

# Corporations and Duties to the Global Poor

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## Introduction

In a world characterised by intense global poverty, do active corporate efforts to help the global poor constitute discretionary acts of charity, to be praised but not to be thought of as mandatory? Or, conversely, are such efforts a matter of binding moral duty? The traditional position among business ethicists – and still, perhaps, the dominant one – is that there is no such duty, except perhaps in exceptional circumstances such as rescue cases (see e.g. Dunfee 2006). In recent years, however, several authors have made the case that corporations have quite wide-ranging positive duties to the global poor. This entry outlines the contours of the various arguments given in favour of the latter position, before highlighting two theoretical challenges which arise if we are to embrace this position – first, the issue of determining what sorts of actions count as adequately fulfilling positive duties to the global poor, and, second, the question of what limits there are, if any, to the demandingness of corporations' positive duties.

Before this, it's worth clarifying a few terms as they're used in this entry: duties, positive duties, and the global poor. We can treat 'duties' (or, synonymously for present purposes, 'obligations', or 'responsibilities') as follows: duties to X are very strong reasons to X, of a sort which typically override all other reasons not to X. (The exception being where there is a conflicting and more stringent duty to Y.) Where agents fail to fulfil their duties, they are answerable for this – they must justify not doing so, and they are on the hook for blame if they fail. On this rendering of a duty, what Thomas Donaldson calls 'maximal duties' – whose fulfilment would be 'praiseworthy' but 'mandatory' (1989, 62) – would not count for present purposes.

Positive duties can be contrasted with negative duties, where the former involve taking active steps to protect or help certain actors or morally important goals. Negative duties, by contrast, require agents to refrain from certain actions, such as harming others. In practice, the distinction between the two can be blurry, but for present purposes it's a helpful binary to bring out the issue at stake – whether corporations are morally required go out of their way to help the global poor. (Nobody denies that corporations have at least some negative duties to the global poor – they have duties not to pollute nearby rivers, dump toxic waste unsafely, undermine political accountability by paying bribes to officials, and so on.)

Finally, by 'the global poor' here, I refer to those agents who are so badly off that some of their basic needs – those needs that all humans typically need fulfilled in order to live a decent, relatively healthy life – go chronically and systematically unmet as a result of a lack of income and wealth. Various proxies are available to help specify who constitutes a member of the global poor – there are various internationally recognised poverty lines, there are multidimensional studies of poverty, there is the human development index – but there is probably no great value in trying to be too wedded to any one metric to determine who, fundamentally, suffers from an intensive needs shortfall of the relevant sort. One important basic observation, borne out by all these various indicators, is that global poverty is concentrated overwhelmingly in certain areas – most notably in Sub-Saharan Africa, but to lesser extents in places like South Asia and small island nation states. Over and above definitional questions, to talk of duties owed to 'the global poor' here is to set up

a contrast. What this entry is not interested in is what duties are owed to specific stakeholders, poor or otherwise, who are already directly tied in with a corporation's operations. Instead, we're interested here in whether a corporation has duties to the global poor simply on the basis of the latter's poverty. Why, though, would corporations with no direct ties to the global poor nonetheless owe the global poor a suite of positive duties? Three arguments have been given which are worth outlining, which we can label the 'authority', 'capability', and 'dependence' accounts respectively.

### **The Authority View**

Florian Wettstein's work represents perhaps the most extensive defence of corporation's positive duties in the literature (including but not limited to those owed to the global poor). Wettstein has given several distinct arguments for the existence various positive corporate duties. At root of all these, however, is a diagnosis of a change in global political economy over recent decades, and a concomitant recognition of the now central determining role that corporations, particularly multinational corporations, play in the global order and the global allocation of goods (see e.g. Wettstein 2009, 2012). The primary focus here is on corporations as rule-makers and shapers. While no individual corporation plays the role of global rule-shaper, corporations can and do coordinate and collaborate with one another on various issue. That this is a live possibility for corporations, combined with the fact that they collectively play such a central organising role in the global economy, entails that corporations can be taken to be quasi-governmental institutions. Those who occupy governmental positions (or, in this case, quasi-governmental ones), are fairly saddled with ethical demands on what they exercise their governmental powers for. Corporations, then, inherit positive duties within the global economy on the basis of the authoritative role they play within the global economy. To the extent that the global poor are deeply enmeshed in, and deeply affected by, the vagaries of the global economy, this gives them claims upon how corporations fulfil their quasi-governmental functions within this system.

