Table of Contents

This page is left blank purposely.

<u>EDITORIAL</u>

Linking Business and Society beyond Corporate Responsibility: Culture, Social Development, and Corporate Sustainability

Manfred M. Bergman
University of Basel, Basel, Switzerland

On the way to my office, I pass the exhibition center in Basel, recently renovated by star architects Herzog and de Meuron, which is currently buzzing with Baselworld, the foremost annual exhibition for watches and jewelry. 150 000 visitors and 4 000 journalists are expected to attend this year. Bentleys, Maseratis, and Ferraris, alongside their German counterparts are on display, as are their elegantly dressed owners, leasees, or borrowers from all corners of the globe, laden with colorful bags of product catalogues of the newest designs in the watch and jewelry industry. Toward the river Rhine, beyond the international hotels catering mostly to the exhibition center, a few run-down Swiss restaurants and remaining low-rent apartment buildings, some of them boarded up months ago, are about to make way for new high-rise office and commercial buildings. Further still, where the street is accessible only to ecological means of transportation – trams, bicycles, and pedestrians, I pass an Indian corner shop that opens early and closes late, an exclusive bicycle shop that opens late and closes early (it specializes in hand-crafted bicycles for a price that would buy a new car in India), a large Asian market and two Thai restaurants, multiple discount clothing shops, where the permanent sales racks clutter the sidewalk with shirts and trousers for about five to ten dollars, and dresses and shoes for about twenty, mostly made in Asia and especially China.

There are a McDonalds and a handful of Turkish kebab shops, long established as some of the only eateries in the vicinity that are open on Sundays. Next to McDonalds and just before Starbucks across the square, a Dunkin' Donuts opened two weeks ago. Since its opening, there are queues out the store and onto the sidewalk of customers who wait patiently for a taste of an authentic American donut. Boutique stores of the main mobile phone providers are nearby, as are banks, jewelry stores, street musicians, and the homeless and drunks, young and old, women and men, who seem immune to the winter cold as they gather during opening hours near a kiosk that sells them cheap beer and cigarettes. One block from here stands the old orphanage, founded in the 17th century in buildings dating back to the 13th. They once housed monks before the orphans but have long since been converted into a modern meeting and conference center. A few steps further is the Salvation Army, catering to a new kind of orphan in modern Basel.

From this square, I could reach by tram or bus in less than half an hour residential and shopping centers in Germany or France, where shopping and living is much cheaper than here in Basel, something that thousands of enterprising Swiss, French, and Germans do every day to the benefit or detriment of business in Basel, depending on what line of business you're in or how you look at it. Striking also in this part of town is the mix of nationalities and ethnic groups – Basel is the home of approximately 35 percent of resident foreigners, but the proportion in this part of town is much higher. Finally, along this street, less than one kilometer from the buzz of Baselworld, I come to the historic Middle Bridge, first built in the early 13th century, which crosses the Rhine, artery of international trade, manufacture, and prosperity for the entire region, even today. Downriver, past the growing structure that will become the 73-meter tall life science building, cornerstone of the emergent life

science campus of the University of Basel, is clearly visible the Novartis campus and headquarters, a pharmaceutical business, administration, and research cluster with complex relations to the university, the canton, and beyond. Just barely visible from this bridge are the new buildings on the Novartis campus, by some of the most famous architects alive today. This will be one of the most important architectural in the future. Upriver, equally visible, is the new and all-dominant Roche tower, with 178 meters the tallest building in Switzerland. It will soon to be joined by an even taller Roche tower just next to this one, expected reach 205 meters. I wonder what it does to corporate culture at Roche and Novartis if, from the top floors, management can clearly see its competitor at all times. And what will it do to this ancient city, where, just anywhere you are, you can see these new corporate churches (without exception dwarfing the ancient preaching a new faith and promising progress and success?

Figure 1. Basel in the morning

Some of what can be experienced in this kilometer of city street could be experienced in many other cities in the world. Globalization has created an interesting mix between the old and the new, insiders and outsiders, winners and losers, and, most of all, the negotiation between the boundaries of these dichotomies. Other things experienced here are locked in a specific place and time. How long exclusive bicycle or book stores can hold on when online or cross-border shopping opportunities are replacing places of trade and business established generations ago is difficult to estimate. At the time of writing, the Swiss citizenry, not unlike elsewhere in the West, tends to flirt with populist positions on the left and right of the political spectrum, yearning and aiming to vote for a time and space that has long gone.

What we see in different ways on a short walk is directly connected to what Klaus Leisinger covers in his article, more generally on the intricately intertwined relations between business and society, and particularly on the complications introduced by globalization and the thus emergent conflicts and confusions between cultures' material content and procedural norms. In this text is presented a "'corridor' of transculturally legitimate actions and responsible modes of behavior", bounded on one side by universal values and international norms, ostensibly shared by all and thus guide to all business practices, such as honesty, justice, and respect, and, on the other side, by cultural features unique to a time and place that have no relevant impact on business practice or inter-societal coexistence, and that should therefore not be subject to negotiation. It is the middle, between the universal and the particularistic, where Leisinger proposes debates and negotiations in order to identify satisfactory solutions among all stakeholders involved.

Global ethics are also the topic of Eberhard Stilz's article. In focus here are the work by Hans Küng on a globally shared set of ethics, the relations between ethics, the economy, and national law, and how lessons learned in different national contexts on ethics and law pertaining to business are subject to an exchange partnership between courts in Stuttgart, Germany, and Henan, China.

Building on normative and ethics-based debates on societal and business practices, the next two contributions focus on social and environmental responsibilities in a larger sense – Jeff Sachs on sustainability, particularly the UN Sustainable Development Goals (UN SDGs), and Yuxuan Chen, Li Li, and Dong Chen on elderly care and wellbeing in rural China, which can be obliquely considered a case study of the scope and applicability of the UN SDGs.

Between 25 and 27 September 2015, the United Nations unanimously adopted 17 goals and 169 targets as part of the post-2015 agenda, also referred to as Agenda 2030[1]. The 17 UN SDGs are:

1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
3. Ensure healthy lives and promote wellbeing for all at all ages
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
5. Achieve gender equality and empower all women and girls
6. Ensure availability and sustainable management of water and sanitation for all
7. Ensure access to affordable, reliable, sustainable and modern energy for all
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all
9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation
10. Reduce inequality within and among countries
11. Make cities and human settlements inclusive, safe, resilient and sustainable
12. Ensure sustainable consumption and production patterns
13. Take urgent action to combat climate change and its impacts
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation, and halt biodiversity loss
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development

---

[1] UN Sustainable Development Goals, http://www.un.org/sustainabledevelopment/sustainable-development-goals/.

Based on his keynote[2] at the World Sustainability Forum 2015 in Basel, Sachs covers in this article the developmental pathway to the adoption of the UN SDGs, some of the concerns and opportunities associated with them, and the important differences between Agenda 2030 and the Millennium Development Goals, which were replaced by the UN SDGs. Important here are the arguments raised on why and how to take the goals very seriously, as ambitious as they may seem and whether they relate to individuals, enterprises, NGOs/NPOs, governments, nations, or universities, and how they are different from and vastly more important than most other international initiatives that came before.

Yuxuan Chen, Li Li, and Dong Chen present a paper on the high and still growing suicide rates among the elderly in rural Shandong, China. Without explicitly stating this, much of what they discuss and empirically study is in some ways associated with UN SDGs 1, 3, 4, 8, 10, 11, and 16. In essence, they conclude that those with a low income, living alone, and not participating substantially in a social network are prone to conditions that lead elderly people in rural China to commit suicide. These effects are associated, even exacerbated by land flight of young poor farmers into the city and by empty nesters. Such emerging phenomena directly conflict with traditional norms in China – including "raise children to provide for old age." The authors conclude, among other things, with an appeal to provide cultural and social activities, and to organize volunteers to interact with at-risk seniors.

And this, finally, connects to Baocheng Liu's article on the growth and change of civic China through the blossoming of volunteerism and NGOs, their fragile and emergent status, and the government's tentative trust in their activities as a foundation of a new civic China. A careful reading of this text reveals subtle hues of a growth in civic society in ways that is not tracing its developmental path along Western paths. Instead, modern(izing) China is bent on a distinctly Chinese development path, and this article illustrates the subtleties in its management and expectations.

On the way to my colleague's office in Beijing, my place of work last year for a few weeks, I walk past rows upon rows of concrete high-rises built between the middle and the end of the past century. It took me nearly half a day to find my colleague's office on the first day – my English was useless with taxi drivers and pedestrians, as were the directions written in Mandarin, until I thought of the obvious: asking young people. Nearly all of them have smartphones with excellent speech recognition and translation apps, and while many do not speak English, within minutes, technology and ingenuity of the young generation put me in the right direction. In the mornings, many of the squares surrounded by the residential buildings are filled with music and movement of the young and old, exercising more or less vigorously to Chinese pop or traditional music that blares through cheap boom boxes.

The participants seem to know each other, and they seem to combine socializing with exercise. In these residential areas, traffic is mostly made up of pedestrians, bicycles, electric tricycles, mopeds, and a few small, beat-up cars. Further down the road, I cross a square, in which vendors sell their wares – anything from fruits and vegetables laid out on mats, mobile phones and accessories, children's toys, and clothes from the back of cars can be bought for a fraction of the price they would cost across the bridge in the two-story shopping center. Much of the produce is brought in from the suburbs, where vendors, many of them seniors, grow them with great care in their small but well-kept gardens. Apparently, you can take folks out of the country but you cannot take the country out of these folks. And consequently, the produce available on the sidewalk is usually far superior to the produce available in the commercial centers in the "better" part of town across the bridge. In

---

[2] Partial transcription and editing by Lena Berger, Zinette Bergman, and Xiaosong Li.

the evening, this square will be filled with vendors preparing all kinds of food, some delicious to my Western palate, and some very strange. The residential squares will be filled again with the social dancers, and with old men playing board games and cards. On both sides of the bridge are bus stops, where seemingly hundreds of busses stop every day to transport the masses to their work, homes, friends, relatives, and to wherever else they need to go. In the middle of the bridge can be seen the extent of the spread of this part of Beijing – dozens upon dozens of blocks up and down this main artery, itself filled with old and new cars and busses, bicycles, and electric tricycles (I have not seen so much electrified transport anywhere else in the world). German cars, particularly Audis and VWs, an occasional Bentley, but mostly older Chinese cars dominate.

Most striking here is how busy everyone is, from the impatient official frantically phoning the office for being late for yet another important meeting because of the traffic jam, to the delivery drivers, the business woman accessorized with stylish Gucci sunglasses and a new BMW coupé, the old man piling old, crushed cardboard boxes headhigh on top of the groaning load space of his ratty tricycle, the street cleaners with their bright security vests and their large and dilapidated brooms, and everyone else who fills this cityscape. I am wearing my surgeon's mask made of paper again today because of the air pollution.

On the first three days of my stay, I laughed at my Chinese colleagues for their weakness – until I developed what they call the Beijing Cough. Since I wear the mask outdoors during the most polluted hours of the day, the burning of my lungs and sinuses, and the Beijing Cough have subsided somewhat. On my 40-minute walk to my colleague's office, I pass many large construction sites, and even if I cannot see them, they can be heard from just about everywhere I am. On these hot days, I treat myself to a cold bottle of water in one of the many corner stores – they say that the tap water is undrinkable. Later, just before I reach my colleague's office – I have a workspace there in a small office with very well-used furniture that I am sharing with four other researchers, I treat myself to an excellent coffee at a bakery where grandmothers take their grandchildren for treats, paying with a barcode displayed on their Chinese smartphones by holding them against the bakery's scanner.

Figure 2. Beijing just before Rush Hour

We are living in exciting times. Although traditionalists – those who want things to stay the same or, worse, those who want to fashion the future according to an imagined past – are likely to suffer the most from

where we are going, as individuals, members of groups, societies, and the world community. But this is also a time when access to food, medicine, education, and social and economic development more generally is within reach for many millions more than just a few decades ago. If the achievements of the Millennium Development Goals are anything to go by, many more will benefit from their extension, the UN SDGs.

The next few decades will see many changes around the globe: tremendous science, technology, and communication advances will change the way we interact with each other, our employers, or state institutions; we will experience the end of cheap, where it will become increasingly difficult to buy two pairs of shoes made in low-wage countries for one hour of work at minimum wage in high-wage countries; we will see migration streams that make the current ones, voluntary high-skilled labor and involuntary refugees, look like a trickle – highly educated Indians will be welcomed in markets around the world where they are badly needed, and desperate families in many African nations will escape the increasingly barren lands of their parents and grandparents; conflicts will arise between those who want to keep the geopolitical order and those who are rapidly gaining power; we will experience more unilateral and bilateral actions, and we will experience a much greater willingness and need to compromise on a multilateral level.

These changes will play out differently in Basel or Beijing, or Berlin, Delhi, Sao Paulo, Sydney, and New York, in their wealthy and poor suburbs, and in countrysides around the world. Everyone will have to adapt, learn, cooperate, and learn to cooperate – and fast – because, in this new world, the negotiations of a new balance between economic, social, and environmental issues will be crucial for all.

Corporate Responsibility in a World of Cultural Diversity and Pluralism of Values

Klaus M. Leisinger

Global Values Alliance, Basel, Switzerland

Abstract: Business enterprises can play a pivotal role in the global implementation of the 2030 Agenda for Sustainable Development and support all efforts to realize a future we want for all. To do this, they must compete with integrity in a complex manner: on the one hand they have to be successful in a particular foreign market and understand the needs as well as live up to the expectations of its customers. They must, therefore, become "part of" the societies they are engaged in and, to a significant extent, adapt to their cultural features. On the other hand, international business enterprises must comply with international norms and live up to the expectations of media and civil society representatives in high-income countries. The author shows ways and means to manage the issues arising due to cultural diversity and normative pluralism. He recommends that transnational corporations develop a transcultural responsibility framework that builds upon the knowledge base about normative principles and values that at all times have been shared by all cultures, accepted by all religions, and supported by common practical experience. He also recommends amending leadership profiles accordingly.

