

In that sense, political is broader than government. Thus, the corporation can be political without being an Ersatz-government.

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Let's get back to my quest for grounding the allocation of cosmopolitan responsibilities to corporations. Martha Nussbaum\textsuperscript{10}, setting out ten principles for the global structure, gives an example of distinct responsibilities for states and for corporations, respectively in principles three and four:

Prosperous nations have a responsibility to give a substantial portion of their GDP to poorer nations,

[...] multinational corporations have responsibilities for promoting human capabilities in the regions where they operate.

Of course, Nussbaum asserts that the allocation of responsibilities is both provisional (subject to change and rethinking) and ethical (there is no coercive structure to enforce these tasks). Nussbaum's capability approach starts with outcomes: a set of basic entitlements for all people. Hence, the responsibility allocating principle for Nussbaum is the ability of particular actors to deliver on the given objective, namely ensuring basic entitlements for all people, or promoting human capabilities. This is a very centralized, top-down approach: responsibility for a given set of basic entitlements is allocated among a given set of actors – governments, intergovernmental bodies, civil society actors, corporations and individuals. The assumption is that the sum of all actors' abilities will cover the whole set of basic entitlements. This amounts to a zero-sum approach: if one actor’s ability or power decreases, another’s ability or power increases. Surely, such a model has the advantage of clearness but it risks being unable to address relations between these actors that do exist and that are crucial for the realisation of basic entitlements.

So what we need is an approach that starts from relations and moves up to what honouring relational responsibilities can deliver. Along the way, we will also need a perspective that informs us as to why the relational responsibilities must be honoured.

Carol Gould offers a relational approach to responsibilities\textsuperscript{11} with which I can work out a ground for allocating responsibilities. In my view, the main significance of Gould’s social ontological approach is with regard to the distribution of responsibilities. Let me explain this by contrasting the social ontological approach to a natural law approach. In a natural law approach, people have rights as humans and by birth. The institutional recognition of these rights by governments – mediated for example through the UN Declaration of Human Rights – implies the allocation of duties to different actors in society in order to safeguard those rights. For example, the government then by law dictates what corporations must do for

individuals. In a social ontological approach, people make claims upon one another, which means that people have duties towards others. In a Levinasian\textsuperscript{12} sense, we are taken hostage by the other; the other calls upon us and we find we have a duty towards that other. The institutional recognition of these duties implies the granting of rights to those who make claims. The crucial difference between the two approaches is that in the social ontological approach, duties are prior to rights. From a natural law perspective, we discuss what the rights are and then who should have which duties corresponding to those rights. From a social ontological perspective we discuss over what duties we can identify – as a result of the claims being made – and then what would be the appropriate rights to grant those making claims. Hence, the social ontological approach is less dependent on state government for the formulation of corporate responsibilities. Another difference between the social ontological and the natural law approach is that the latter the dynamic of responsibility (linking duties and rights) initially is non-relational: any human has rights by birth regardless of the relational context in which they (will) live. In the social ontological approach, the dynamic of responsibility is initiated by the particular relations within which claims are made and duties arise.

Gould’s approach is a non-relativist point of view based on agential mutability or the human capacity for self-transformation. It is non-relativist because responsibilities of corporations are constituted by the duty of corporations to deliver on the concrete expressions of human aspirations of self-transformation inscribed on shared sites. These aspirations are human strivings to develop their agency (agential mutability)– who they are and what they can do, identity and human capabilities.

Gould submits that human rights for example do not emerge with nation-states, rather they are Claims that each makes on others, where this claiming is not simply legal or simply moral. Although these rights inhere in individuals, they arise in a social process of making moral claims on others, and we can recognize these fundamental claims as having normative validity.\textsuperscript{13}

Following Gould’s line of thinking on the social ontology of individuals-in-relations, the “claims each makes on others” are concrete expressions of human aspirations of self-transformation. With regard to the emergence of the notion of human rights and the Universal Declaration of Human Rights by the United Nations in 1948, we can say that the site of iteration of these claims was that of international relations, nation-states and intergovernmental bodies. But this historicity of the Universal Declaration of Human Rights

\textsuperscript{12} See the chapter by An Verlinden in this volume for more on how Lévinas approaches responsibility.