### **Capability**

Recently, Brian Berkey (2021) has put forward a more streamlined argument for corporate positive duties to the global poor, one that does not rely on any deep or contentious interpretation of the role that corporations play in the global economy. In fact, Berkey gives several arguments for the existence of positive corporate responsibilities to the global poor. He notes, for instance, that corporations are beneficiaries of structural injustice that the global poor suffer from, and beneficiaries of such injustice typically have responsibilities to benefit those who are disadvantaged by the relevant injustice. He also argues that some corporate decisions, such as where to relocate a new production site, are distributive decisions, and so should be judged accordingly – and many distributive theories speak in favour of prioritising the worst-off. While ordinary common sense might tell us that corporations have no duty to move to a poor country when locating closer to home is viable, Berkey compares favouring unemployed workers in the developed world over those amongst the global poor to giving a certain life-saving medicine to someone suffering from moderate back-pain, rather than to someone who will die without it. But the argument most central to Berkey's case is what we might call the capability argument: some corporations are extraordinarily well-resourced, and hence capable of rectifying some of the global deprivation the global poor suffer from. Insofar as we often attribute duties to those most capable of bearing

them, Berkey argues, this combination of facts alone constitutes a powerful and intuitively-compelling argument for why corporations owe duties to the global poor.

## **Dependence**

More recently still, Tadhg Ó Laoghaire has developed a dependence-based account of why corporations have duties to the global poor. On Ó Laoghaire's account, one agent depends upon another to the extent that the latter 'plays a role in how the former will or has the best chance to meet their own needs' (2022). That dependence generates duties where the needs at stake are core needs, he argues, is a central and basic part of our moral thinking – it accounts for why we have duties of rescue, why we attribute demanding duties to parents towards their children, and much more besides. And, because integration into corporate value chains constitutes perhaps the most promising route to poor countries' development, the global poor can be said to depend in this way upon corporations; hence they have claims against corporations. The dependence-based account can be seen to inherit elements from each of the previous two accounts. Like the authority account, it highlights the role that corporations play in the global economy, and attributes positive duties to them on the basis of their role. Whereas Wettstein highlights the role of corporations as rule-makers in the global economy, Ó Laoghaire instead highlights their role as gatekeepers of economic opportunities, particularly export opportunities of the sort needed by developing and least-developed countries to further their own development. It is not their role as governance institutions that matters, on this account, but their integralness to the future prospects of the global poor. Similarly, the dependence account emphasizes the capabilities that corporations have to improve the condition of the global poor as part of the reason why duties are owed, but notes that these capabilities only ground onerous duties because corporations' activities are central determinants of whether or not the global poor can improve their condition. In a world where domestic corporations were wealthy and powerful, but the international economy was not integrated and global value chains did not cross the globe, the moral claims of the global poor upon corporations in other jurisdictions would be considerably weaker than they are in a world like our own.

## **How to Fulfil Duties to the Global Poor**

These three accounts of what grounds corporate duties need not be seen as mutually exclusive – they could each ground corporate duties to the global poor, in which case we might say that such duties are overdetermined. But the three accounts may lend themselves – though not, perhaps, in any deterministic way – to different accounts of what, precisely, corporations owe to the global poor. In his own work, for instance, Wettstein often focuses on what he, following Young (2011) calls the political duties of corporations (whether to the global poor or otherwise) – communicative responsibilities intended to contribute to collective action targeted at rectifying injustices. By contrast, the capability approach lends itself most obviously to calls for corporations to distribute some of their resources to the global poor, while the dependence approach lends itself most readily to calls for corporations to play a more enabling role in poor countries' development – whether through political action or more directly through e.g. relocating their operations.

It's important to distinguish this issue - what form of action corporations owe the global poor – from the thornier issue of how to determine which instances of corporate action count as fulfilling a duty to the global poor. The challenge with answering the second question relates to the

difficulties of identifying who constitutes the global poor in the first place. To see the issue, it's worth turning to Berkey's work. In the paper where he argues that there are positive duties owed to the global poor, he gets the reader to imagine the following scenario:

*New Production Site: Company M, a successful US-based MNC that manufactures clothing, is deciding where to locate a new production site that will employ one thousand people. Although there are thousands of locations around the world that would work well, the company has narrowed the options to: (1) town X, in the US; (2) town Y, in China; and (3) town Z, in Bangladesh. In all three of these locations, there would be more than enough people who would be eager to take the jobs, and all of them would genuinely benefit from being hired and paid locally prevailing wages to work in locally prevailing conditions (e.g. hours, safety). These would be sweatshop conditions in Z, as well as in Y, although the conditions in Y, including wages, would be somewhat better.*