Keywords: Corporate responsibility; cultural differences; sustainable development; global values; leadership profile; transcultural integrity

> I do not want my house to be walled in
> on all sides and my windows to be stuffed.
> I want the culture of all lands to be blown
> about my house as freely as possible.
> But I refuse to be blown off my feet by any.
> [Mahatma Gandhi]

Introduction

The facilitation and intensification of economic, social, political, and cultural interactions, as well as the resulting interdependencies due to the ongoing globalization, makes our times different from previous times. The prominent role that business enterprises are playing in these processes assigns them responsibilities that go far beyond a narrow economic comprehension. Reading the mainstream of globalization literature, one gets the impression that humanity is suffering from a capitalism that is contemptuous of human rights, deepening social disparities, destructive to the environment, and harmful to democracy –- globalization, so it seems, by definition stands in the way of sustainable development for a future we want (UNCSD, 2012). While there is evidence for undesirable impacts of irresponsible corporate conduct, this is only part of the story.

Successful and responsible entrepreneurial engagement is one of the most important drivers of economic growth. Economic growth increases choices, widens opportunities, and makes all other development efforts easier to achieve. By creating employment and income, providing technical and managerial skills and social benefits, and bringing innovative solutions to economic, social, and environmental problems, corporate management can be a force for good: "It is companies, not abstract economic forces or governments, which create and distribute most of a society's wealth, innovate, trade and raise living standards" (Birkinshaw & Piramal, 2005). This makes helping to promote globalization that is characterized by corporate responsibility, an important task.

Corporate responsibility comprehends essential commandments, such as the respect of human rights, fair labor conditions, the protection of the environment, and measures against corruption (UNGC, 2005). The understanding of these essential responsibilities, however, is different in different economic, social, and cultural contexts. This is even more so in corporate responsibility contents beyond the essentials: stakeholders living in different contexts have different needs and expectations. The cultural dimension of this difference is often neglected or misunderstood.

This is deplorable: among the most important "lessons learned" of people working internationally are significant differences in worldviews, value convictions, and cultural "programming of the mind" (Hofstede, 2001). The differences in beliefs about right or wrong, in social attitudes and in values systems between the different societal and professional groups result in different judgments about many political, social, and economic issues –– naturally also about the content and depth of corporate responsibility. The task to find proper answers to the question of how to deal with this kind of pluralism in a way that is in harmony with the local cultural norms and yet acceptable from an international perspective is not on the priority list of top managers of most multinational business enterprises.

When dealing with cultural diversity and resulting normative pluralism, the preamble of UNESCO´s constitution (1945) –- adopted in London on 16 November 1945 –- serves as a valuable compass:

> Ignorance of each other's ways and lives has been a common cause, throughout the history of mankind, of that suspicion and mistrust between the peoples of the world through which their differences have all too often broken into war;

> The wide diffusion of culture, and the education of humanity for justice and liberty and peace are indispensable to the dignity of man and constitute a sacred duty which all the nations must fulfill in a spirit of mutual assistance and concern;

> A peace based exclusively upon the political and economic arrangements of governments would not be a peace which could secure the unanimous, lasting and sincere support of the peoples of the world, and that the peace must therefore be founded, if it is not to fail, upon the intellectual and moral solidarity of mankind.

A "clash of cultures" in the normative sphere of doing business is not likely to result in "war" or even a doomsday "clash of civilizations" scenario (Huntington, 1996). However, cultural misunderstandings can create insecurity if not friction; they are a challenge to mutual trust and, therefore, make international

economic cooperation and corporate success more difficult. That again constitutes a waste of scarce resources that could be invested for a peaceful, mutually beneficial, and sustainable global development. This essay is meant to contribute to a mostly unattended discourse about transculturally acceptable corporate responsibility concepts. Such concepts, implemented on a global base would significantly contribute to the creation of a "future we want" (UNCSD, 2012) and facilitate the implementation of the "2030 Agenda for Sustainable Development," the new plan of action for people, the planet, and prosperity accepted by the international community on September 25, 2015 (UN Sustainable Development Knowledge Platform, 2015).

The Complexity of Corporate Responsibility

In today´s social science and political discourse, the term "Corporate Responsibility" is used in as diverse manners as there are social doctrines, political ideologies and personal value premises. When I use the terms "Corporate Responsibility" or "Corporate Sustainability" in the current context, I do this on the background of the following assumptions:

> The *business of business* is and will remain to be *business*. As a consequence, companies will "*use (their) resources and engage in activities designed to increase their profits*" (Friedman, 1962, p133). Profits, as understood here, are sustained proceeds from creating value in a company´s core competence. They are *not* an isolated and exclusive corporate objective but are the aggregate indicator that a company is successful in meeting their customer´s demands in a comprehensive sense and over time. Today, most citizens of modern societies (who make up the employees, customers, suppliers and other stakeholders as well as the shareholders of a company) expect good financial business results – but *not at any price,* i.e. not in isolation from a humane social, a sound environmental and a politically acceptable performance (howsoever these may be defined under specific circumstances).

> To be up to the mark by which a corporate conduct is judged "*responsible*" by the "court of public opinion" (comprising academia, politics as well as media), a company today has to perform significantly more sophisticated than at any time over the past 60 years (Carroll, 2008). The perception of profits being *legitimate* depends on a community's understanding that a company abides by the rules, i.e. the rights and obligations that make up the fabric of the social contract acknowledged in the respective cultural and political setting. Therefore, sustained corporate success depends on societal acceptance – which again is the precondition for the corporate license to operate. If and when a company uses its resources in a socially responsible, environmentally sound and politically acceptable way, sustained corporate success is in harmony with sustainable creation of society's welfare. By and large, in the long run the economically rational and responsibility-related normative imperatives are one and the same.

In order to avoid an academic or ideological dispute on what represents veritable state-of-the-art corporate responsibility / sustainability, I use the "modern understanding of corporate social responsibility" as defined by the European Commission as the point of reference (European Commission, 2011). According to this understanding, the basic prerequisites for rating "responsible" are *respect for applicable legislation* and

collective agreements between social partners. In addition, "…to fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

> "maximizing the creation of shared value for their owners / shareholders and for their other stakeholders and society at large; identifying, preventing and mitigating their possible adverse impacts." (European Commission, 2011)

The European Commission encourages companies "to adopt a long-term, strategic approach to CSR (corporate social responsibility), and … to identify, prevent and mitigate their possible adverse impacts, large enterprises, and enterprises at particular risk of having such impacts, are encouraged to carry out risk-based due diligence, including through their supply chains."

The implementation of a comprehensive corporate responsibility concept is not a "free lunch." To work in full compliance with the principles of the UN Global Compact, significant training from the Board level through to the line management is essential, and this on a corporate-wide level. In addition, responsibility-sensitive management tools, i.e. codes of conduct, corporate guidelines, target setting, compliance management, performance appraisals, all human resource, leadership guidelines, and communication culture will have to be amended to be coherent not only with the spirit of the 10 principles, but also the 17 Goals of the 2030 Agenda for Sustainable Development (Leisinger, 2015).

Competing with integrity in the spirit of today´s state-of-the-art usually entails additional investments, e.g. in ecological dispositions and social endeavors and, also, due diligence work and training. It may imply the exclusion of some low-cost suppliers due to human rights-related concerns or insufficient social and environmental standards. For enlightened corporate leaders, such requests will not pose insurmountable problems; enlightened leaders will accept the extra cost to be paid as the price for the legitimacy and sustainability of their business – i.e., their societal license to operate and grow.

On top of that, managers of international corporations are confronted with additional complex issues discussed below.

Different political, social and economic conditions. To cope with these, it might be necessary to introduce differential pricing systems and build different kinds of customer relations than at home and develop new business models. Differences in the understanding of what constitutes a fair division of responsibility between the state, corporations, and individuals will lead to different expectations about responsibilities to be assumed by corporations. In all cases (but in different ways), they are related to each other but distinguishable.

Different systems of law and legal requirements. There are differences between Anglo-Saxon "common law" and Continental European "civil law" that may pose an issue once in a while. However, this is not the main issue at stake. What really matters are the sometimes substantial differences in quality and substance of law between some emerging countries and OECD countries. "Good" companies will not hide behind "bad" laws, and wise managers will, therefore, "err" on the safe side. They will not exclusively rely on local legality, but strive for international legitimacy and live up to the spirit of the international norms the UN Global Compact, and the 2030 Agenda for Sustainable Development refer to.

By far the most challenging managerial task in today´s international business, however, is the handling of

different normative imperatives due to cultural diversity.

The Culture Dimension of Corporate Responsibility

Geert Hofstede (2001) defines culture as the "collective programming of the mind that distinguishes the members of one group or category of people from another (...) The "mind" stands for the head, heart, and hands – that is thinking, feeling, and acting, with consequences for beliefs, attitudes, and skills (... as well as...) systems of values. (…) culture in this sense includes values; systems of values are a core element of culture" (Hofstede, 2001)[1].

He found in his analysis of more than 50 *modern* nations (*ibid.*)[2] significant differences in the "mental program" developed in the family in early childhood and later reinforced in schools and organizations (like companies, KML). These "programs" express themselves in different values that predominate among people from different countries.

All over the world, one can find "clusters" of perspectives that are related to functional differentiation, e.g. everywhere street workers have different worldviews than bank managers, priests have different objectives in life than engineers, generals are likely to seek different conflict resolutions than psychologists, and so on. The differences between members of different cultures, however, go deeper. Culturally determined differences can be associated with substantial normative differences. They therefore can result in apparent variations in judgments about what ought to be considered as desirable, fair, just or responsible. These differences are also resulting in different weighting of conflicting norms.

What is of huge importance here is the acknowledgement that there "is more to the world than "Western" culture" (Nie, 2011). The future weight of traditional "Western" values and the underlying schools of moral thought in assessing the "rights" and "wrongs" is in times of globalization not likely to be the same as it has been in the past. That, however, should not be seen as a negative development. It would be an ignorant prejudice and unreasonable pretension if scholars or managers from, for example, Central Europe or the United States would suggest that exclusively their (interpretation of) moral philosophies are able to determine what is right and wrong in any context. In the light of the immense treasure of spiritual and ethical resources of the "rest of the world," it would also be utterly unwise. Countries like China and India, to mention just two, have century-old ethical schools and approaches to moralities from which people all over the world can learn and gain impulses for reflection. Throughout Asia, Africa, and Latin America, there are other countries with deep-seated, culturally determined philosophies of life governing the relations between their communities and nature in a different way than, for example, in Switzerland, Germany or the United States. As a consequence, cross-cultural and transcultural comparative ethics will have to be the reflection level of the future.

In the next phase of globalization, emerging economies, such as China, India, Vietnam, and others, are likely to capture a growing share of the global market of goods and services. The increasing interactions between countries and the globalization of corporations "… does not mean that cultural difference are disappearing or diminishing. On the contrary, as economic borders come down, cultural barriers could go up,

---

[1]   In this perspective, one could also interpret the value pluralism between the different sub-systems as cultural diversity and deal with them in a respectful way to achieve transcultural understanding, but in the current context we will focus on international cultural differences.

[2]   Hofstede identified five dimensions along which dominant value systems can be ordered and that affect human thinking, feeling, and acting, as well as organizations and institutions, in predictable ways: *power distance*, *uncertainty avoidance*, *individualism* versus *collectivism*, *masculinity* versus *femininity*, and *long-term* versu*s short-term orientation*.

thus presenting new challenges and opportunities in business. (…) All experts in international business agree that to succeed in global business, managers need the flexibility to respond positively and effectively to practices and values that may be drastically different from what they are accustomed to. This requires the ability to be open to other´s ideas and opinion" (House, Hanges, Javidan, Dorfman & Gupta, 2004).

Of course, being "open" to other ideas and opinions does not mean accepting them uncritically – they have to be discussed, analyzed and tested in the light of global values. Confusion, frictions over values, and related misinterpretations of each other's integrity are obstacles to good business relations and, therefore, must be minimized. Therefore, all globally minded citizens and, of course, business representatives, have to dedicate more attention to cultural diversity and normative pluralism between partners of different backgrounds.

With regard to corporate responsibility management, two elements will have to be looked at: material content and procedural norms.

Material Content

Different ethical, religious, cultural and historical backgrounds, as well as socio-economic conditions, are resulting in different societal expectations about the *material content* of corporate responsibility deliverables beyond legal compliance. Socially engaged stakeholder groups in a low-income country with blatant deficits in the satisfaction of basic human needs will expect and request a different content of the corporate responsibility portfolio than the sponsoring manager of an art museum. Poverty alleviation measures in the widest sense will, in low-income settings, obviously rank higher on the list of requests than in countries such as Germany or Switzerland where consumer protection, fair trade, green marketing, or art concerns take precedence (Visser, 2009).

Procedural Norms

There are also culturally determined different expectations with regard to the *procedural norms* of discourses about material content. Communitarian societies are likely to include more stakeholders and invest more time in the solution-finding process as societies with a more expressed individualistic focus – if such crude generalizations are valid at all. Different cultures ascribe different individual duties, and such duties are not always limited to intra-family modes of behavior; they might expect individuals to do things in a professional (corporate) context that are different from Eurocentric or North American mainstream thinking. If not properly attended, such differences create conflicts of interest for local employees and confront them with difficult choices and dilemmas. Enlightened corporate managements will not leave the solution of such problems "on the back" of employees trying to be successful under the pressures of time and scarce resources. Corporate responsibility leaders will act in a culturally sensitive way and look for processes to mitigate, if not avoid, culturally determined conflicts and dilemmas.

What Does All this Mean in Practical Terms?

The term "responsibility" contains the term "response"; in the current context, this refers to a corporate response to the diversity of culturally determined pluralism of norms and expectations. A company that wants to be successful in a particular foreign market has to understand the needs and expectations of its customers in order to serve them best and earn their trust. International corporations must, therefore, become "part of" the societies they are engaged in and, to a significant extent, adapt to their cultural features. A colorful diversity of cultures, human peculiarities, and societal specificities is a wonderful aspect of our world, and the resulting pluralism of wisdom ought to be preserved for the generations to come (UNESCO, 2000).

On the other hand, differences in the "collective programming of the mind" must be handled carefully because the success of an internationally active company is not only judged in economic terms by financial analysts and not only by authorities, media, and civil society in a given *host* country. The integrity of international companies is also (if not predominantly) judged in terms of living up to the spirit of international conventions. In this respect, the global "court of public opinion" does the relevant compliance monitoring – regardless of local legality, customs, and practices. This "court" has a "jury" that is composed of members with different nationalities, cultures, worldviews, and moral expectations. Due to their diverse mental programming, they bring in the pluralism of their own values, interests and perspectives and come to results that can be quite different than what corporate management concludes to be appropriate.