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does not pre-empt “claims that each makes on others” from continuously being made on new sites. It is my assertion here that due to globalisation, corporate activities are increasingly perceived as a site where human aspirations of self-transformation are made into concrete claims of ‘each on others’ and for which state based institutionalisation of the responsibilities resulting from those claims are no longer able to stabilise this dynamic.\(^{14}\)

Hence, from a social ontological approach, the ground for allocating responsibilities is the fact that human aspirations for self-transformation are addressed to particular actors. Thus, the driving question for allocating responsibilities is not primarily ‘who must do what for whom?’ as O’Neill\(^ {15}\) puts it, but rather ‘who is asking/claiming what from/on whom?’

There is a second point I need to address in this section: in what sense are the corporate responsibilities resulting from human aspirations of self-transformation concretised and addressed to corporation, cosmopolitan responsibilities?

The short answer is that these corporate responsibilities are cosmopolitan responsibilities because human aspirations of self-transformation are cosmopolitan aspirations. The long answer is that aspirations of self-transformation are human strivings to develop their agency – who they are and what they can do, identity and human capabilities – beyond determinations of nationality, ethnicity, religion, gender, socio-economic status of parents, or place of birth. In that sense these aspirations are cosmopolitan.

Further to my answer, I submit here that within market capitalism, the legitimacy of corporate activity is constituted by the implicit if not explicit claims to deliver on these strivings. I offer two arguments.

First, central to the idea of market functioning is the principle of demand and supply. Hence, markets are blind to individual particulars such as ethnicity, religion, gender, nationality, etc. Any demand is good enough and anyone can have a go at supplying for that demand. Of course, all this is highly ideological. I do not assert in any way that what is happening in the name of this market principle is hereby justified. What I attempt to do is what Commers\(^ {16}\) regards as what ethicists must do when they worry about global ethics: be a go-between on a

\(^{14}\) My claim is not that without ‘globalization’ concrete claims of ‘each on others’ within the domain of capital-labour relationships would not exist. Such claims have always existed as well as attempts to stabilise those claims (for example the rise of labour unions, see Alain Touraine, La Société Post-Industrielle, (Paris: Denoël, 1969). Rather, I assert here that the current wave of globalisation has brought the tensions in the capital-labour relationship under renewed attention, urging us to reconceptualise a potential stabilisation of those tensions.


normative-factual continuum. As will immediately become clear, I argue that whoever even vaguely taps into this rhetoric in a justificatory attempt must also accept its implied responsibilities. But it is precisely this blindness principle that entails a cosmopolitan potential in an abstract sense. Inevitably linked to capitalism is of course the use of money for exchange instead of barter. At the turn of the 20th century, Georg Simmel17 wrote that the impersonality of money based trade dissolves bonds based on ties of kinship or loyalty. In this sense money is more than a standard value and a means of exchange. Although we may regret the abstraction and impersonality inherent in the use of money,18 my point with dragging Simmel into this story is that there is a double edged sword at play. Simmel pointed out how the use of money levels qualitative differences between things as well as between people. The positive side – and my claim is that we should use this as an accountability principle when using money and entering market relationships19 – is that it helps to foster social differentiation and increases personal freedom.20 The reader can now see that in this chapter cosmopolitan responsibilities for corporations are not constituted in the same way as cosmopolitan responsibilities for nation-states. This is consistent with my attempt not to present corporations as Ersatz-governments. But it must be clear that the ground for allocating responsibilities to corporations and to states is one and the same – namely that human aspirations of self-transformation are iterated and turned into claims on the respective sites.

Second, MNCs and international supply chains disturb the status quo in any region affected by them. While this disturbance of valuable aspects of communal life and social security is resented, at the same time new branches of MNCs or new supplier contracts with foreign lead firms are welcomed by many with the hope that through their labouring or by becoming an employee of a MNC they will realise their aspirations of self-transformation. Corporate activity is of importance as a site where cosmopolitan aspirations are concretised into a number of claims, for example for more and non-discriminatory economic opportunities, for an increase in material well-being comparable to that of affluent societies, for more self-determination, for improved labour conditions, and often as an escape from disrupted families

17 Georg Simmel, Philosophie der Geldes, (Leipzig: Duncker & Humblot, 1900).
20 See:
within oppressive parochial settings. One might say that these are ‘the hopes of globalisation’ or to put it more clearly: if globalisation would lead to all of that, there would be much less criticism towards it.

