



An Essay by

BENJAMIN STADLER

University of Kiel





Benjamin Stadler

University of Kiel

This essay explores the evolving relationship between Chief Executive Officers (CEOs) and the political arena, considering contemporary global trends and the influence corporations have in a globalized world. CEOs, as representatives of corporations, have an inherent political impact, necessitating an examination of their future role in politics. Emphasizing methodological collectivism, the essay proposes viewing corporations as collective agents with the capacity for intentional action, making them accountable in a political context. The concept of corporate political responsibility (CPR) emerges as a focal point, distinguishing it from political corporate social responsibility and corporate political activity. CPR, involves corporations collaborating with governments globally and nationally to transform institutions, addressing societal demands while upholding democratic values. With the help of the Sustainable Development Goals, particularly SDG 16, guiding principles for CPR can be identified. The essay calls for a redefinition of the relationship between corporations and governments, urging CEOs to adapt their roles accordingly to foster accountable and transparent cooperation

Well, looking back in history and considering current developments, one could argue that Chief Executive Officers (CEOs) have always had a foot inside the political arena – if not even two. One can recall such a head of a corporation and have an intuitive understanding of their political impact without having to formulate a name here. However, this does not help us inquire whether CEOs of the future are to enter the political arena or not. Processes such as globalization and digitalization not only indicate the massive impact of corporations on societal and political arenas but also show the necessity to address the political responsibility of corporations. Therefore, the question at hand will not rest solely on whether the CEO of the future should enter the political arena but must also entail an understanding of what it means to enter the political arena. After interpreting the question at hand in a nuanced way, I will support the position that the CEO or corporation of the future must enter the political arena and will offer an account of the political role of these actors.

At first, I would like to shed light on how the posed question is to be viewed. A CEO is the highest-ranking executive of a corporation, acts as its public face, and makes major corporate decisions. In this sense, a CEO stands as a representative for a corporation. However, the term “CEO” is not uniformly used around the world, and not all corporations have a CEO in the legal sense. Although the intention of the posed question is obvious and my now proposed clarification is nuanced, I am convinced that we should rather be regarding corporations as a whole and not only addressing a single powerful representative. It is less about the representative moving in the realm of the political arena but rather about defining the strategic corporate focus in regard to the political arena. Again, this might be a nuanced change, but it falls in line with the perspective of methodological collectivism, whereby corporations are viewed as collective agents that can bear responsibility without recourse to natural persons.



Even though this position comes with a larger number of preconditions and the issue that managing collective units on a regulatory basis appears more difficult, this position seems convincing as it addresses responsibility gaps in corporations and allows regulation through collective control mechanisms.¹ In this regard, corporations can be understood as “secondary moral actors”². The responsibility status is thereby ascribed to them by analogy to rights and duties of individual actors. Crucial hereby is that corporations have the ability to act intentionally and that they possess an internal decision-making structure that allows them to make true decisions. Peter French refers in this context to a “corporation's internal decision structure” (CID structure), which enables corporations to be treated as responsible actors.³ Corporations can, therefore, be regarded as collective agents that can bear responsibility.

This leads us to the concept of responsibility, which holds up advantages over other concepts such as “duty,” especially in regard to global dimensions such as corporate actions. These advantages can be crudely sketched as follows. Firstly, the concept of responsibility is characterized by its orientation towards the future, allowing it to address actors who may not have causally contributed to the emergence of morally problematic situations. Secondly, among the actors addressed in this way are not only individuals but also collectives. Thirdly, concerning these actors, the various dimensions of political, social, and moral responsibility can be distinguished, enabling actors to be integrated into contexts of responsibility even when the justified attribution of responsibility seems problematic in one of the mentioned areas. Fourthly, responsibility contexts do not end at national borders; rather, responsibility can still be assigned and assumed precisely where, for example, classical models of justice are limited in their scope. Precisely these aspects clarify the necessity to discuss corporate responsibilities and the connection to the political arena. To tackle the brought-up question, the focus will lay on corporate political responsibility (CPR), a concept that derives from the dimension of corporate social responsibility (CSR) that outlines corporate responsibilities which go beyond the scope of abidance to written law. I will now offer an account of how political responsibilities of corporations could be reasonably outlined and will distinguish this account from other possible approaches.

I will summarize my account as CPR, as it entails how CPR is possibly to be understood and it should be differentiated from political CSR and corporate political activity (CPA). CPR starts off with comprehending corporations as political actors, as they are intertwined with society and politics and have great political influence through their actions. Corporations must, therefore, accept their political role to act upon it.

1 Cf. Heidbrink, Ludger: Companies as Political Actors: A Positioning Between Ordo-Responsibility and Systems Responsibility, in: Luetge, C., Mukerji, N. (eds) Order Ethics: An Ethical Framework for the Social Market Economy, Springer, Cham 2016, p. 254.

2 Werhane, Patricia: Rechte und Verantwortungen von Korporationen, in: Hans Lenk/Matthias Maring (Hg.): Wirtschaft und Ethik. Stuttgart 1992, pp. 329-336, p. 330.

3 Cf. French, Peter: Die Korporation als moralische Person, in: Hans Lenk/Matthias Maring (Hg.): Wirtschaft und Ethik, Stuttgart 1992, pp. 317-328, p. 322.



