

FOURTH PLENARY ASSEMBLY: WORKSHOP DISCUSSION GUIDE**THE LAITY IN THE WORLD OF BUSINESS**

In the free world that we know business serves a particular purpose — the provision of the material needs of men — for a particular reason — the pursuit of private gain. Goods and services are freely exchanged in the market, and there is a great premium on efficiency, specifically, private profits. This is by no means the only conceivable set-up in which man's material needs may be served. In fact, while some are immensely fascinated by free enterprise or capitalism, others have found it fraught with contradictions, such that they expect it to eventually self-destruct.

History has proven, however, that capitalism has the capacity to endure, and business itself has generally earned and is still earning high marks with regard to its efficacy in meeting its normal purpose. The mature market economies, far from experiencing the gloom and doom that have been predicted for them, continue to grow. But it is in the younger societies, hungry for economic and social advancement, where the private enterprise formula has to prove its worth. Here even the achievement of just the minimum requirements of sustenance has not been met, and is far from being complete. Here the inequalities can be so pervasive that at times business' drive for profits no longer seems justified, morally or even economically. And yet in many of these societies business and only business must play the pivotal role in their development.

The Social Responsibility of Business

Where goest business then? Is it enough that it provide men with life-sustaining goods? Or should it do more, especially if its people are poor, as in most developing countries? What is the true role of the Christian businessperson? Can he be persuaded to accept more responsibility than he initially might have agreed to undertake?

This discussion guide has been prepared for the workshop sessions of the Fourth Plenary Assembly of the Federation of Asian Bishops' Conferences (FABC), convening at the Major Seminary in Tokyo, Japan, September 16-25, 1986. The theme of the Plenary Assembly is: "The Vocation and Mission of the Laity in the Church and in the World of Asia."

At this point in the development of capitalism, it is probably already safe to say that most businessmen, while continuing to be animated by the philosophy of the primacy of profits, recognize that their responsibilities have grown beyond simple material accumulation. It is this recognition that may have in fact allowed the system to endure for so long. In the industrial countries, for instance, West or East, their concerns have gone past profitable propositions — environmental safety, charities, the sponsorship of the arts, to name a few. To a large extent this result has been helped by the vigilance of the government, the consumers, the press and other sectors of these societies, but we cannot discount, too, business' own appreciation of the natural merits of these causes.

In the developing countries, such vigilance on the part of those that business serves or deals with is either undeveloped or unarticulated, if not in fact suppressed from time to time. Business being more dominant here, it does very often pursue only its own interests and ignores the rest's. Being more capable of imposing its will, it can even really abuse its position — as when it takes to monopolies, often with government's bought blessings — and negate all gains for more lasting material advancement in these countries.

It becomes therefore doubly important to keep business in these countries conscious of its other concerns, in the same manner that on a broader scale the poorer countries of the world may aspire first for the material side of development, but that is by no means a complete accounting of the goals of development. As Pope Paul VI put it in his great encyclical *Populorum Progressio*, authentic development is one which is for each and all a "transition from less human conditions to those which are more human." It is necessary to reach conditions that foster self-esteem and human dignity. Men must be given the opportunity to realize their full potentials. Man does not live by bread alone.

Certainly, this is the view taken by the Church. The Church makes a clear distinction between the realms of the Kingdom of God and of earthly power. But the Church also lives in history and "sharing the noblest aspirations of men, and suffering when she sees them not satisfied, she wishes to help them attain their full flowering." The Bishops-Businessmen's Conference (BBC) in the Philippines echoed this temporal responsibility of the Church when it expressed, in its *Consensus Statement*, the necessity for the Church, "both as a people of God and a human institution, [to] concern itself with the development of people, with their human development: economic, social, political, cultural and spiritual. This means that every Christian, whether bishop, priest, re-

ligious or *layman*, has a strict duty as a Christian to participate actively in the organization of the society in which he lives according to the principles of justice, of community living, and of social progress which Christ taught."