In *China Blue*, a documentary film by Micha Peled, Jasmine – like an estimated 130 million other mostly young women – leaves her rural China family home at 16 to go to the city for a factory job in the garment industry. She tells us she does so because she hopes to improve the living conditions of her family and to make them less dependent on the hard labour of farming and its unsteady income. Of course, business reality soon turns out to be very different than what Jasmine and others had expected. But my point is that since people look to business as a means to realize their self-transformative aspirations and increase their capabilities, corporations bear a positive duty to enhance these. If they fail or refuse to do so they lose their legitimacy because of ‘argumentative self-entrapment’ – once corporations use a particular justificatory argument they cannot recall it. Risse described this process in the context of states and governments but as it relates to arguments and communicative action there is no reason why it would not be valid in other contexts. It is also an example of what Habermas calls ‘performative contradiction’ in so far as corporate activities would deny or annihilate the presuppositions making corporate activity possible, namely its cosmopolitan potential. In other words, the promises and values on which legal rights to deploy corporate activities are based must not be destroyed or neglected through those corporate activities. The recent fierce anti-privatisation protests in Bolivia show that performative contradiction is not just a worry of the corporate CEO to ‘face himself in the mirror each morning’ but is increasingly becoming a hard risk and bottom-line issue for corporations. This is why corporations must honour their relational responsibilities.

**What cosmopolitan responsibilities do corporations have?**

Having established the ground for allocating responsibilities in the previous section following Gould’s social ontology approach, I now move on to Kuper’s second task, namely attributing responsibilities to corporations. The model I propose for this is consistent with the relational ground for allocating responsibilities. I propose to represent the spectrum of

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economic activity by a four dimensional model in which the dimensions are differentiated by type of actors with whom corporations as business organisations have relationships. The four dimensions are:

1. the supra-organisational dimension: relations between business organisations and national governments, intergovernmental bodies and NGOs. These relations structure the ‘playing field’ for business. Business organisations enter relationships with these actors through obeying regulations, subverting them, lobbying them, or co-establishing them. Sometimes business-NGO partnerships result in ‘playing field’ settings, which is why I include those relationships in this dimension.25

2. the inter-organisational dimension: practices and interaction patterns between business organisations, for example relations within a supply chain, interactions between competitors, actions by or with regard to new market entrants.

3. the intra-organisational dimension: human relations within a particular business organisation. For example employee relations, human resource policies, reward systems, corporate governance procedures.26

4. the sub-organisational dimension: relations between business organisations and its consumers through the impact of the business organisation’s products and services on consumption patterns, life styles and standard, social cohesion.

Table 1 lists a number of cosmopolitan aspirations addressed to business organisations, grouped by type of actor along the four dimensions. I recall that these aspirations are cosmopolitan because they are aspirations of self-transformation, in other words aspirations to develop ones agency beyond the regional socio-economic status quo or limiting identities imposed through nationality, ethnicity, race, gender, religion or place of birth.

I also recall that business organisations have cosmopolitan responsibilities because these cosmopolitan aspirations are addressed to them as business organisations – not because states are weak. In the passing I must note that I take responsibility to mean literally ‘being able to respond’ or response-ability. What an ‘able’ response is, depends on business sector, size and organizational form (specific labour-capital relationships). But general duties for corporations


26 This is not the same as capital-labour relationships. Our sense-making of the intra-organisational dimension already takes place through signifying concepts such as human resource management, performance management systems, corporate governance, etc. The intra-organisational dimension is but one dimension in which the tensions of the capital-labour relationship manifest themselves. These tensions are also at play at the other three dimensions.
can be specified. My turn from ‘responsibility’ to ‘duty’ means that I regard an ‘able’ response to be on the lines specified in the duty. I have done so in the third column of table 1. I do not think my list here is exhaustive. There might be other cosmopolitan aspirations addressed to corporations and these might be responded to in an ‘able’ way by fulfilling other duties. But the point of this chapter was not to be exhaustive. Rather it was to develop a framework for the iteration of cosmopolitan responsibilities for corporations. Thus I take it that specifying some aspirations, responsibilities and duties proves the validity of the framework this chapter develops.