The greatest challenge for multinational companies is that they must perform in many areas locally according to different culturally determined norms but have globally only *one* reputation to lose and *one* brand to defend. The judgment on the "goodness" or "badness" of certain aspects of corporate or individual conduct according to one socio-cultural tradition or school of moral thought is not necessarily appreciated in a different context. Comparable to the weakest link that determines the strength of a chain, the global reputation of a company is over-proportionally dependent on the perceived quality of corporate conduct, even in the smallest market far away from home. Deviance from what is globally perceived to be the path of virtue by managers far away from headquarters can outshine all well-meant efforts elsewhere.

Corporate responsibility leaders are therefore aware that there *are* fundamental values not to be violated, regardless of what local law or culture in a specific country allows for. Also, they are respectful of cultural diversity and normative pluralism. Therefore, they will be sensitive to the local values, attitudes, and behaviors as characteristics that shape the expectations of their local customers towards the company, and they will uphold the primacy of global values and norms. To be explicit, this discourse is not about exotic food preferences, culturally determined dress codes, beliefs and superstitions, understanding of punctuality, use of the "left hand" or customs and practices of a religious nature as long as they are compatible with the spirit of the Universal Declaration of Human Rights. This discourse is also not about unquestionable immoral practices, such as e.g. "offering sexual bribes" to government executives (Ford, Lewis & Dean, 2013) or illicit payments to exploit unregulated niches to commit environmental crimes (UNICRI). The author would not know of any culture where decent people would appreciate such aberrations.

The issue at stake is to properly deal with potentially substantial differences between culturally determined local customs that upright people in a foreign country are likely to adhere to versus a dissenting European or US understanding of behavioral norms in that context. Examples are the following:

Culturally expected gift versus condemnable corruption. How should a culturally considerate and morally enlightened management decide about the legitimacy of gift giving in a society that practices this as an appreciated expression of respect for the recipient? "Guanxi," for example, the Confucian concept according to which a close relationship between people involves an exchange of reciprocal and mutually beneficial favors (including gifts, information, and other favors) is one example where sensitive reflection and subtlety in action is advised. The cultivation of good business relations in a Confucian context involves developing a network of influence and good personal connections. This may necessitate gifts, which, in a Western cultural setting, may be perceived to be bribes. Generalizing judgments and stereotypes, however, are (as always) inappropriate, as a closer analysis reveals interesting insights to a foreign observer; not surprisingly, there are moral parameters within the Chinese culture to distinguish clearly culturally appropriate gifts from bribery and corruption.

Senior managers in China, as their counterparts elsewhere, can draw a clear distinction between gift giving and dining that is designed to build relationships, and under-table or back-door dealings (Millington, Eberhardt & Wilkinson, 2005).

Also, African cultures know and appreciate gift-giving as a sign of respect and goodwill towards elders or other people with a high hierarchical status e.g. in the context of consensual decision-making processes (Mayer & Boness, 2003). One example is the Southern African philosophy of life *Ubuntu*. The term, which cannot be translated literally, signifies an attitude of "human-ness" and "humaneness towards others." It sees human beings as part of a greater whole, interconnected with the whole of humankind and nature. Such a philosophy of life can expect individual modes of behavior in a business context that are unacceptable in a "Western" corporate culture.

Most international companies have subsidiaries in the United States and the United Kingdom. They are, therefore, expected to comply *globally* with the US Foreign Corrupt Practices Act or the British Bribery and Corruption Act. Both have a very restrictive interpretation of what an acceptable gift is. The insistence on a US-American perspective on a business interaction in China or South Africa could be seen as cultural or moral imperialism, disregarding normative imperatives of an Anglo-Saxon origin could be condemned as moral relativism. Corporate leaders will have to apply principled pragmatism and make wise decisions.

Discrimination. Already, the definition of the term "discrimination" is different in different cultural settings; what is perceived to be a "natural difference" in one culture or religion can be seen as a condemnable discrimination in another. How should a culturally considerate and enlightened management decide about the applicability of standards that are increasingly accepted in modern societies but incompatible with the standards of many traditional societies? Same-sex partnerships, for example, are seen as a human right and have legal support in some Western countries (European Court of Human Rights & Council of Europe, 2011). They are not tolerated in a number of other countries, including the Vatican. Should a company from a country where same-sex couples enjoy the same insurance and pension benefits as traditional marriages apply this policy, also, to host countries where same-sex partnerships do not enjoy the same acceptance? How should insurance and pension schemes be designed in communities where polygamy is an accepted form of life?

How should a culturally considerate and enlightened corporation that prides itself with Scandinavian-style gender, diversity, and inclusion policy, act in countries where attitudes, conditions, or behaviors promote stereotyping of social roles based on gender – in other words, practice discrimination against women?

Should a company introduce an affirmative action program in a country where religious codes, historical social stratification and self-interested convenience of the ruling elites determine the value of people according to their ethnic minority status, religious affiliation or caste? Are these issues "company external facts" to be tolerated or even benefitted from? Or must such practices be seen as a deplorable lack of respect of human rights and, therefore, be remedied by corporations in their sphere of influence as soon and as comprehensively as possible?

When faced with issues that for cultural or religious reasons are dealt with differently in a host country than "at home," people usually apply their own culturally determined value system as the standard against which they measure the conduct of members of other cultures (Resick, 2011). Here they may make mistakes that can harm their relationship with their customers, employees, or state authorities in a foreign country. Corporate leaders will invest time in stakeholder dialogues, draw on the advice of external experts, and apply principled pragmatism to arrive at acceptable practices.

Legality, legitimacy and culturally determined individual duties. Obviously, there can be no doubt that strict adherence to each national legality, as well as striving for global legitimacy, is in the enlightened corporate self-interest. Therefore, in a number of areas the "transplantation" of globally identical policies, standards, and codices designed at corporate headquarters, is totally appropriate. Financial guidelines, auditing practices, environmental standards, and respect of human rights are examples in this respect.

A transplantation of headquarters-designed norms, however, cannot effectively regulate *all* modes of behavior in all cultural settings. In a rough, generalizing (and sometimes inappropriate) way (Nie, 2011), one could say that Western cultures´ mental programs are leaning rather towards individualism, while a Chinese, Korean or Japanese culture is more oriented towards collectivism. If *individualism* stands for a society in which the ties between individuals are loose in the sense that "…everyone is expected to look after him/herself and her/his immediate family only" and if *collectivism* stands for a society in which people from birth onwards are integrated into strong, cohesive in-groups, which throughout people´s lifetime continue to protect the in exchange for unquestioning loyalty," then loyalty dilemmas between in groups and corporate environment are to be expected (Hofstede, 1980).

In a collectivist culture "losing face" in the sense of feeling humiliated through a close friend or family member not honoring important obligations in the given social context plays an important role. Under such circumstances a US American approach demanding to live up to without any *ifs and buts* to its strict compliance rules (e.g. conflict of interest policy) developed "at home" may create a loyalty conflict for local employees: The corporate guidelines of "Western" origin may request them to refrain meeting essential requirements placed upon them by virtue of the social position they occupy in their cultural setting.

Culture where "harmony with others," "following the middle way," or "filial piety" are highly admired values have a different rationality for dealing with issues that involve human action than a competitive, economic performance-based go-getter culture. What is perceived to be "constructive criticism" and "welcome candidness" in one culture may be perceived to be rude and disloyal in another culture. Where the maintenance of harmony is a key virtue, communication functions in different ways: "The word *no* is seldom used because saying no is a confrontation; 'you may be right', and 'we will think about it' are examples of polite ways of turning down a request. In the same vein, the world *yes* should not necessarily be seen as approval; rather it may be used to maintain the communication line" (Hofstede, 1980).

Under such circumstances, the "exportability" of e.g. an US American theory of the firm, competition-focusing MBA philosophies, as well as compliance philosophies, will have to taken with a grain of salt (Hofstede, 1980).[3] Complex issues related to cultural diversity and normative pluralism request more than self-referential simplification:

> A "*conflict of interest*" policy is one of the examples where an unaltered transplantation might
> be inappropriate: According to a "western" understanding of conflicts of interest, the personal
> interests of an employee should not influence business-judgments. Further, individuals or
> companies with a relationship to an employee should not improperly benefit from the

---

[3] Hofstede supports the view that North American decision-makers do not observe the rational decision-making patterns proclaimed in North American theory in their own work and lives but rather restructure past events according to a decision-making model.

employee´s position in the company. In a cultural context where this employee is strongly expected to do the opposite, conflicts of interests will arise that cannot be solved by the respective individuals alone.

Where "content" of a policy creates ambiguities, procedural reforms may be the way to go; the solution for a compliance performance that approximates the spirit of a "conflict of interest" policy "at home" may be insisting on full disclosure of sensitive relationships, as well as putting sensitive decisions into a committee rather than burden individuals with conflicting obligations. Processes to manage issues are often as important as policy content.

> *Whistle blowing* is another area of potential conflicts with cultural convictions. Enlightened companies have institutions or provisions that allow for whistle-blowing: employees can bring up issues of moral significance in a way that creates transparency and allows corrective action *without* the "messenger" running the risk of being punished (Leisinger, 2003). In my experience whistle-blowing and escalation policies that are likely to work in the United States or Central Europe – not always as the analysis of the Challenger disaster has shown (Wikipedia) – have a much smaller probability to work in a cultural setting where a "loss of face", particularly of a superior, must be avoided by any means. Therefore, anonymous "grief mail boxes" or other measures may be the better choice.

As "moral common sense"[4] points honorable people in different cultural contexts to different solutions, there is often no *one and only* correct solution for a variety of problems. This makes ambiguity tolerance indispensable: unambiguous solutions work for simple systems and simple problems only. Corporate management referring exclusively to "Western" values and norms cannot be the appropriate answer for the questions discussed here. Such questions, however, can also not be answered exclusively from an "Indian," "Chinese," "South African," or "Brazilian" normative perspective (if a generalizing "cluster judgment" like an "Indian" or "Chinese" perspective is appropriate at all). "Doing in Rome as the Romans do" can lead to disaster if applied to marketing practices or human resource policies. An inappropriate "transplantation" of policies and codes can trigger a "rejection reaction" if the respective norms are perceived to be imported and imposed, but an uncritical adoption and acceptance of attitudes and behaviors of the "foreign" culture might result in undesirable moral relativism.

Ethnocentrism, the excessive belief that the values, modes of behavior, and other characteristics of one´s own group are superior to those of other groups, can be found all too often all over the world. Managers with attitudes that restrict the validity of worldviews, norms, priorities, and practices to those prevalent in their "peer silo" are inappropriate for dealing with international cultural differences. Such personalities should not be put in charge of work involving people from different cultures.

---

[4]   The terms "ethics" and "morals" are often used interchangeably, which they should not be; the definition of *morals* (or morality or morale) used here describes principles for actions and modes of behavior that in *a given socio-economic-cultural context* are considered to be "good," "right." *Ethics* is, then, the moral philosophy that analyses the different morals and judges them according to *generalizable concepts about right* and *wrong*, *good* and *bad*.

The more local managers, customers and officials and expatriates or headquarters managers interact with each other, the more they know about each other's culture, the better they know what to expect from each other. The better (deeper) knowledge is likely to improve their ability to negotiate mutually agreeable approaches to conflict resolution, problem-solving, decision-making, and management practices: "Knowing what is considered to be effective or ineffective in the culture with which one interacts is likely to facilitate conflict resolution and improve the performance of interacting individuals" (House, Hanges, Javidan, Dorfman, & Gupta, 2004).

There are a number of other obstacles to transcultural learning, e.g. the uniformity of MBA curricula: Graduates of MBA courses all over the world use the same "Western" doctrines and symbols. As a result, they all highlight the importance of the same standard operating procedures and key performance indicators. Introspection into the cultural constraints resulting from this near monopoly and openness to views and values from outside the "Western culture silo" will more and more have to be part of the term of reference for managers working in different cultures.

Stakeholder Dialogues for Transcultural Normativity

With the exception of some very basic universal values, there is no single list of truths. Generalizations and (in the worst case *moralizing*) prejudice prevent the understanding of problems caused by cultural diversity and normative pluralism. Systems of "organized complexity" (and this is what we are dealing with) evade attempts to generate simple and clear-cut answers and solutions. Such systems call for multi-cultural approaches, as well as for open multi-stakeholder inquiries that enable managers to escape the confinements of a specific culture and to become aware of aspects that are necessary to *satisfyingly* solve the problem (Riegler, 2005).

The underlying attitude of all participants in stakeholder dialogues can, by definition, not be a "teacher and pupil" relationship, certainly not in a dialogue with members of different cultural backgrounds. All members from all the different cultural setting in a given situation must be willing and able to learn from each other's experience and traditional wisdom. Participants of such dialogues must overcome the ignorance stemming from "cultural silo-thinking" and to find areas of common understanding *as well as* areas of dissent.

The objective of a discourse to that end is the establishment of a robust consent about a "corridor" of transculturally legitimate actions and responsible modes of behavior. The limiting guide boards are values and normative imperatives that are respected in all cultures, recognized by all religions, and appreciated over time all over the world. Within this corridor corporate responsibility, policies and practices must be developed that are embedded in the specific local cultural or religious setting *and* compliant with global values and the spirit of international norms. The development process consists of three steps.

First Step: Using the existing knowledge about globally accepted moral principles and common values

Companies willing to develop a transcultural responsibility framework can build upon a firm knowledge base about normative principles and values that at all times have been shared by all cultures, accepted by all religions, and supported by common practical experience. Of authoritative importance are the following:

> The "*Declaration Toward a Global Ethic*" and the body of thought that the *Global Ethic Foundation* and Hans Küng have developed over many years (World's Religions, 1993) and, based upon this, the "*Manifesto Global Economic Ethic*", i.e. the attempt to define a common

ground for what can be considered as legitimate, fair and just in international business activities. It relies on moral principles (humanity and the Golden Rule) and basic values (non-violence, reverence for life, justice and solidarity, honesty and tolerance as well as mutual esteem and partnership) shared by all cultures and religions since time immemorial (Küng, Leisinger & Wieland, 2010).

The United Nations, through various organizations and commissions, also participated in the search for a globally accepted common moral ground. Most importantly,

> The Report of the World Commission on Culture and Development: "*Our Creative Diversity*" (World Commission on Culture and Development, 1996); and

> The "*Common Framework for the Ethics of the 21st Century*" developed by UNESCO (1999);

> A valuable recent reference for global values and ethical principles is the *Millennium Declaration* affirming a "collective responsibility to uphold the principles of human dignity, equality and equity at the global level" and confirming the essentiality of fundamental values such as freedom, solidarity, tolerance, respect for nature and shared responsibility. (UN, 2000 & Leisinger, 2014)

The good news coming from all these efforts is that with regard to normative principles and basic values, people have much more in common than what divides them. The common denominator of all work for a collaborative ethos is the desirability that individual actors and institutions act according to the "Golden Rule" and that they internalize and apply in their personal and professional life the basic values mentioned above complemented by values such as truthfulness, tolerance, integrity, sustainability, and respect for human rights.