The businessman — particularly the Christian businessman — therefore, has a dual role. First, he must show that private enterprise works, that it can provide man with the fruits of this earth in ever-increasing abundance. He must bring to actualization the vaunted ability of the market to provide material goods efficiently. Inasmuch as private enterprise is only one of alternative ways of organizing economic activity, he must be able to show that it is a good way, that it is better than known alternatives such as socialism (*Palkhivala*). In recent times the private enterprise system has come under grave suspicion in the poorer countries in particular, where circumstances are much less than ideal. Notwithstanding the recorded success of the market-oriented economies, there is a continuing need to prove that the way of the market is really the way to, at least, material prosperity.

Secondly, and more importantly, the Christian businessman must practise the precepts of his faith, as in every other endeavor of his life, in the performance of his trade. This can involve a number of things, from the simple exercise of the values of fairness and excellence to active participation in efforts at reducing poverty and hunger and at truly improving the quality of life of our peoples.

In short, the Christian businessman, while deeply committed to his own business, must practise social responsibility.

There will be many who will contend that there is a basic conflict between business, which is founded, at least in its traditional form, on self-interest and private gain, and loftier values such as concern for the common good. But the problem here may not really be that irresolvable. We can accept that it is even morally incumbent upon managers of businesses to make a profit, for this is necessary for the continuity and expansion of the enterprise and is a yardstick for its performance and social usefulness (Committee on Business Education, BBC, 1982). But this does not preclude other concerns as well. Indeed, the Christian businessman must take up both roles simultaneously, the first because he is a businessman and the second because he is first a Christian.

THE PRACTICE OF SOCIAL RESPONSIBILITY

Having defined the Christian's role in business in terms of social responsibility, we now turn to ask: what are the ways and in which areas can this social responsibility be practised?

The International Christian Union of Business Executives (UN-IAPAC) has identified three circles, or levels if you will, of social responsibility, in which the public demands and expects the involvement of business (Committee on Business Education, BBC, 1982). These are, with modifications and amplifications:

1. "the direct responsibility of business for the efficient performance of its strictly economic functions of providing material goods, jobs and economic growth. Moreover, these functions must be carried out with honesty and fairness."

A Filipino business executive puts this very succinctly: "The responsibility of business is to use its resources and engage in activities designed to make profits — profits that stay within the rules of the game, profits that stay within the realm of morality — that is, to engage in open and free competition, without deception or fraud ..." "Profits with honor," another would say. This would include the just compensation of workers, fairness in dealings with customers, and adherence to and uniform application of the laws of the land.

This is the minimum requirement for business to be consistent with the interest of society at large. All businessmen must fulfill it. But more is asked of the Christian businessman, which brings us to the second level of responsibility.

2. "awareness of and sensitivity to changing social values and priorities."

This would include a genuine concern for the welfare of workers beyond the standard of just compensation and fair treatment, particularly in their efforts at self-realization; a respect for the environment and active involvement in its preservation or improvement; the obsession with excellence in its particular field or industry and with service to its customers; and sincere altruism and participation in socially beneficial projects in the community.

3. "newly emerging and still ill-defined responsibilities that business should assume in order to become involved actively in improving the social environment."

This refers to any involvement outside the strictly economic function of business and which brings an improvement in the overall quality of life. It would include the active and constructive participation in solving major social problems or in supporting worthy causes. In the recent revolution in the Philippines, for instance, the business community rallied behind a cause which was expressive of the popular will, of the desire for a more just, humane, and free society.

The BBC in the Philippines has also formulated a proposed Code of Ethics for Business which sets down some guiding principles on the conduct of business towards the various publics of business: the workers, the customers, the suppliers, the owners of capital, the government and society in general. In what follows, the relationship between the Christian businessman and these other segments of the population is examined in some detail to arrive at some attitudes, values and guides to action that the Christian businessman might need or wish to adopt to affirm or enlarge his social role in our times.

Business and the Workers

The conditions that apply to workers in developing countries vary from country to country, and from one stage of development to another. In some countries labor can be rather severely exploited, subsisting only on below-subsistence wages, prohibited from seeking the legal redress of his grievances (such as by striking), and subjected to a host of inhospitable work conditions. In others they may be highly-paid but under the constant threat of labor-saving technological advances.

As these conditions vary, so will the demands on business. What thoughts might therefore guide the businessman when he relates to his workers?

Pope John Paul II in his encyclical *Laborem Exercens* sums up the basic role and purpose of work: Man is the image of God partly through the mandate to subdue the earth. Man's dominion over the earth is achieved by means of work. Work in the subjective sense refers to the process whereby man manifests and confirms himself as the one who dominates the earth.