<table>
<thead>
<tr>
<th>Cosmopolitan aspiration addressed to corporations</th>
<th>Dimension of economic activity</th>
<th>Cosmopolitan duty for corporations</th>
</tr>
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<tbody>
<tr>
<td>- develop economy</td>
<td>Supra-organizational</td>
<td>- appropriate lobbying(^{27})</td>
</tr>
<tr>
<td>- achieve social inclusion</td>
<td></td>
<td>- maintain non-discriminative</td>
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<tr>
<td>- protection from external and internal cultural</td>
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<td>- be culturally sensitive</td>
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<td>expression (acquire rights to cultural and</td>
<td></td>
<td>- assess and minimise risk to</td>
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<td>heteroglossic expression)</td>
<td></td>
<td>- complicity in human rights</td>
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<tr>
<td>- acquire transferable technological knowledge</td>
<td>Inter-organizational</td>
<td>- support technology transfer</td>
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<td>- realise process upgrading</td>
<td></td>
<td>- allow process upgrade</td>
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<tr>
<td>- create jobs</td>
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<td>- achieve fairness in</td>
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<tr>
<td>- professionalise</td>
<td></td>
<td>- externalization of risks</td>
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<tr>
<td>- gain strategic autonomy</td>
<td>Intra-organizational</td>
<td>- aim for organizational</td>
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<tr>
<td>- co-determine organizational policies and</td>
<td></td>
<td>- democracy(^{28})</td>
</tr>
<tr>
<td>decisions</td>
<td></td>
<td>- train/educate employees</td>
</tr>
<tr>
<td>- personal development (acquire new skills,</td>
<td></td>
<td>- offer employees international</td>
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<tr>
<td>learn new languages, improve social networking,</td>
<td></td>
<td>- experiences</td>
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<td>be a professional, travel)</td>
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<td>- offer employees fair income,</td>
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<tr>
<td>- improve socio-economic status of family</td>
<td></td>
<td>- work-life balance, and employee</td>
</tr>
<tr>
<td>- provide children and family with ‘a better</td>
<td></td>
<td>- benefits (health care, pension)</td>
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<tr>
<td>future’</td>
<td>Sub-organizational</td>
<td>- avoid monopolistic strategies</td>
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<tr>
<td>- participate in global heteroglossic</td>
<td></td>
<td>- lower consumer prices</td>
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<tr>
<td>entertainment</td>
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<td>- through efficiency</td>
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<tr>
<td>- access global information</td>
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<td>- provide better access to</td>
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<tr>
<td>- escape poverty</td>
<td></td>
<td>- products and services (meet time</td>
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<tr>
<td>- improve leisure time and activities</td>
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<td>and location needs of consumers)</td>
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<tr>
<td>- increase consumer choice</td>
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<td>- increase consumer choice</td>
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<tr>
<td>- acquire consumption pattern that</td>
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<td>- produce good quality</td>
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<td>allows new economic activities (shopping hours,</td>
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<td>- products and services</td>
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<td>child care, etc)</td>
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Table 1. Cosmopolitan aspirations and cosmopolitan corporate duties

\(^{27}\) One of the focal points of the shareholder engagement by the Norwegian Government Pension Fund Global is precisely to question investee corporations on their lobbying activities.

\(^{28}\) The signing of an International Framework Agreement by multinational corporations and global labour unions can be perceived as a step in that direction.
Convincing corporations – a start

The third task Kuper mentions\(^{29}\) in the distribution of responsibilities, is to convince agents – here corporations – to fulfil the responsibilities allocated to them. I will not go into the issue of enforcing cosmopolitan responsibilities for corporations through international law or intergovernmental treaties implemented through national legislation. On the one hand, this is a very obvious route to make corporations act on their duties. But it is precisely the lack of governmental force that urges us to think of other routes. On the other hand, even though convincing through law might be the most effective way to change corporate behaviour, it makes the notions of ‘convincing’ and ‘relational responsibilities’ obsolete, since it makes ‘compliance’ the pivotal notion.

An interesting avenue for ‘convincing’ corporate actors to fulfil the responsibilities allocated to them has already been mentioned earlier in this paper through the notions of ‘argumentative self-entrapment’ and ‘performative contradiction’. To clarify once more, this is the case when an actor, through his actions, denies the assumptions that make his actions possible. Corporations neglecting their cosmopolitan responsibilities are doing exactly that. By there mere existence and thus by entering relations with various other actors – how else could they exist? – they create expectations. It is only because they create expectations that they can act. Some of these expectations have cosmopolitan potential in the sense I explained in this chapter. Corporations, especially MNCs are driven by implicitly if not explicitly presenting themselves as a proper instrument for the realisation of cosmopolitan aspirations. The corporate world calls this ‘legitimacy to operate’. When Van Parijs\(^{30}\) suggests that corporate social responsibilities can be operationalised through ‘the spotlight and the microphone’ principle, what he is suggesting is that corporations must deliver on their promises because of ‘argumentative self-entrapment’. Likewise, discourse on sustainability in the economic sphere tackles corporate activity on ‘performative contradiction’.

Responsibility comes with entering relations. Thus cosmopolitan responsibilities come with the specific ways MNCs enter relations with other actors and form relationships that are driven by cosmopolitan promises and potentials. In this sense, it is not I who allocated cosmopolitan responsibilities to corporations. I have merely specified and made explicit responsibilities corporations have allocated to themselves.