Another important common insight of this work is that human development can no longer be perceived as "(…) a single, uniform, linear path, for this would inevitably eliminate cultural diversity and experimentation, and dangerously limit humankind's creative capacities in the face of a treasured past and an unpredictable future" (World Commission on Culture and Development, 1996). This insight gains immense importance in the context of national action plans for the implementation of the 2030 Agenda. Political and corporate leadership managing this process should be "…strong by vision, sustained by ethics, and revealed by political courage that looks beyond the next elections" (*ibid.*) or, with regard to business leaders have "moral courage that looks beyond short term economic results."

Context Matters

Accepting the existing moral principles and the common moral ground upon which it rests is a first step, necessary but not sufficient. The principles of Humanity and the Golden Rule constitute an excellent basis for the reflection of modes of behaviors in all cultural contexts, as are the shared values. However, as "morals" are by definition culture-bound, acceptance of general values and abstract norms does not necessarily imply agreement when that norm has to be applied for the solution of a specific ethical issue in a specific context (Walzer, 1994).

In practical business (and personal) life a general support of global values, such as "justice" and "fairness," does not necessarily mean that corporate decision-makers all over the world understand the same and act coherently if and when their corporate responsibility guideline articulates "we treat everyone just and fairly." Obviously, it is easier for human beings to declare abstract common values than living by them in specific contexts. Moral terms, says Michael Walzer, "... have minimal and maximal meanings; we can standardly give thin and thick accounts of them, and the two accounts are appropriate to different contexts, serve different purposes" (Walzer, 1994; Ryle, 1968; Geertz, 1973). Reasonable people all over the world can agree that "justice" and "fairness" and, also, "truthfulness" or "freedom," *are* important values. However, this acknowledgment remains "thin" in the sense of abstract, general, and out of context. Even if and when the same, underlying values and norms are the basis of a judgment, differences in the valuations of conflicting norms can result in different judgments.

As people from different cultural backgrounds have different "framings" according to which they determine the moral relevance of an action or behavior, they give generally accepted terms to their own specific meaning. Therefore, moral deliberations must be done "in a thick manner, accounting for the specificities of the actual situation in which a decision has to be taken (…) The claim that we must all be heading in the same direction since there is only one direction in which good-hearted (or ideological correct) men and women can possibly march is an example of philosophical high-mindedness. But it does not fit our moral experience" (Walzer, 1994).

Translated into a corporate responsibility context, this means that articulating general values and developing respective general guidelines and codes of conduct are necessary tasks, but not sufficient to guide responsible action all over the world. Management at "headquarters" of a multinational corporation, if e.g. located in Central Europe, North America, or China, will base their moral judgment on specific actions according to their "thick" moral standards. The assumption that the guidelines and codes will be implemented all over the world in the same spirit as perceived to be appropriate "at home" is overly optimistic. It does not consider that normative judgments and decisions in a different cultural context mirror different perceptions about the "right thing to do" or the appropriate process to use. An effective discourse to determine transcultural corporate responsibility principles and standards must consider the plurality of local values and normative principles, even within complex cultures such as China. Respective responsibility guidelines and codes of conduct have to be made "thick" in the cultural and normative setting of the host countries.

Second Step: Analysis of local values and moral principles in the light of global values.

What was proposed in 1996 by Thomas Donaldson in his farsighted article, "Values in Tension: Ethics away from Home," is still valid today (Donaldson, 1996). To be able to manage culturally determined conflicts and tensions, international enterprises must create a global integrity culture that rewards ethical behavior all over the world. To be able to do that consistently, companies must develop managers who can spot cultural issues and are able to exercise good judgment when ethical conflicts arise. Ideally, responsible managers should act like *situation ethicists*, focusing on the consequences of their decisions in relation to the goals aspired. The right thing to do in critical situations "… depends on the case, and the solution of any moral issue is, therefore, quite relative. What is right is revealed in the facts. But once the relative course is chosen, the obligation to pursue it is absolute: The obligation is absolute, only the decision is relative, only the **how** is relative not the **why**" (Fletcher, 1996).

The global corporate values and the *essential* normative imperatives are non-negotiable absolutes; the ways to implement them, however, must be adapted to the specificities of the respective cultures. Judgment must be taken in the spirit of *principled pragmatism,* considering every important aspect of a given practice. Managers from headquarters as well as subsidiaries from different cultural settings should be part of that analysis and external specialists be available to assist and moderate. From my experience, moral standards and behavioral patterns in a given cultural setting ought to be analyzed and grouped into the following four categories:

> Some are **culture-neutral**. Respective guidelines can be applied unmodified all over the world. Examples are not only financial and accounting guidelines and environmental standards, but also human-rights-related policies and guidelines including non-tolerance of child labor and all forms of forced or compulsory labor.

> Some are ***different but do not pose a moral issue.*** With the judgment of such practices and standards, a company should develop and apply a *transcultural mindset* that views respective local traditions and perceptions as an enrichment of the corporate culture. Respecting diversity within a corridor of shared values and principles is also a core ethical value and, therefore, not to be neglected. Examples in this respect can be found in the field of marketing and advertisement. To be explicit again: it is not about non-negotiable duties such as telling the truth about risks and benefits of products or sponsoring "dubious services" for procurement managers or officials. What is meant here is e.g. hospitality and entertainment customs consistent with local practices or gifts permitted by local standards. As long as these can be dealt with in a transparent manner and do not create raised eyebrows in the light of international legitimacy perceptions, one should not intervene. Also, here, a useful assessment criterion is whether transparency can be created about the accepted modes of behavior: People all over the world have a pretty good intuitive judgment capacity ("gut feeling") to separate the sheep from the goat.[5]

> There can, however, also be traditional standards and behavioral patterns accepted or tolerated in the local culture but ***plainly unacceptable by international standards***. In this instance, a responsible company must intervene promptly, make clear that such modes of behavior are unacceptable and insist on zero-tolerance. Examples are all practices are where locally accepted standards violate the spirit of internationally proclaimed human rights. This includes all forms of discrimination and also the abuse of power for private gain. Companies competing with integrity (DeGeorge, 1993)[6] will strive for a global corporate culture in which the dignity of human beings all over the corporate world and on all levels of hierarchy is respected. All it needs to achieve that is top management´s will to do so and leaders who stand up for their values.

---

[5]   Many discussions with Chinese friends and colleagues led me to believe that there is a very good understanding of what constitutes a "good Guanxi" and what plain corruption is.

[6]   "Competing with integrity" is in a nutshell what corporate responsibility is all about.

Traditional standards and behavioral patterns that are ***related to the different stage of socio-economic development***. With regard to these, there is a fine line between making use of the competitive advantages of a low-income country socio-economic conditions (e.g. relatively low remuneration packages) and deplorable exploitation of precarious social circumstances in search of higher profits. Competing with integrity in this instance means e.g. with regard to the fairness and appropriateness of salaries and social benefits to at least meeting the living wage and social benefits criteria set by *rerum novarum*, (1891) and *quadrogesimo anno* (1931).[7] These parts of the Catholic social teaching were conceived at a time where the socio-economic conditions of the majority of people in Central Europa was comparable to those in many low-income countries today. Enlightened managers will, therefore, provide at least living wages and offer occupational pension schemes instead of exploiting the fact that unemployment is high and regulation low.

The same applies to environmental standards that today must all over the world reflect the fears about climate change, decline of biological diversity and overexploitation of non-renewable resources (SDSN, 2015). Outsourcing of production or of any other sensitive processes in search of softer legal or regulatory frameworks elsewhere is incompatible with integrity, defined as committing to work in consistency with values and normative imperatives that can be universalized, *as well as* in line with the available knowledge about the possible consequences.

Importantly in this context, while fighting specific deficits and inadequacies remains important, most often an "all things considered," judgment is appropriate and moral compromises can be legitimate as intermediate steps in a long-term corporate engagement (Brenkert, 2009). No single corporate actor can "change the world," but what he or she can and should do is organize the corporate activities in a way that makes them part of the solution and not part of the problem.

Third Step: Create a globally responsive corporate responsibility culture based on the World Ethos ideal.

Once the first two steps have been taken, a process must be initiated and supported that leads to a global corporate responsibility and integrity *culture*. The fabric of such a culture is made with decision-makers with moral maturity and civil courage. In such a corporate culture, decision-makers on all levels of the hierarchy act responsibly due to their respective *programming of the mind* as defined by Hofstede (2001) and not because their compliance managers tell them so. Their responsibility-related thinking, feeling, and acting, their beliefs, attitudes, and systems of values distinguish them from managers in other companies. The corporate spirit is reinforced by peer pressure sharing the same values and supported by performance appraisal criteria.

Such a corporate culture depends on personalities that are able to deal with responsibility-related guidelines and codes that are to a certain degree open, leaving implementation free for adaptation to cultural context specificities. Such personalities have the moral imagination (Werhane & Moriarty, 2009) to "translate" the corporate policies, guidelines and codes to be applicable in the specific cultural setting. A differentiation into "must", "ought to-" and "can" criteria (Dahrendorf, 1959; Carroll, 1993; Leisinger, 2011) makes sense

---

[7]   Also reading the Encyclical letters laborem exercens (1981), sollicitudo rei socialis (1987), fides et ratio (1998) and Centesius Annus (1991) offers inspiration for the corporate responsibility discourse.

because it allows for managers to use their moral free-space (Donaldson & Dunfee, 1999) to profile their company as "part of the solution." The "musts" are given by local legality and basic international legitimacy; the "ought to"-dimension comprehends an enlightened leadership interpretation of the requirements of the 2030 Agenda for Sustainable Development; the "can"-dimension comprehends affirmative action in areas where equality of opportunity and fairness is denied to specific groups of people due to the standards of the culture they live in. Optimally, the whole process of developing a transcultural responsibility framework should be done in dialogue with experts and accompanied by a corporation wide communication campaign.

A corporate reform process of this kind, however, needs business leaders with an amended profile. Corporate leadership profiles will also in future contain a high *cognitive intelligence (IQ)* and appropriate *technical intelligence* to master the particular challenges of particular businesses, to understand issues of strategic importance, and to run a complex organization. On top of this, corporate leaders are expected to be equipped with the *emotional and social intelligence* to perceive, assess, and manage their own emotions and those of the people they work with. They also should have *social competence* to get along with people regardless of social class or hierarchical rank. Last but not least, ideal leaders are blessed with *moral intelligence*, i.e. the mental capacity to apply universal normative principles to their personal values, goals, and actions. However, in times of globalization and cultural and normative diversity, additional competences gain importance.

Top managers able to professionally dealing with transcultural issues possess the cultural sensitivity and ethical "musicality" necessary to design a corridor of responsible practices that gets ownership by local employees and customers and still is acceptable by international norms. In order to be sustainably successful, bearers of responsibility must be able to move beyond cultural stereotypes and ethnocentric intellectual barriers. They are able to deal comfortably and respectfully with cultural diversity in the light of global values. Internationally engaged top managers should be "culturally multi-lingual," refrain from unqualified assumptions and inappropriate generalizations, and remain open for the revision of their own culturally determined thinking to adapt them in the light of new insights and experiences.

Of course, such personalities are not abundantly available. However, there is no way around the fact that human beings who are not only responsible for the next quarterly result but (also) for the economic, social and ecological impact of huge corporations and the welfare of thousands of employees must have competences commensurate with their power. No company acts only as an abstract legal institution. Corporate actions are brought out always through the many different people working at different levels of the hierarchy. One cannot separate "irresponsibility in the corporate conduct" from those who are responsible for the decisions that result in harmful practices. Neither responsible corporate conduct nor corporate misconduct "falls from heaven." The ultimate decision on a specific action or omission is always an individual moral decision, and such decisions in a corporate context are always a consequence of top management´s value mindset and their leadership styles.

The character of corporate leaders, their values, integrity, willingness to put corporate benefits over self-interest, social awareness, and ethical "musicality" make or break the quality of corporate conduct. Employees´ willingness to stand up with constructive criticism (Walumbwa, 2009), their intrinsic motivation to give their best while working (Piccolo, 2010) and their trust into the management, and, therefore, their commitment for the company (DeHoog & DenHartog, 2008) crucially depend on the ethical quality of leadership. Top management, by setting the tone from the top and exemplary modes of behavior, can direct

their corporations to tune into or neglect societal concerns and have the responsibility to do so (Swanson, 2009).

Not surprisingly major core characteristics of ethical leadership are endorsed on a worldwide level. Christian Resick and his colleagues chose six categories of ethical leadership characteristics and compared their importance in a number of countries (Resick, 2011):

Accountability
Consideration and respect for others
Fairness and non-discriminatory treatment
Character
Collective orientation: organization and social, and
Openness and flexibility.

All are supported all over the world but with differing degrees of importance in different cultural settings. For example, in the People´s Republic of China, in Hong Kong and, interestingly enough, also, in Germany, the dominant ethical leadership characteristics were paternalistic traits, such as "Consideration and Respect for others," "collective orientation," and "fairness." In the People´s Republic, corporate leaders are expected to take care of subordinates´ work and personal life by displaying parental behaviors.

In the U.S., Ireland, and Taiwan "Consideration and Respect for others," "collective orientation," and "fairness" were characteristics of ethical leadership, but they were less central (*ibid.*). In the U.S. managers, performance orientation is the most important cultural and professional value, and managers are expected to make decisions in the best interest of the company even if it harms personal or familial relationships. Managers in China, whose leadership style is influenced by Confucian values, are likely to take relationship and context into consideration to determine moral or ethical correctness: harmony and interpersonal relationships rank higher. Needless to say, such differences can create issues in a corporate context where Chinese and U.S. American managers work together.

Also, the *do no harm* commandment is a globally supported leadership imperative. Scott Vitell and Abhijit Patwardhan used cross-cultural samples of marketing practitioners from Spain, the United Kingdom, and China to examine the relationship between moral intensity, personal moral philosophies, and ethical decision-making (Vitell & Patwardhan, 2008). The results show interesting common features and the following noticeable differences:

Independent of cultural background and the specificities of the concrete situation decision-makers consistently considered the amount of "harm" that a particular decision might inflict on others before deciding upon a course of action – and all preferred solutions with less harm created.

With regard to personal moral philosophies, Chinese marketing managers seem to have a more flexible demarcation between right and wrong than managers from the UK, indicating that it would be desirable for global managers working in China to clearly codify desirable versus undesirable behaviors.