Work, according to Christian precepts, is the means by which man is able to provide for his needs. But it is also a source of self-fulfillment. Work is for man, not man for work. The recognition of these is important in evolving a meaningful relationship with workers under one's employ. What should be foremost in the Christian's businessman's mind when dealing with workers is that they are human beings — God's creatures — and not just another input into the machine.

Moreover, workers generally need their wages not only for their own upkeep but also for their families'. Recognizing the importance of the family as the basic unit of the Christian community, business must ensure that the compensation received by a worker will be enough to enable his family to live a decent life. The Christian businessman must never force a worker to agree to a compensation below this "just wage."

Apart from the provision of a just wage, the employer must likewise whenever possible enable the worker to achieve an increasing standard of living. And to render further justice, incentives and rewards must be given to those who have made extraordinary contributions to the advancement of the enterprise.

Fairness and equal opportunity must likewise govern employee recruitment and promotion policies. Merit should be the primary criterion in hiring and in upward movements in the organization.

Business should also make it a priority to provide its workers with a friendly, safe and healthy work environment. We must realize that workers generally spend a great part of their waking hours in the workplace. It is therefore important that this be conducive to their physical, mental and moral well-being.

Employers should likewise promote a participative decision-making process within the enterprise so that the workers may usefully contribute their own knowledge, experience and abilities. This will not only reinforce the sense of camaraderie and achievement among the workers, but will ultimately also benefit the enterprise itself inasmuch as it will be able to draw from a pool of talent and experience.

And, wherever appropriate, and gradually, business may consider sharing with workers the ownership and/or the profits of the enterprise.

No doubt a lot of these will involve costs that business may not be prepared to bear right away, especially if a company is in an expansion

phase or is cost-cutting to adjust to abrupt and adverse changes in the economic environment. Therefore labor will also be right to carry its part of the burden from time to time. But no steadily-earning enterprise can ignore these considerations. And who knows, too, what returns such policies can contribute to the (long-run) profitability of the enterprise itself by way of improved productivity and goodwill?

Business and the Customers

It is often said that “the consumer is the end and purpose of production.” Or that “the customer is always right.” Or the consumer “must get his money’s worth.” But the fact that there are numerous court cases being filed by consumers who feel that they have been shortchanged or harmed and the emergence of activist consumer groups in many countries provide clear evidence that the above principles are not always followed.

When, however, the businessman refuses to accede to the principle of fairness in exchange, he soon finds out — the hard way, it is hoped — that the competitive market does provide an automatic way of correcting injustices committed in this respect. The customers are the ultimate judge of whether or not they have received their money’s value, and they will also be the ones who enforce judgment through their purchasing decisions. The firms whose products are not worth their price lose out in the competition, sooner or later.

But the businessman who abides by a higher code of conduct — making sure that the customer gets what he pays for — will be well-rewarded. This businessman considers it his mission to continually search for new ways by which he will be able to provide the customer more value for the same or a lower price. He anticipates his customer’s needs; he is always improving the quality of his products. These “service obsession” and “quality obsession” are not only consistent with socially responsible behavior but, as is being rediscovered by modern business managers, are essential ingredients of success [Peters and Waterman, 1982]. It is after all established in history that it is the innovators and those who seek excellence who reap success in the end.

Businesses provide “goods,” (i.e., commodities that are beneficial to consumers) and not “bads,” (i.e., those that are harmful). Business must therefore make an effort to ensure that its products are not detrimental to the health, safety or growth of their users.

In the area of marketing, business must avoid such deceitful practices as the creation of artificial shortages and price manipulation. In advertising, it must endeavor to be truthful and to respect the precepts of morality and the cultural values of the community in which it operates and to show a respect for human dignity. It must likewise make provisions for the customers' right to be informed and to be heard.

As mentioned earlier, consumers in most developing countries will not be that watchful and militant. But perhaps it is actually incumbent on business to encourage its customers to be so — for in the process they not only weed out the deceitful and inefficient ones, they also enlarge the opportunities to innovate and to grow.