Political responsibilities derive from this role. Furthermore, globalization and digitalization have enabled a process that erodes the regulatory force of nations and leads to an increase in governance gaps. In the face of this development, the public demands corporate political responsibility. This demand can be highlighted by the sustainable development goals (SDGs) that offer guidelines for CSR and CPR activities. Especially SDG 16, which aims at “peace, justice and strong institutions,” must be emphasized in this regard as it is one of the least achieved goals and entails decisive elements of CPR.⁴ We will return to these elements, but at first, I will come to the core understanding of CPR. This lies in the managing of what Kenneth Goodpaster called the “stakeholder paradox,” meaning that corporations are to meet societal norms without infringing shareholder responsibilities.⁵ I believe it to be essential to view corporate responsibilities within this area of conflict. Ludger Heidbrink also picks up this aspect when elaborating his account of “systems responsibility.”⁶ Thereafter, corporations not only have responsibilities to keep their business functioning or to implement framework rules but also to maintain operating conditions of so-called social systems.⁷ The key is to view responsibility here as a cooperative transformation of institutions that aim at preventing social crises. Corporations fill up an important role in this regard. I believe this to be a profound perspective of what corporate political responsibility entails.

Political CSR focuses on filling governance gaps through self-motivation and self-interest of corporations. Whereas I do acknowledge important arguments in this position, I believe it to be too restrictive to the understanding of what corporate political responsibility can be and respectively too oriented around the aspect of self-interest. CPR entails the perspective of a corporate and collective actor that can act from a moral standpoint. This actor is, therefore, not only driven by economic and self-beneficiary incentives. This actor also acts in the political arena, meaning that it reacts to public and societal demands by cooperating with nations and global institutions to establish and maintain conditions of a functioning society as well as a functioning business. The focus lies in transforming institutions to meet present and future needs, whereby governance gaps are either filled or further prevented. It is still the authority of democratically elected governments and institutions to carry out governance tasks. This must remain of importance, even though corporations are able to contribute. I also want to back away from CPA when talking about corporate political responsibility. Where political CSR seeks to fill governance gaps, CPA rather explores and exploits governance gaps to push innovations and to improve the corporation’s position.

4 See: United Nations Global Compact: Executive Summary - SDG 16 Business Framework Inspiring Transformational Governance, 2021.

5 Cf. Goodpaster, Kenneth E.: The Concept of Corporate Responsibility. *Journal of Business Ethics* 2 (1), 1983, pp. 1-22, p. 14.

6 See: Heidbrink, Ludger: Companies as Political Actors: A Positioning Between Ordo-Responsibility and Systems Responsibility, in: Luetge, C., Mukerji, N. (eds) *Order Ethics: An Ethical Framework for the Social Market Economy*, Springer, Cham 2016.

7 Ibid., p. 251.



Though there are empirical arguments that imply positive development through CPA, the normative foundation appears flawed and overall, this approach again seems too restrictive in what corporations can do.⁸ For example, actions such as direct and indirect lobbying are rather to be critically viewed than to be backed up.

CPR entails that corporations cooperate on a global and national level with governments to achieve transformation. To return to SDG 16, I want to highlight two elements that somehow define the core idea of CPR. These being the development of effective, accountable, and transparent institutions and the ensuring of participatory and representative decision-making. Since the economy and accountable governance must be thought together in a modern world, it seems apparent that corporations have to contribute to this process by deliberation with the political executive body. This is rather to be understood as a form of responsible lobbying whereby the establishment of frameworks and conditions must be fully transparent. In addition, this account of CPR intends the forming of interest-groups for corporative branches where representatives of interested corporations rally. These groups have frequent official meetings and hearings with government representatives to work out how transformation can be achieved and what can be expected from each actor. This is not to say that corporations dictate the direction of action; governments remain the legitimate executives. It is more about working out accountable solutions regarding societal demands and economic possibilities. In this sense, corporations are to take up a role to help maintain basic democratic values and foundations. This account does not describe a new emergence, as similar forms of action are already being practiced in certain parts of the world but is rather an account to call for a reinvention of what corporations are and what they can contribute. Even more, it is an account to redefine the relation between corporations and governments. CEOs as representatives of corporations are to adjust their role accordingly.

⁸ See: de los Reyes, Gastón & Scholz, Markus: Assessing the Legitimacy of Corporate Political Activity: Uber and the Quest for Responsible Innovation. *Journal of Business Ethics* 184 (1), 2022, pp. 51-69.



Bibliography

de los Reyes, Gastón & Scholz, Markus: Assessing the Legitimacy of Corporate Political Activity: Uber and the Quest for Responsible Innovation. *Journal of Business Ethics* 184 (1), 2022, pp. 51-69.

French, Peter: Die Korporation als moralische Person, in: Hans Lenk/Matthias Maring (Hg.): *Wirtschaft und Ethik*, Stuttgart 1992, pp. 317-328.

Goodpaster, Kenneth E.: The Concept of Corporate Responsibility. *Journal of Business Ethics* 2 (1), 1983, pp. 1-22.

Heidbrink, Ludger: Companies as Political Actors: A Positioning Between Ordo-Responsibility and Systems Responsibility, in: Luetge, C., Mukerji, N. (eds) *Order Ethics: An Ethical Framework for the Social Market Economy*, Springer, Cham 2016.

United Nations Global Compact: Executive Summary - SDG 16 Business Framework Inspiring Transformational Governance, 2021.

Werhane, Patricia: Rechte und Verantwortungen von Korporationen, in: Hans Lenk/Matthias Maring (Hg.): *Wirtschaft und Ethik*, Stuttgart 1992, pp. 329-336.