Not surprisingly, the more idealistic decision makers in all countries tended to be more likely to follow an ethical action and avoid questionable actions.

Also, with regard to *unethical leadership characteristics* there, is a worldwide common understanding. Christian Resick and his colleagues chose the following categories (Resick, 2011):

Acting in self-interest and misusing power;

Deception and dishonesty;

Lack of accountability, compliance and transparency;

Lack of personal values of moral code;

Incivility, and

Narrow or short-term focus.

"Acting in Self-Interest and misusing power," "deception and dishonesty," and "incivility" were important characteristics of unethical leadership in all countries, but, again, with different emphasis. The People´s Republic of China, Hong Kong, and, again, Germany, emphasized social relations with "incivility" as the dominant theme, followed by "acting in self-interest." Managers in the U.S., Ireland, and Taiwan focused on "acting in self-interest" and "deception and dishonesty" (*ibid.*).

The *focus on commonalities while remaining aware of differences* is the appropriate approach to dealing with the cultural differences of responsibility perceptions. The development and maintenance of a corporate integrity culture that is animated by a normative frame, as discussed here, depends on corporate leaders living up to what Hans Küng described as a "World Ethos" (Küng, Leisinger & Wieland, 2010).

Non-violence and reverence for life, i.e. the people whose decisions and actions have an influence on other people´s quality of life, ought to have the inner motivation to act in their professional and private life in a way that not only proactively avoids decisions and actions that create strife are also committed to find win-win solutions that respect pluralism of norms and interests. Article 1 of the Universal Declaration of Human Rights represents the basic signpost for the structure of decisions that are also in business life: *All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.* Taking note of the ongoing deplorable loss of biodiversity, the reverence for life imperative is gaining importance far beyond human life.

Justice and solidarity, i.e. the use of economic, hierarchical, or other forms of power ought to be moderated by the spirit of the Golden Rule; realizing legitimate self-interest and using competitive advantages for the benefit o the company, which are preconditions for innovation and the growth of productive capacity, must be tempered by accompanying longer-term considerations of fairness and integrity, as well as the an affirmative answer to the question of whether or not decisions taken and actions done can be explained to a critical court of public opinion.

Honesty and tolerance, i.e. the cultivation truthfulness and reliability in all business transactions, as well as the tolerance of the diversity of cultural norms and political convictions, as long as they do not violate global norms and values; as such, behavioral norms are fundamental for long-term corporate success corporate target setting, performance appraisals, and bonus systems must be amended to support and reward such behavior.

Mutual esteem and partnership, i.e. to not only resist a "command and control" management style because of the hierarchical power to do so inside the company, but also to respect the "otherness" of corporate stakeholders. The complexity and dimension of today´s problems and, therefore, the complexity of solutions, necessitates (carefully managed!) "crowd intelligence," the aggregation and analysis of information in groups that leads almost by definition to better results than can be done by individuals: The "many are smarter than the few" (Surowiecki, 2004), and collective wisdom is more likely to solve complex problems; this is particularly so if and when dilemmas must be resolved.

Breaking down these normative imperatives and making them operational in daily business affairs while always being aware of the existence of a "cultural iceberg" [8] is the crucial but difficult task international managers have. It is, however, a precondition for the development of trust with internal and external stakeholders. Once all implicit and informal "rules of the game" are known, reasons that determine a decision are better understood. The fact that top management cares about cultural pluralism and actively works for a transcultural understanding of its values helps to create a new, more complex kind of "we"–feeling and a holistic corporate identity. This, again, is likely to sharpen value consciousness, raise motivation, and spur creativity. These are all convincing arguments for a "business case" of transculturally understood corporate responsibility, in addition to those discussed in the past (Margolis & Walsh, 2001; Orlitzky, Schmit, & Rynes, 2003; Kelly, 2004; Kurucz, Colbert, & Wheeler, 2009).

Outlook

My professional experience taught me that only a small minority of international top leaders are sensitive to the issues discussed here and willing to invest the time for reflection and the necessary resources to find transculturally sustainable solutions. With regard to cultural diversity and normative pluralism work by trial and error seems to be the preferred (though highly risky) approach. If and when conduct that might be perceived to be "normal" in one culture but not acceptable on the basis of global norms, the following public outcry should motivate a company to analyze the issue with the help of external experts. Unfortunately, this is seldom the case; companies normally hasten to get the "public issue" of the table as fast as possible and go on with a slightly modified "business as usual." This is a striking similarity to the stage of moral development that Lawrence Kohlberg called "obedience and punishment" orientation (Kohlberg, 1983). Leadership, however, is not defined by reacting to negative experiences. Leadership means to deal with issues proactively with a "social contract" if not "universal ethical principles" orientation.

We still deal with very *normal* human beings and, therefore, with bounded ethicality (Simon, 1959 & Kahneman, 2011), blind spots (Bazerman & Tenbrunsel, 2011), framing (Druckman, 2011), groupthink (Janis, 1982), and conflicts of interests. The World Bank dedicated a whole World Development Report to the multiple behavioral, psychological, and social factors affecting whether a policy succeeds or fails (World Bank, 2015). It would be naïve to neglect this knowledge and argue as if we deal with *ideal* human beings. However, if leaders are motivated to practice mindfulness, to show respect and sensitivity to all their fellow human beings regardless of hierarchical grading and in all cultural settings, the potential for misunderstandings, confusion, and conflicts due to cultural differences shrinks.

---

[8]   The "iceberg metaphor" developed by Sigmund Freud in his psychiatric practice can also be used for the discourse of cultural matters. As with an iceberg, the visible "factual level" of a message is only a small part of the whole communication. The underlying sentiments, value propositions, and implicit convictions remain invisible "under water."

I am aware that all this means additional burdens for managers that are already dedicating 100% of their capacity to business. If and when the issues mentioned here are taken as seriously as they should be, it needs a different leadership personality, professionals who distinguish themselves from mere subject matter experts. Among the additional competences of such leaders are "ethical musicality," "cultural sensitivity," and "societal intelligence and competence" (Leisinger, 2016). However, then, the importance of emerging countries like China, India, and others is likely to grow not only in economic terms but also with regard to their normative shaping power. The time when a few Western industrial countries were able to determine what is right for the rest of the world has come to an end – and rightfully so. Geert Hofstede wrote in the preface to the first edition of his seminal book, *Culture´s Consequences,* a message that – 35 years later – gains even more significance for the business sector: "The survival of mankind will depend to a large extent on the ability of people who think differently to act together. International collaboration presupposes some understanding of where other´s thinking differs from ours. Exploring the way in which nationality predisposes our thinking is therefore not an intellectual luxury. A better understanding of invisible cultural differences is one of the main contributions the social sciences can make to practical policy makers in governments, organizations, and institutions – and to ordinary citizens" (Hofstede, 1980).

References

Bazerman, M. H., & Tenbrunsel, A. E. (2011). *Blind spots: Why we fail to do what's right and what to do about it*. New Jersey: Princeton University Press.

Birkinshaw, J., & Piramal, G. (2005). *Sumantra Goshal on management: A force for good*. Harlow: FT Prentice Hall.

Brenkert, G. (2009). Google, human rights, and moral compromise. *Journal of Business Ethics*, 85, 468ff.

Carroll, A. B. (1993). *Business and society: Ethics and stakeholder management*. Cincinnati.

Carroll, A. B. (2008). *A history of corporate social responsibility*. New York: The Oxford Handbook of Corporate Social Responsibility.

Dahrendorf, R. (1959). *Homo sociologicus*. Köln: Opladen.

DeGeorge, R. (1993). *Competing with integrity in international business*. London: Oxford University Press.

DeHoog, A. H. B., & DenHartog, D. (2008). Ethical and despotic leadership, relationships with leader´s social responsibility, top management team effectiveness and subordinates´ optimism: A multi-level study. *The Leadership Quarterly*, *19,* 297-311.

Donaldson, T. (1996). Values in tension: Ethics Away from home. *HBR*, September-October, 48-62.

Donaldson, T., & Dunfee, T. W. (1999). Ties that bind: A social contracts approach to business ethics. Boston: Harvard Business School Press.

Druckman, J. N. (2011). The implications of framing effects for citizen competence. *Political Behavior, 23*(3), 225-256.

European Commission. (2011). A renewed EU strategy 2011-14 for Corporate Social Responsibility. Retrieved from http://ec.europa.eu/enterprise/newsroom/cf/_getdocument.cfm?doc_id=7010.

European Court of Human Rights & Council of Europe. (2011). The Handbook on European non-Discrimination Law. Retrieved from http://fra.europa.eu/en/publication/2011/handbook-european-non-discrimination-law.

Fletcher, J. (1996). *Situation ethics*. Louisville: Westminster John Knox Press.

Ford, E., Lewis, L., & Dean, J. (2013). Glaxo's travel agents organized bribes and prostitutes, say police. Retrieved from http://www.thetimes.co.uk/tto/business/industries/health/article3816774.ece.

Friedman, M. (1962). *Capitalism and freedom*. Chicago: The University of Chicago Press.

Geertz, C. (1973). *The interpretation of culture*. New York: Basic Books.

Hofstede, G. (2001). *Culture´s consequences, 2nd edition*. London: Sage.

House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., & Gupta, V. (2004). *Culture, leadership, and organizations*. London: Sage.

Huntington, S. (1996). *The clash of civilizations and the remaking of world order*. New York: Simon & Schuster.

Janis, I. L. (1982). *Groupthink. Psychological Studies of Policy Decision and Fiascoes*. Houghton Mifflin Company.

Kahneman, S. (2011). T*hinking fast and slow*. New York: Farrar, Straus and Giroux.

Kelly, M. (2004). Holy Grail Found. Absolute, positive, definitive proof CSR pays off financially. *Business Ethics*, 18(4).

Kohlberg, L. (1983). *Essays on moral development: The philosophy of moral development*. San Francisco: Harper and Row.

Kohlberg, L. (1983). *Moral stages: A current formulation and a response to critics*. Basel: Karger.

Küng, H., Leisinger, K.M., & Wieland, J. (2010). *Manifesto Global Economic Ethic. Consequences and Challenges for Global Businesses*. Munich: dtv.

Kurucz, E. C., Colbert, B. A., & Wheeler, D. (2009). The business case for corporate social responsibility. *The Oxford Handbook of Corporate Social Responsibility,* 83-112.

Leisinger, K. M. (2003). *Whistleblowing und corporate reputation management*. Munich: sfwu.

Leisinger, K. M. (2011). *Corporate responsibilities for pharmaceutical corporation*. Oxford: Oxford University Press.

Leisinger, K. M. (2014). *Global values for global development*. Retrieved from http://unsdsn.org/resources/publications/global-values-for-global-development/.

Leisinger, K.M. (2015). Corporate sustainability, global values and pluralistic societies: What can we know? What ought we to do? What may we hope? Key Lecture given at the 5th World Sustainability Forum, Basel September 8th, 2015. Retrievable from http://www.globalewertealllianz.ch/en/publications/.

Mayer, C. H., & Boness, C. (2003). Südfrikanische Kulturstandards: Handungsrelevantes Wissen für Fach- und Führungskräfte. *Africa Spectrum*, *38,* 173-196.

Margolis, J. D., & Walsh, J. P. (2001). *People and profits. The Search for a Link between a Company's Social and Financial Performance.* New Jersey: Lawrence Erlbaum Associates, Publishers.

Millington, A., Eberhardt, M., & Wilkinson, B. (2005). Gift giving, guanxi and illicit payments in buyer-supplier relations in China: Analyzing the experience of UK companies. *Journal of Business Ethics*, *57,* 255-268.

Nie, J. (2011). *Medical ethics in China: A transcultural interpretation*. New York: Routledge.

Orlitzky, M., Schmidt, F. L., & Rynes, S. L. (2003). Corporate social and financial performance. A Meta-analysis. *Organization Studies*, *24*(3), 403-441.

Piccolo, R. F. (2010). The relation between ethical leadership and core job characteristics. *Journal of Organizational Behavior*, *31,* 259-278.

Resick, C. (2011). What ethical leadership means to me: Asian, American, and European perspectives. *Journal of Business Ethics*, *101,* 442-452.

Riegler, A. (2005). The constructivist challenge. *Constructivist Foundation*, *1*(1), 1-8.

Ryle, G. (1968). *What is "Le Penseur" doing?* Retrieved from http://lucy.ukc.ac.uk/CSACSIA/vol14/papers/ryle_1.html.

SDSN, Sustainable Development Solutions Network (2015). Retrievable from www.unsdsn.org.

Simon, H. (1959). Theories of decision making in economics and behavioral science. *American Economic Review*, *49*(3), 253-283.

Surowiecki, J. (2004). *The wisdom of the crowds: Why the many are smarter than the few and how collective wisdom shapes business, economies, societies, and nations*. New York: Doubleday.

Swanson, D. L. (2009). Top managers as drivers for corporate social responsibility. *The Oxford Handbook of Corporate Social Responsibility*, 227-245.

United Nations. (2000). U*nited Nations millennium declaration.* Retrieved from http://www.un.org/millennium/declaration/ares552e.htm.

United Nations Conference on Sustainable Development. (2012). *The future we want*. Retrieved from http://www.uncsd2012.org/content/documents/727The%20Future%20We%20Want%2019%20June%201230pm.pdf.

United Nations Global Compact. (2005). Retrieved from https://www.unglobalcompact.org/.

UNESCO. (1945). *UNESCO Constitution*. Retrieved from http://portal.unesco.org/en/ev.php-URL_ID=15244&URL_DO=DO_TOPIC&URL_SECTION=201.html.

UNESCO. (1999). *Common framework for the ethics of the 21st century*. Retrieved from http://unesdoc.unesco.org/images/0011/001176/117622eo.pdf.

UNESCO. (2000). *World culture report 2000, cultural diversity, conflict and pluralism*. Paris: UNESCO Publishing.

UNICRI. Environmental Crimes. Retrieved from http://www.unicri.it/topics/environmental/

UN Sustainable Development Knowledge Platform. Retrieved from https://sustainabledevelopment.un.org/post2015/transformingourworld.

Visser, W. (2009). *Corporate social responsibility in developing countries*. Oxford: The Oxford University Press.

Vitell, S. J., & Patwardhan, A. (2008). The role of moral intensity and moral philosophy in ethical decision making: A cross-cultural comparison of China and the European Union. *Business Ethics: A European Review*, 17, 197ff.

Walumbwa, F. O., & Schaubroeck, J. (2009). Leader personality traits and employee voice behavior: mediating roles of ethical leadership and workgroup psychological safety. *Journal of Applied Psychology*, *94,* 127-1286.