Business and Government

The business-government relationship is seen basically as an exchange: government provides the laws and regulations for economic activity as well as the necessary infrastructure; business pays its taxes, levies and fees. It is reciprocal, complementary and cooperative.

Intrinsic in this relation is the concept that both institutions, together with the other forces in society, play an important role in total human development. It is for man that development occurs and it is man who develops and grows. Government is perceived as a referee, serving the interests of consumers and producers alike, balancing the needs of the people, while business harnesses and manages the various factors of production to produce the goods and services needed by the people.

Issues, or conflicts as it were, arise when perceptions of what is and what should be differ. Are the foregoing roles still what should be? How is social responsibility applied in situations where government actions are contrary to business expectations? To what extent should business involve itself and participate and influence the political process? How does one render unto Caesar what is Caesar's and to God what is God's? What position can business take with regard to government intervention? Do businessmen realize that the more socially responsible they act and become, the less need there is for government rules and regulations?

Similar and related questions have been raised in previous Asian Businessmen's Conference for Human Development (ABCHD) congresses in Manila, Hongkong and Bombay. Many were left unanswered and some remain undiscussed. There are simply no hard-and-fast rules or cut and dried answers to dilemmas which face business in its relationship

with government. Furthermore, the relationship has actually grown in complexity, especially as most governments — perhaps in their desire to accelerate the development of their countries — have encroached on activities traditionally reserved for business, and business itself — particularly in more repressed societies and regimes — has assumed a more political orientation.

In the Philippines, for instance, the last 15 years saw the proliferation of government enterprises and monopolies in practically every major economic area of activity. Government could have limited itself to the more excusable ventures, such as the pioneering, risky, capital-intensive investments which the private sector will not get into, but it did not. In the same country, their recent revolution demonstrated how business immersed itself in the political struggle, whether out of self-interest or altruism (particularly to uphold the value and dignity of human life). Business there may have grown in the wisdom that, in the long-run if it is to remain viable, it has to be responsive to the real and total needs of the people, which include not only the satisfaction of economic needs but also freedom, justice and peace.

Business will reap only the kind of government it deserves. If business is unimaginative, slow and unresponsive, its government may arrogate unto itself unserved areas of private enterprise. If business is corrupt, so will its government be (and vice-versa). If business has no concern for its social responsibilities, it will be unable to demand much of that from government likewise.

The relationship between business and government seems to be reverting back to the traditional exchange mentioned above. Nearly all over Asia the buzzword is privatization — an effort to restore to business its role as the engine of economic growth. And as political stability resumes, business itself will attend more and more to its original purpose, and supplement government's efforts to pass on the fruits of development to the broader segment of the population.

Business and the Owners and Other Providers of Capital

All through the preceding discussions we have been using the word "businessman" in the sense of owner and at the same time manager of a business enterprise. But in the context of the modern corporation, distinctions must be made: the managers of a corporation are not necessarily its owners. Likewise, ownership may be broad-based. Moreover, an enterprise's funds are provided not just by the owners but also by creditors and other investors.

Clearly, owners and other investors put their money in a business in expectation of a return on these funds, i.e., profit. Now, is this pursuit of profit — through the provision of capital, rather than through the sweat of one's labor — moral? This question is old enough indeed. The old justification under liberal capitalism is that although individuals seek profit, competition forces them to ultimately serve the public interest. The more efficient they become, the more profits they make; but supposedly the greater also is their contribution to the common good.

In addition, business does derive a benefit from the use of owners' and other investors' funds. And the owners of these funds have made sacrifices, taken risks and incurred costs in letting business use them. Clearly they must be compensated for these. As put forward by another Filipino businessman, "... economic profit cannot and should not be rationalized out of the [public enterprise] system. It is needed as a valid measure of productive use of capital, a criterion for allocating resources, and a just benefit for economic investors" (Santos, 1980).

Needless to say, business must use investors' funds in carrying out its function of providing goods and services responsibly and efficiently. Otherwise, it would not be able to realize the profits needed to compensate the owners and investors for the use of their capital.

Business should also remember that the owners and other providers of capital have certain rights normally granted by law and tradition, namely, the right to information regarding the business, provided that there are no adverse effects to the security and efficiency of the business and the right to set certain objectives or policies for the business, provided that they do not conflict with the law and other moral principles.