Berkey gives a numerical value to represent the level of well-being to prospective workers in each area, with X having a considerably higher level than Y, and Y having a marginally higher level than Z. He also argues that, in light of these levels of welfare, M would have a duty to locate to town Y or to town Z, given the existence of positive duties to the global poor. But note that this is not the only conclusion, or even necessarily the most plausible conclusion, that we might draw; we might also think that M has a duty to locate in town Z specifically, insofar as this is the worst-off amongst the regions in which the site appears to be viable. From this, we can see that there are (at least) two approaches to thinking about duties owed to the global poor. On the one view, 'the global poor' constitute a set of agents whose standard of living is below a certain threshold, and improving the lot of any one of them constitutes at least a pro tanto contribution to fulfilling one's duties to the global poor. On this rendering, M's locating in either Y or Z might equally constitute means of fulfilling duties to the global poor. On another view, 'duties to the global poor' is better thought of as a designator to identify duties owed on the basis of some agents' severe deprivation. Proper responsiveness to the source of such duties speaks in favour of prioritising the very worst-off agents – in which case M would have to move to Z specifically, rather than X or Y. In general, little extensive work has been done on how corporations ought to determine the precise contours of their duties to the global poor, and when we ought to judge that they have done enough and acted with a defensible set of priorities. Hashing out the philosophical strengths and weaknesses of each of these positions – and identifying further potential positions - will be one of the key tasks of future research.

### **Duties, Limits, and the Role of the Corporation**

An implication of granting that there are duties owed to the global poor is that corporations may be on the hook for considerably more claims than we are accustomed to acknowledging. Indeed, we might wish to deny that duties to the global poor exist precisely because of this implication – if corporations owe duties to the global poor on the basis of the latter's deprivation, after all, this presents the possibility that moral duties would eat into a corporation's moral permission to seek any sort of profit at all. This thought seems to motivate - sometimes implicitly – several cases where authors have denied the existence of extensive corporate duties to the global poor. In some cases, it is treated as more or less self-evident that corporations cannot possibly be on the hook for such a demanding and expansive set of duties (e.g. Dunfee 2006; Wood 2012). In other cases, the implication is rejected because, among other things, it is seen to conflict with corporations'

primary responsibilities, which are to render economic activity more efficient and contribute to the welfare of the societies in which they are already located (e.g. Donaldson 1989).

The demandingness of positive duties raises tricky issues for all sides of the debate. For those who argue that there are corporate duties owed to the global poor, they need to be able to specify when it is that corporations can withhold their resources from further fulfilment of this duty – corporations presumably cannot be expected to run themselves into the ground, after all. Ó Laoghaire gives one response to this worry, where he argues that corporations are entitled to prioritise meeting the core needs of their current stakeholders before being bound to further the needs of the global poor – hence what places a limit on the dependence-based duties to the global poor is the dependence-based duties of the corporation’s already-existing relationships. In the case of those who reject the existence of positive duties owed to the global poor, the challenge is how to reconcile this with other intuitively-compelling moral judgements. One such judgement is that, in rescue cases, there are indeed positive duties owed to those in grave need – if a child is drowning in a nearby lake, we have a duty to save them, irrespective of any prior connection between us. But it is not clear why intensive needs shortfalls in many parts of the world don’t generate the same demanding duties simply because the shortfalls are systemic and have become normalised. While intensive poverty might be common in parts of Sub-Saharan Africa, after all, each individual case of someone who dies of poverty-related causes remains a tragic instance of a preventable death. The other issue for those who wish to deny the existence of positive duties to the global poor is to establish a compelling enough reason against furthering the needs of the global poor when we have a choice over what to do with our resources. While many appeal to the specialised role of the corporation as an economic efficiency-enhancing entity within societies, why corporate managers should attach more moral weight to fulfilling this function in, say, a well-functioning developed state than to furthering the basic needs of the global poor is far from obvious. Giving a coherent theory of the role responsibilities that agents have, after all, is not sufficient to show that they should always play that role even when the opportunity cost of doing so is high as it is in an unequal world like our own.

## **Cross-References**

Political Philosophy and Business Ethics

Distributive Justice

Corporate Power over Human Rights

Human Rights and the Multinational Corporation

Normative Ethics

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