Walzer, M. (1994). *Thick and thin, moral argument at home and abroa*d. Notre Dame: Notre Dame University Press.

Werhane, P. H., & Moriarty, B. (2009). *Moral imagination and management decision making*. Retrieved from http://www.corporate-ethics.org/pdf/moral_imagination.pdf.

Wieland, J. (2014). *Governance ethics: Global value creation, economic organization and normativity*.

Heidelberg/New York: Springer.

Wikipedia. Space Shuttle Challenger Disaster. Retrieved from
http://en.wikipedia.org/wiki/Space_Shuttle_Challenger_disaster.

World Commission on Culture and Development. (1996). *Our creative diversity*. Retrieved from
http://unesdoc.unesco.org/images/0010/001055/105586e.pdf.

World Bank. (2015). *World development report 2015: Mind, Society, and Behavior*. Retrieved from
http://www.worldbank.org/en/publication/wdr2015.

World's Religions. (1993). *Declaration of the parliament of the world's religions.* Retrieved from
http://www.weltethos.org/index.php.

Global Ethos, Law, and Economy[1]

Eberhard Stilz

Constitutional Court of Baden-Württemberg, Germany

Abstract: This article shows interactions and intersections between the Global Ethic on one side and Law and Economy on the other side. It reflects that Law must be based on ethics and needs more and more an international approach; it reports, as an example, a partnership program between Chinese and German courts. At the same time, law and ethics became increasingly important for the world of business. This is why universal ethical principles are needed and can be found in the project Global Ethos of Hans Küng. The Global Economy Ethic Manifesto has shown the importance of this approach and the key elements for its implementation. However, implementation remains a challenge and a constant task.

Keywords: Global ethics; ethos; values; law; economy; implementation; Chinese-German Court Partnership Program

Introduction

In my short presentation, I will not attempt to present in detail the idea and the tasks of the Global Ethos Foundation. Founded in 1995 by Hans Küng, this foundation works on the vision of a global change of awareness of ethics. People depend on shared fundamental ethical values for a peaceful coexistence. Hans Küng has shown that such values are to be found in all great religious and philosophical traditions but sometimes must be raised to people's awareness. You will find more details on our homepage.[2]

I do see the concepts of the Global Ethos as an essential approach to overcoming present-day global problems, and I am convinced that everyone who is in a position to make a contribution to the improvement of the world must do so. This is true, as well, for the world of economy. Business companies, most of all those who operate in international competition, need global ethical and intercultural expertise, as well. At the same time, law, including the law of companies, is based on ethical principles and is providing the framework for economy everywhere.

As I have gathered experience in four decades of professional life in the fields of law and justice and, increasingly, also, in the economic sphere, I will try to highlight these two spheres in their intersections with the Global Ethic.

The Global Ethic Interacts with Law and Economy

Law and Justice

It has been known from time immemorial that law must be founded on morals. As Horace long ago said: "*Quidquid leges sine moribus.*"[3] However, the precise relationship of ethics and law is, nonetheless, a subject of dispute to this day. The notion of law as an ethical minimum is no longer tenable. On the contrary, in many

---

[1] Presentation at the Vincentian Business Ethics Conference, New York, October 22 – 24, 2015, extended by a short report about the Chinese-German Court Partnership Program.
[2] www.weltethos.org
[3] What good are laws without morals.

respects, legal rights and duties nowadays go far beyond ethical imperatives.   At the same time, jurisprudence deals, under the heading "ethicization of the law," with, for example, the question of whether ethics is not increasingly taking possession of law and watering it down.

When speaking of "law," most jurists think of their own national legal system. However, the world of jurists is also becoming increasingly global. It is part of a transcultural discourse and is concerned more and more frequently with issues that call for an international perspective. However, this also assumes the need for reflection on the ethical foundations of law in other parts of the world and requires a search for values, which are binding because they are consistent with one another.

On this point, I would like to tell you about my personal, practical experience in international legal exchange and legal dialogue. At the time of German reunification, I was given the task of developing a free democratic legal system and judiciary in Saxony, one of the new federal states. After forty years of communism, two legal and cultural environments that had developed along completely different lines had to be joined together. Later, I was involved in the process of transforming some former Soviet Republics into constitutional states and members of the Council of Europe. Finally, I am entrusted for many years with the project of partnerships between Chinese and German courts, stabilizing the rule of law and modern legal thinking but supporting business and global understanding at the same time, as well.

This kind of work makes little sense and can scarcely be successful if an attempt is not made at the start to find a common value basis. My experience is that this is possible. Values can, in fact, be found with which people all over the world can identify. These are the values that *Hans Küng* has described in his World Ethos Project:

> Non-violence and respect for life
> Justice and solidarity
> Honest and tolerance, and
> Mutual esteem and partnership.

On the basis of these common values, it is not only easier to work towards a new legal system. If one works out in principle and feels, as well, how close law professionals are together on fundamental questions, then peaceful, fruitful, and cooperative work becomes possible. I want to show this, as well, in the example of another project I have been working on for several years.

The partnership between Chinese and German Courts. On April 27, 2010, the first German-Chinese Court Partnership was established. As then President of the Oberlandesgericht[4], Stuttgart, I signed at Zhengzhou, capital of the Chinese Province of Henan, together with the President of the High Peoples Court of Justice of this province, a document establishing a formal partnership between the two courts[5]. The differences between the partners seemed to be enormous. Henan is the biggest Chinese province, having more than 100 million inhabitants, whereas the district of my court had only about 7 million citizens. More important, surely, were the differences not only in the details of law, but, as well, in basic constitutional principles.

Nevertheless, there developed rapidly astonishing openness and intensive interest between the two parties, as we didn't put in front the differences, but the commonalities. Clearly enough, the Chinese people have an

---

[4] High Appellate Court.
[5] See China-Report 2011, p. 1.

old and deep inclination to the topic of justice, and, absent a predominating, traditional religious tradition, they are seeking a system of values for orientation. Moreover, some of the principles now recognized as global ethic rules have been first mentioned and elaborated by *Confucius*, such as the so called Golden Rule[6].

As news spread about this inspiring cooperation, judges from other provinces wanted to be part of it, as well. There was need of a better-organized and broader-financed project. Help came from the Robert Bosch Foundation; together with the GIZ[7], this remarkable foundation overtook this duty. Now there are already five partnerships between the High Peoples Courts in China and the High Appellate Courts in Germany, each one exchanging each year 10 judges to teach and to learn the other one's points of view, ethics, and solutions. When this article is published, the program will be most probably crowned by a partnership even between the Supreme Courts of both countries.

This project is fine for supporting global understanding. However, it helps, as well, developing the rule of law, ethics-based law, legal certainty, and modern legal thinking. By this means, it helps at the same time making business – internal and in the global exchange – much easier and more stable. Also, it turns out that jurists worldwide have to solve similar problems of living, working, and doing business together. In many cases, they come to quite similar solutions.

Cultural differences and basic consensus. Where this is not the case, it is mostly due to the specific understanding of values, which has crystallized in the different cultural environments. Such differences are a matter of course, also, among friends. Take for example the different understanding of data protection and freedom in the USA on the one hand and continental Europe on the other. Even more, there is no denying the fact of a fundamental difference between the understanding of individual rights in east and west, at least since the Enlightenment brought basic change into western thinking. Such differences must be realized and considered open-minded, but without trying to convince the other side that your own way of thinking is better or superior. They do not, however, disprove the existence of a basic stock of values enjoying global validity.

The need to live together in increasingly complex societies requires a minimum of orientation and reliability; that is to say, it requires norms. In the long socio-dynamic process of the humanization of man, value systems have developed everywhere in the world. These include relative values, which have only found recognition in a restricted cultural circle, and, also, values that are common to all mankind. UNESCO awards the title of World Cultural Heritage. The basic stock of values, which all human beings have in common, would have truly deserved this title, as the **World *Values* Heritage,** is the foundation of every culture.

Such a focus would anchor the values all human beings share even more strongly in the consciousness of mankind. Albert Einstein once said about truth that it resembles a statue that stands in the desert and is continually threatened with burial by the shifting sands. Active hands are needed to dig the statue out and keep it visible. This is also true about our awareness of values. We must reflect on and talk about these values in order to maintain or create a broad awareness of them, as this awareness leads to true tolerance in regard to the differences between people. It is the foundation of international law, enables fruitful discussions with one another, and converts a backward-looking "clash of civilizations" into a peaceful competition between ideas. However, the second sphere of my experience seems to me equally important today.

---

[6] Ethic of reciprocity: "Never impose on others what you would not choose for yourself"; similiar see, as well, *Laozi* and *Mozi*.
[7] A german governmental organization providing services worldwide in the field of international cooperation for sustainable development (see www.giz.de)

Economic Ethics

The Manifesto for a Global Economic Ethic defines a global economic ethic in its preamble as a common fundamental vision of legitimacy, justice, and fairness. It thus explicitly includes the idea of law and its global dimension in the foundations of an economic ethic. This is certainly correct if one considers the immense significance of a continually growing international legal framework for the economy. This fits in with my professional experience, which is not directly concerned with economic ethics but with economic law. I have gathered this experience over a period of 25 years in my activities as a judge, arbitrator, and mediator in problem cases and disputes within and between enterprises and over 15 years as a member of a big company-affiliated foundation, the Robert Bosch Stiftung. There are many quotations from *Robert Bosch*, which could still be included in the foundations of business ethics today. One, which I find particularly congenial, runs: "I would prefer to lose money rather than trust." Less than ten years ago, the global economy slid into a fundamental crisis because increasingly less attention was paid to this sentence in many enterprises. Indeed, they turned it into its opposite. Klaus M. Leisinger (2010) has vividly illustrated this process in his important contribution to business and management ethics in the *Manifesto for a Global Economic Ethic*.

I am far from believing that much can be gained simply by writing codes of conduct and rules of governance. Paper is patient. In some of my cases, I have even taken the liberty of confronting managers involved in disputes with sentences from the bombastic codes on their own home pages. The majority were not even acquainted with them or had obviously never concerned themselves with their importance.

Nonetheless, such rules in written form are indispensable. However, it is not enough to hand their elaboration over to the compliance department or even to a consulting firm. I know one enterprise in which the management board itself drafted a "house of orientations" in workshops without outside assistance and, after discussing it with its staff worldwide, made the corresponding modifications. That is effective.

The "tone from the top" must, however, be sustainable and unambiguous. To this end, one enterprise I know ensured that its staff was regularly acquainted with vivid examples from the enterprise itself. Here is an example: a middle manager had the task of "landing" an important contract. He received an unethical proposal from an employee of the other side, namely information that would guarantee the award of the contract in return for cash. He did not accept, but reported back to his superiors. The enterprise decided to back out of the competition for the contract. The staff member was not only treated as if he had won the contract, but was also promoted.

On the Way to Implementation

This enterprise and this staff member obviously possess what *Patricia Werhane* calls "*moral imagination,*" the ability to overcome an intellectual confinement to the direct maximization of profits. What matters is that this should not be a single case. If there were only one enterprise involved in global competition that behaved in a strictly ethical way, it would probably soon go bankrupt. Conversely, the more enterprises of this kind there are, preferably spread out over as many parts of the world as possible, the easier moral behavior will be in regard to its economic consequences and the more likely it will become the standard with the resulting pulling effects on other enterprises.

Along this road, the law makes a necessary contribution. Everywhere in the world, there are strict and often very detailed and complicated legal regulations on compliance. In all the states that I know, for example, corruption is subject to penalties, which are sometimes draconian. As has been said, this is necessary so that

the law can be rigidly implemented. However, it is obviously not sufficient. The example of corruption alone is an adequate proof of this.

Josef Wieland (2010) has shown how much the formal control must be supplemented by informal mechanisms. Ethical principles must provide the stable foundation for all compliance. They can be felt and lived, as we can rediscover them in ourselves and in our consciences. If the rules are designed to apply to a global economy, they may not simply absolutize the thinking of one cultural circle but must credibly claim validity throughout the world. The *Manifesto Global Economic Ethic* achieves this goal by invoking the principles of a global ethics.

The problem of implementation remains. We must think about it constantly, and we must work for it - also at this congress. It is a huge challenge, but there is no cause for resignation. Enterprises are learning entities. More and more of them are drawing the right conclusions from moral aberrations, which sooner or later lead to a financial disaster. We are thankful to scientists like yourselves to whom we owe precise methods, which can help us. What is more, the words of Albert Schweitzer (1923) are still valid today, with which I would like to end:

> Those who wish to promote our thinking on ethics in some way are working on the coming of prosperity and peace in the world. They are pursuing higher forms of politics and national economy. And if their abilities only suffice to bring back ethical reflection again, then they have already achieved something important. All reflection on ethics leads to an elevation and stimulation of ethical convictions.

References

Leisinger, M. K. (2010). Business ethics by manager ethics. *Manifesto Global Economic Ethos*, *176*.

Leisinger, M. K., & Wieland, J. (2015). The global economic manifesto: A retrospective. *Business & Professional Ethics Journal*, *34*(1), 121-126.

Schweitzer , A. (1923). *Kulturphilosophie*. C.H.Beck S.108.

Wieland, J. (2010). How can we manage values? *Manifesto Global Economic Ethos*, *223*.

Werhane, P. (2015). Global economic ethic – Consequences for global business: A response. *Business & Professional Ethics Journal*, *34*(1), 131-135.

How Do Different Elderly-care Patterns Affect Subjective Well-being of Elderly People in Rural China?
Case of Shandong Province[1]

Yuxuan Chen
School of Mathematics, Shandong University

Li Li
Institute of International Economy, University of International Business and Economics

Dong Chen
School of Economics, Shandong University

Abstract: The alarmingly high suicide rate among elderly people warrants improvements in elderly-care patterns in rural China. By using first-hand data from rural areas in Shandong, a typical province in China, this paper employs overall well-being and emotional well-being to measure Subjective Well-being (SWB) and further examines the impact of three elderly-care patterns, as well as their respective dimensions /determinants. Comparative studies are also made between empty nesters and non-empty nesters. The empirical findings show that family elderly-care is still important to elderly people's SWB, although its influence is in decline. The New Rural Pension Insurance Scheme, representing social elderly-care, while improving life satisfaction, currently plays a limited role due to the fact that the pensions are very low. Those elderly people who rely on self-care, featuring an independent source of income, living with spouse, and engaging frequently in social and entertainment activities, are prone to make positive assessment on SWB. Compared with non-empty nesters, the empty nesters' SWB is more dependent on personal sources of income and elderly-care facilities.