Business and Suppliers

Supplies of raw materials and other inputs are another group which are closely affected by the actions of a business enterprise. Of course, they are in business themselves and must therefore also act in a responsible manner toward the business enterprise, which is their customer.

In dealing with suppliers business must see to it that contracts with them are clearly stated and honored in full. It must also avoid an abusive use of its economic power over suppliers, which are usually smaller firms.

In recognition of the importance of promoting small and medium-sized, labor-intensive industries in our region, which industries usually

provide the jobs and the impetus to economic growth, a suggestion has been made (Aziz, 1979) that large companies in this region should make it a deliberate policy to source their input requirements from the smaller firms.

Business and Society

Should the businessman take an interest or be involved in the concerns of the public at large? Should it, for instance, be concerned with the poor, the disabled, the more fortunate segments of society? Or is it sufficient that business pay its taxes honestly and leave it to government to do the rest?

Here, while one cannot demand much more of business — especially if it does perform already its social responsibilities in dealing with its other publics above — there may still be room for business to touch the society it serves. In developing countries where the resources of government are limited and spent for various development projects almost as soon as they are earned, the benefits that accrue to the poor are still too little to be of significance to their lives.

Thus, there are businesses which go the proverbial second mile to literally and figuratively demonstrate what Christ meant when he said: "For I was hungry, and you gave me something to eat; I was thirsty, and you gave me drink; I was a stranger, and you invited me in; naked and you clothed me; I was sick, and you visited me; I was in prison, and you came to me ... Truly, I say to you, to the extent that you did it to one of these brothers of mine, even the least of them, you did it to me" (Matthew 25:35-36,40).

There are businesses, too, which go beyond extending a helping hand to satiate physical hunger and thirst; they try likewise to fill the hunger and thirst of the mind and the soul. And so, we know of businesses which give out scholarships to poor but deserving students, which maintain professorial chairs, and which patronize the arts.

Underlying all these may be that Christian quality we can call charity of the spirit. It is a sharing of self, of the business, if you will, not just of profits. Business actually has so much to give apart from money — talents, time, compassion. And the gifts which come with an abundant heart do go a longer way. As they say, the Lord loves the cheerful giver, and it is easier for a camel to enter through the eye of a needle than for a rich man to enter into the Kingdom of Heaven.

Is there any material return to business when it performs such acts of charity (apart from tax rebates or exemptions when they are allowed by law)? Perhaps the gains are less apparent — for instance, a fully productive work force, or the stability of society itself, which is business' environment — or show only overtime. Or perhaps one should really trade away the financial returns for those that uplift the spirit, which might be marginally more valuable to a businessman who has surpassed a certain level of income. Either way there is value in charity.

Business and International Relations

Each one of us belongs to a family, to a community, to a country. Beyond these spheres, as we grow and develop as human beings relating to each other, we develop a growing awareness that we form part of a larger family, the family of nations.

As men, our hopes, our dreams, our aspirations for a better quality of life are no different from the hopes, dreams and aspirations of our brothers in the rest of Asia, in Africa, in Latin America, and even those in the developed world. They are no different, whether we are Hindu or Buddhist or Muslim or Christian.

Governments are in the forefront of promoting friendship and international cooperation. Examples of their work are the U.N. family, ASEAN and so many more. But business can likewise make a distinctive contribution in the promotion of global understanding. This is made possible by the fact the business, particularly big business, now transcends national barriers most of the time. Their operations require inter-racial, inter-religious, inter-cultural dealings and associations. Business' reach and influence can enable people to understand one another more. Its rewards? Fewer wars, fewer disruptions, more exchanges, more business.

CONCLUSION: THE RETURNS TO BUSINESS

From what has been said, it is submitted that the practice by business of its social responsibilities generates benefits that redound to business itself in time. Whether it is a more productive worker, a more satisfied consumer, a more responsible government, or a more stable society — these have material value and can only be good for business over time, and for the system of free enterprise as well.

In sharing, both the sharer and the recipient benefit grow, prosper. It is even possible that the sharer, or the giver, will occasionally benefit

more from the exchange. But certainly, the effect is ennobling of everyone. And it honors God most, whose gift of life to us is now reciprocated by man — by the businessman — with love and service for others.

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