Keywords: Elderly-care pattern; subjective well-being (SWB); empty nesters

Introduction

Sustainability has become a buzz topic globally. The Millennium Development Goals (MDGs) established in the year 2000, has made a real difference in people's lives, and this progress will be expanded with the launch of sustainable development agenda in September 2015. This new agenda goes far beyond "we can end poverty" by MDGs and proposes more sustainable development goals for which "to ensure healthy lives and promote wellbeing for all at all ages" is an important issue. Under the background of global aging population, it is more realistic to promote wellbeing for elderly people.

China's aging population has given rise to some thorny problems, especially in the rural areas. The alarmingly high suicide rate among elderly people is one of them and has revealed a slew of problems that the government and the society as a whole should attend to. According to *China Daily's* report on August 6, 2014, the suicide rate among the rural elderly has increased from 100 per 100,000 to 500 per 100,000 in two decades. "It seems that death is nothing to fear, and suicide is a normal, even a happy, end" (Liu, 2014). A research by

---

Hong Kong University further indicates that the 70-74 age group has been keeping a high rate of completed suicide from 2002 to 2011, reaching 41.7 per 100,000, which is four to five times higher than the world average and ranks the first in the world (Wang et al., 2014).

There is more to it than the alarming figures. On the one hand, suicide rates among elderly people are much higher in rural areas than in urban areas, and the gap between rural and urban becomes wider with age advancement. As indicated in Figure 1, the gap of suicide rate is around 20.0 per 100,000 for the 60-74 age group, 40.0-50.0 per 100,000 for the 75-84 age group, and 70.0 per 100,000 for the over-85 age group in 2012. On the other hand, in the 1980s, younger people accounted for 64 percent of all suicides committed in rural areas, while elderly people made up only about 15 percent. A drastic reversal in the suicide trend has been noticed in China in the 21st century, with 80 percent of reported suicides in rural areas being committed by elderly people as opposed to only 10 percent by younger people. All of these facts make it a major task in the long-term battle to curb the rising suicide rate, improve wellbeing of elderly people, and accomplish sustainable development in rural China.
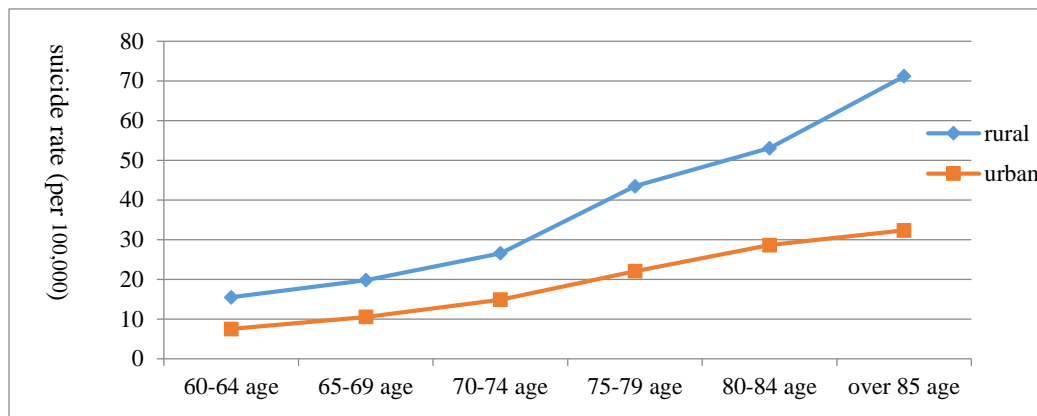

Figure 1. Rural and Urban Difference in Suicide Rate among the Elderly in China in 2012[2]

Harsh living conditions, critical illness, and emotional loneliness drive the wave of suicides among the rural elderly (Liu, 2014). In other words, suicide is always a combination of both physical and mental problems. It is important to improve elderly-care patterns with economic and social changes to cut suicide rates. As we know, it has been a tradition for several thousand years in China's rural areas to "raise children to provide for old age" and to value filial piety to attend to the elderly. However, many elderly people in rural areas can no longer depend on their children, since hundreds of millions of young farmers rush to coastal cities as migrant workers. Even if they have made some money and want to settle down, they usually choose to bring their children, who were once raised by grandparents, to the city and leave the elderly at home unattended. Although the over-60 age group can resort to social elderly-care and receive a monthly pension (less than 100 yuan) from the government, such a low pension is far from being sufficient for a decent living. Then, the rural elderly has no choice but to rely on themselves. At the same time, the dire shortage of elderly-care facilities in most of China's rural areas is making things worse. When left-behind, rural elderly are unable to take care of

---

[2] Ministry of Health, China. China Health Statistics Yearbook. Available at
http://www.moh.gov.cn/htmlfiles/zwgkzt/ptjnj/year2013/index2013.html

themselves and nursing homes are not available, it is natural for them to feel desperate and hopeless, and, finally, many choose to end their life. To a great extent, the increasing suicide rate and deteriorating well-being among elderly people puts forward higher requirements for improvement of elderly-care patterns in rural China.

The ensuing question is how to measure the well-being of elderly people. The China Central Television Network (CCTV) once made a social investigation of the question "Are you happy?" The investigation ended in miscellaneous answers, but these answers point out that well-being is subjective, involving material and mental qualities (Knight et al., 2009), as well as positive and negative emotions. Therefore, this paper attempts to adopt subjective well-being (SWB) to measure living quality, defining three elderly-care patterns: family elderly-care, social elderly-care and self-care, and then examines how the different elderly-care patterns affect SWB among elderly people in rural China.

Literature Review

Elderly-care Patterns in Different Countries

The existing literature indicates the elderly-care pattern varies across countries. The developed countries have long established full-fledged elderly-care systems, and the elderly have independent sources of income. Correspondingly, research focus is mainly on life care and living arrangement. In other words, the issue with whom the elderly live --- a partner, children, parents, siblings, or unrelated persons --- is extensively studied (Joutsenniemi, 2007). For example, Orsini (2010) found elderly people prefer to live with relatives and friends to get informal care, since less generous reimbursement policies lead to a greater fraction of elderly giving up independent living, while the elderly living alone are in greater need of formal care provided by the government. The two elderly-care patterns are substitutive in developed countries. Similarly, there are many formal long-term elderly-care patterns, besides the informal one, in the U.S. (Engelhardt & Stanley, 2010). Unlike developed countries, there are three basic patterns in China, which are family elderly-care, social elderly-care, and self-care. Researchers have reached consensus regarding the dimensions in different elderly-care patterns, i.e., source of income, living arrangement, life care, and spiritual comfort for elderly people.

Impact of Elderly-care Pattern on Living Quality

So far, the existing research regarding the impact of elderly-care patterns and dimensions on living quality mainly center around two areas. One is the effect of elderly-care patterns on death rates or life spans of elderly people. Lund et al. (2002) showed in the US that individuals living alone had a significantly higher mortality than those living with someone else. Li et al. (2009) also found the baseline living arrangements significantly affect mortality, activities of daily living (ADL), disabilities, and self-rated health (SRH). The other area is the effect of elderly-care patterns on the health of elderly people. For example, Zunzunegui et al. (2001) used multivariate analysis controlling for age, gender, education, and functional status to show that low emotional support and reception of instrumental aid were significantly associated with poor SRH. A widower living with children has better SRH than a widower living alone, and depressive symptoms are usually associated with a lack of emotional support and reception of instrumental help. Similarly, Hughes and Waite (2002) focused on people aged 51-61 and found prospective links between household structures and SRH, mobility limitation, and depressive symptoms. Married couples living alone or with children are the most advantaged, while single women living with children appear disadvantaged on all health indicators.

With the increasing demand for better living quality, it is not enough to purely study health and the life span of the elderly. As SWB could comprehensively measure health conditions, economic well-being, and emotional states (Diener et al., 1999), it has been widely used and becomes a hotspot of academic research. That's why more and more scholars are inclined to examine the effect of elderly-care patterns and dimensions on the well-being of elderly people. Chen and Silverstein (2000) studied the relationship between intergenerational social support and psychological well-being of older parents in China and found the support from children and parents' satisfaction of children can significantly improve the psychological well-being of older parents. Chen and Short (2008) investigated the importance of the household context to SWB among the oldest old (aged 80 years and over) in China. Using data from the Chinese Longitudinal Healthy Longevity Survey (CLHLS), they found that living arrangements have strong implications for elderly people's emotional health, and living alone is associated with lower subjective well-being. Poterba (2014) found social security is the most important source of support for the elderly individuals in the bottom half of the income distribution, and program changes would directly affect their well-being.

In sharp contrast, the literature about the impact of different elderly-care patterns on SWB of elderly people in rural China leaves much to be desired, although the alarmingly high suicide rate among elderly people warrants greater attention and effort. The reason is rooted in the long-term deficiency of social elderly-care in rural China. As we know, the Chinese government introduced the New Rural Pension Insurance Scheme (NRPIS) in 2009. By March 2010, pilot programs had been launched in 320 experimental counties in 27 provinces and four municipalities, including Beijing, Tianjin, Shanghai and Chongqing, covering 11.8 percent of the total elderly population; 15.7 million rural residents aged 60 and over in the pilot areas have received the basic pension and 46.85 million (more than 50 percent of local residents) participated in the pension scheme with individual contributions. NRPIS could provide rural residents with a stable source of income in their old age and, thus, help improve elderly people's standard of living. Nevertheless, the policy has been implemented for just several years, and its effect is waiting to be examined yet.

A special group, named as empty nesters, in rural China requires additional attention. A report on China's Aging Development released by the Chinese Academy of Social Sciences revealed that China's elderly aged 60 and over totaled 194 million by the end of 2012; 51 percent were empty nesters. By 2030, the proportion of empty-nest elderly household will reach 90 percent of the elderly population. This is especially true for the rural elderly, since a vast number of the youngsters from low-income families have been emigrating from their hometowns to big cities (Clemens, 2011) to live and work. Existing literature indicates that empty nesters are more vulnerable than non-empty nesters because they have not only greater demand for family care, but also stronger loneliness and worse physical and psychological health (Corewell & Waite, 2009). However, so far, few researches have studied the impact of elderly-care patterns on the empty nesters' SWB, although they are in dire lack of family care and intergenerational support. For this reason, this paper also attempts to compare the impact of elderly-care patterns on the SWB of empty nesters and non-empty nesters.

The rest of the paper is structured as follows: Section 3 introduces the questionnaire survey in rural Shandong and describes the variables and the model. Section 4 uses the ordered probit model and presents the empirical findings for the impact of different elderly-care patterns on SWB; Comparative studies between empty nesters and non-empty nesters are further made in Section 5. Finally, the concluding section highlights the major findings and implications of our study.

Data and Modeling

Data Source

This paper selects Shandong as the research focus for good reasons. Shandong has the biggest agricultural sector (measured by share of provincial GDP) among all Chinese provinces, with farmer households accounting for 52.2 percent of its population. It follows that NRPIS involving rural residents is particularly important to the province. Furthermore, 19 counties in Shandong were chosen for the pilot program of NRPIS back in 2009, suggesting that the province's scheme is relatively more mature. The coverage of NRPIS is extensive in the province as all of its counties had implemented NRPIS by the end of 2012. Last, the NRPIS policy across Shandong prefectures is almost the same. The consistency of the NRPIS policy makes comparison possible.

To ensure that the sample is representative of the target population and to reduce sampling errors, a multi-stage stratified cluster-sampling method was followed. First, three to five counties were randomly selected from each of the 17 prefectures in Shandong Province, making 91 counties in total. Second, one to three townships had been randomly selected from each county, having 195 townships in total. Finally, depending on the size of the township, 5 to 20 elderly people whose age is 60 and over from each township were randomly selected for the survey. A total of 1700 old people were surveyed in 2011.

The survey was conducted via a face-to-face interview, unless the respondents preferred to answer the questionnaires in writing. Excluding the invalid ones, 1580 questionnaires were collected, with a validity rate of 92.9 percent.

Table 1 shows some demographic statistics of the respondents. The proportion of male respondents is higher than female ones, which is consistent with the reality in rural China. Among the 1580 respondents, over 38 percent are aged 70 and over, which is consistent with the aging trend. A noticeable feature is that 39 percent of elderly people are illiterate, and only 10 percent have finished junior secondary school and above, reflecting the fact that the majority of the rural elderly are poorly educated.

Table1

Demographic Statistics of Sampled Elderly People

Gender		Age		Schooling	
Male	56%	60-65	35.89%	Illiteracy	39%
Female	44%	66-69	26.08%	Primary school and below	51%
		70-74	18.35%	Junior secondary and above	10%
		75-79	12.53%		
		80 and over	7.15%		

Dependent Variable

The dependent variable is the SWB of elderly people, comprising overall well-being and emotional well-being. The former is designed to capture respondents' subjective assessment of their living standard, life satisfaction, and SRH. The respondents are asked to rate the three variables on a five-point scale from excellent to poor. The latter is used to reflect the respondents' positive and negative emotions in one recent week, which is rated from 2 to 8 by degree by respondents.

As indicated in Figure 2, almost 86 percent of respondents make positive assessments on life satisfaction, but 44 percent rates poor in living standard, which is the worst among the three variables. Seventy percent say SRH is fine, but they have big differences among them. The overall health condition is not as good as expected.
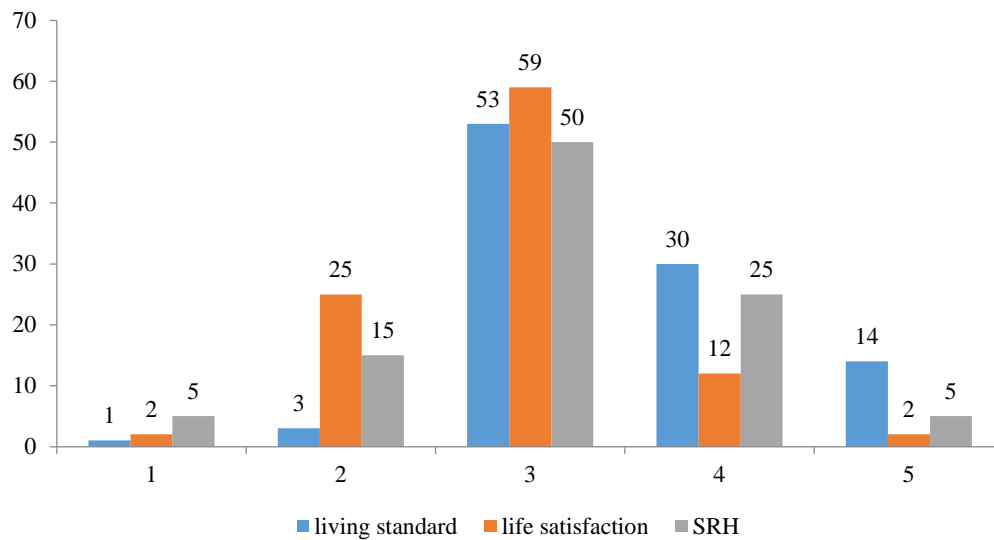

Figure 2. Sampled Frequency Histogram of Overall SWB (%)

Figure 3 reports the statistics on four questions to reflect positive and negative emotions respectively. Only less than 40 percent of respondents have positive emotions, while 30 percent and 21 percent seldom feel hopeful for the future and happy most of time, respectively. Although 66 percent and 42 percent of respondents are seldom in negative emotions, 24 percent and 37 percent feel lonely and depressed most of the time.
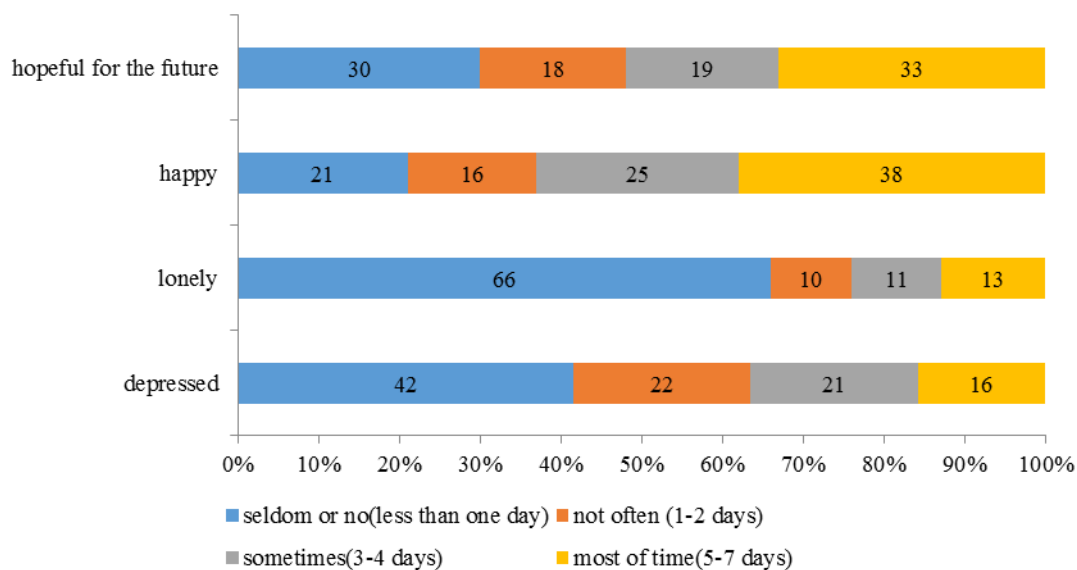

Figure 3. Stacked Bar Chart of Positive and Negative Emotions (%)

Independent Variables

To examine the impact of elderly-care pattern on SWB, three dimensions to measure elderly-care patterns are adopted i.e., family elderly-care, social elderly-care, and self-care. Theoretically, the three dimensions are most idealized and simplest among all complicated and diversified dimensions. On the one hand, elderly-care resources come from nothing but family members, social organization (government and social institutions), and elderly people themselves. On the other hand, these three dimensions are easily distinguished by finance source, living arrangement, life care, and spiritual comfort. Practically, though various elderly-care patterns are mixed in reality, three dimensions in this paper are most prominent in certain dimensions to discriminate the impact of each pattern on SWB respectively. Our survey in rural Shandong justified this case, as well. The summary statistics of independent variables are shown in Table 2.

As for family elderly-care pattern, the source of income is represented in the questionnaire as "economic support by children or not." If yes, this variable takes the value of 1. Otherwise, it is 0. The average is 0.61, which means economic support from children is essential to the well-being of the rural elderly population and the family elderly-care pattern is still playing an important role. Living arrangement is expressed as the number of children or neighbor with whom an elderly lives. On average, there are only 1.28 children / neighbors who choose to live with the elderly, while 35.43 percent of the respondents have to live alone. This illustrates that it is very common for children to be far away from their elderly parents, and the traditional family elderly-care pattern is on the edge of collapsing in rural China. Consistent with living arrangement, life care and spiritual comfort are all measured by the number of children / neighbors living with an elderly person.

For the social elderly-care pattern, the source of income is defined by whether or not a respondent has participated in NRPIS. If yes, it assumes the value of 1, and, otherwise, is 0. The statistical results show that the participating rate by respondents was only 30 percent in 2011, indicating the impact of social elderly-care was still limited at that time. The elderly-care facilities, service and cultural construction are measured by the status of whether there are nursing homes, community service centers, and activity centers for the aged in the respondents' villages. Likewise, if yes, it is 1, and, otherwise, it is 0. In the majority of the villages, there is no nursing home, community service center, or activity center for the elderly, and the average for the three facilities is only 0.07, 0.02 and 0.25 respectively. These statistical results prove that social elderly-care is in dire deficiency, which increases elderly people's dependence on family elderly-care.

With regard to self-care, the source of income is measured by the sum of cash, bank deposits, and treasury owned by respondents. The statistical results show that, on average, each respondent has only 3,200 yuan as liquid assets, which is far from being enough for a decent living. The living arrangement is measured by the status of whether or not the respondent lives with a spouse. If yes, it is assigned the value of 1. Otherwise, it is 0. Likewise, independent life care is expressed by ARL and gets the value of 1 if a respondent is living with a spouse and 0 if not. Spiritual comfort is measured by the answer to the question "Have you participated in social events in villages?" As a matter of fact, here, social events refer to contact with friends, all entertainment, and social activities. In other words, the events cover all the means elderly people can use to socialize with others and entertain themselves. The sampled data illustrate 20 percent of the respondents need to be taken care of, and only 47 percent participate in social events in recent days. The majority of respondents feel life is more than boring and cannot enjoy spiritual comfort at all.

Control Variables

Considering the limits of the questionnaire and the reality, we introduce six control variables: age, gender,

education, cognitive ability, reverse intergenerational support, and death of children. A summary of the dependent variables, independent variables, and control variables is shown in Table 2.

Table 2
Summary Statistics

Variables	Dimension	Indicators	Definition	Average	Max	Min	Std. Error
SWB	Overall SWB	Living standard	1=very high, 2=high, 3-moderate, 4=low, 5=poor	3.54	5	1	0.77
		Life satisfaction	1=extremely satisfied, 2=very satisfied, 3=satisfied, 4=less satisfied, 5=dissatisfied	2.89	5	1	0.73
		SRH	1=very good, 2=good, 3=moderate, 4=bad, 5=very bad	3.10	5	1	0.89
	Emotional SWB	Positive emotion	2=extremely low, 3=very low, 4=low, 5=moderate, 6=high, 7=very high, 8=extremely high	5.36	8	2	1.99
		Negative emotion	2=extremely low, 3=very low, 4=low, 5=moderate, 6=high, 7=very high, 8=extremely high	3.87	3.81	8	2
Family Elderly-care	Finance Source	Economic support by children	No=0, Yes=1	0.63	1	0	0.48
	Living Arrangement	Number of children living	Number (constant value)	1.26	7	0	1.34

		together or as neighbors					
	Life Care	-	From children living together or as neighbors	-	-	-	
	Spiritual Comfort	-	From children living together or as neighbors	-	-	-	-
Social Elderly-care	Finance Source	Participate in NRPIS or not	No=0, Yes=1	0.34	1	0	0.47
	Living Arrangement	Nursing home or not	No=0, Yes=1	0.06	1	0	0.25
	Life Care	Community service center in village or not	No=0, Yes=1	0.03	1	0	0.17
	Spiritual Comfort	Activity center in village or not	No=0, Yes=1	0.28	1	0	0.45
Self-care	Finance Source	Personal liquid assets (10 thousand yuan)	Number (constant value)	0.36	90	0	3.00
	Living Arrangement	Live with spouse or not	No=0, Yes=1	0.67	1	0	0.47
	Life Care	ARL or not	No=0, Yes=1	0.82	1	0	0.39
	Spiritual Comfort	Participate in social events recently or not	No=0, Yes=1	0.47	1	0	0.50
Control Variables	Socio-demographic Characteristics	Age	60~64=1, 65~69=2, 70~74=3, 75~79=4, 80 and over=5	2.29	5	1	1.27
		Gender	Female=0, Male=1	0.56	1	0	0.50
		Education	Illiteracy=1, incomplete study in primary school=2, old-style private school=3, primary school=4, middle school=5, junior school=6, technical	2.46	9	1	1.52

		secondary school=7, college=8, undergraduate=9				
	Cognitive ability	1~6 from the lowest to highest	4.53	6	1	0.84
	Reverse support for children	No=0, Yes=1	0.04	1	0	0.20
Family Feature	Number of death of children	Number (constant value)	0.13	6	0	0.52

Model Specification

Considering the value of dependent variables is both discrete and ordered, the ordered probit model is, thus, adopted to examine the impact of the different elderly-care patterns on SWB. The modeling is expressed as follows:

$$y_k^* = \beta_{k0} + \sum_{i=1}^{2} \beta_{ki} x_{1i} + \sum_{i=1}^{4} \beta_{k,i+2} x_{2i} + \sum_{i=1}^{4} \beta_{k,i+6} x_{3i} + \sum_{i=1}^{7} \beta_{k,i+10} c_i + \varepsilon_k \qquad (1)$$

where y_k stands for SWB of elderly people as a continuous dependent variable. k, j, i are positive integers. When $k=1$~3, $j=1$~5; when $k=4$~5, $j=2$~8. Concretely speaking, when k is nominated as 1, 2 and 3, y_k corresponds with three dependent variables, "living standard" (Y_1), "life satisfaction" (Y_2) and "SRH" (Y_3) respectively. They are rated as a five-point scale from excellent to poor, and then scored as $j=1$~5. Likewise, when k is nominated as 4 and 5, y_k refers to "positive emotion" (Y_4) and "negative emotion" (Y_5) and scored as $j=2$~8, as defined in Table 2. The above five regressive models share the common independent variables and include x_{1i} in the family elderly-care pattern, x_{2i} in social elderly-care pattern, x_{3i} in self-care pattern and control variables (c_i). β_{k0} and ε_k represent constant term and disturbance term respectively.

Baseline Regression and Results

The correlation matrix of all independent variables is tested prior to baseline regression. The result suggests no collinearity among all variables. Then, baseline regression on Model (1) are conducted and the results reported in Table 3.

Table 3

Baseline Regression: Ordered Probit[3]

			Overall well-being			Emotional well-being	
			Living standard Y_1	Life satisfaction Y_2	SRH Y_3	Positive Y_4	Negative Y_5
Family Elderly-care X_1	Source of income	X_{11}	-0.12*	-0.17***	0.09	0.01	-0.05
	Living arrangement	X_{12}	-0.03	-0.03	0.03	-0.00	-0.05**
Social Elderly-care X_2	Source of income	X_{21}	-0.03	-0.04	0.01	-0.05	-0.11*
	Living arrangement	X_{22}	0.03	-0.17	0.22	-0.02	-0.02
	Life care	X_{23}	-0.51***	-0.41**	-0.09	-0.17	-0.02
	Spiritual comfort	X_{24}	-0.06	0.17	-0.06	0.18***	-0.12*
Self-care X_3	Source of income	X_{31}	-0.04***	-0.01	-0.01	0.01	-0.09***
	Living arrangement	X_{32}	0.03	-0.05	0.09	0.02	-0.33***
	Life care	X_{33}	-0.27***	-0.23***	-0.56***	0.34***	-0.35***
	Spiritual comfort	X_{34}	-0.20***	-0.17***	-0.16***	0.17***	-0.13**
Control Variables	Age	C_1	-0.02	-0.03	-0.01	-0.00	-0.04
	Gender	C_2	0.02	-0.02	0.05	-0.01	-0.21***
	Education	C_3	-0.00	0.00	-0.01	0.04*	-0.02
	Cognitive ability	C_4	-0.02	-0.02	-0.05	0.06*	-0.04
	Reverse intergenerational support	C_5	-0.13	0.08	-0.16	-0.04	-0.02
	Number of death of children	C_6	0.02	-0.02	0.01	-0.09	0.07

With regard to the family elderly-care pattern, financial support from children (X_{11}), as a source of income for elderly people, is significantly and positively associated with their living standard (Y_1) and life satisfaction (Y_2) while insignificantly related to emotional SWB (Y_3 and Y_4). Accordingly, the living arrangement represented by the number of children/neighbors living with an elderly (X_{12}) significantly affects negative emotions (Y_5). Moreover, the greater the number of children living with an elderly, the higher is his or her emotional SWB, since elderly people's negative emotions could be alleviated by the children living with him or her. Thus, it can be seen that family elderly care, characterized as children's financial support and emotional comfort, is still

---

[3] *, **, and *** indicate statistical significance at 10, 5, and 1 percent levels respectively.

irreplaceable and helpful for improving elderly people's SWB in rural China.

We have some unexpected results for the variables related to the social elderly-care pattern. Theoretically, participating in NRPIS (X_{21}) should contribute to the elderly's positive assessment, as it increases his or her income. However, our study shows that this variable has no statistical significance on living standard (Y_1), life satisfaction (Y_2) or SRH (Y_3). Such insignificance could be due to the fact that the pension they receive is minimal and not very helpful in improving their living standard. The influence of living arrangement (X_{22}) on elderly people's SWB is not obvious, either. As mentioned earlier, only 7 percent of villages have established nursing homes, and elderly-care facilities are in severe shortage. On the contrary, although community service center (X_{23}) at villages is emerging only in recent years, and the coverage rate is only 2 percent, it has statistical significance on the living standard (Y_1) and life satisfaction (Y_2). This suggests community service centers should be promoted and could improve elderly people's SWB effectively. Spiritual comfort (X_{24}) is significantly associated with emotional SWB (Y_4 and Y_5). Currently, 25 percent of villages have activity centers for the aged and are more common than nursing homes and community service centers. These activity centers provide entertainment and social venues for elderly people, help them enrich their spiritual lives and remain optimistic. From these findings, it can be concluded that with the weakening of family elderly-care, elderly people need more social elderly-care.

Personal liquid assets (X_{31}), as the most important indicator measuring economic independence of elderly people in the self-care pattern, is statistically significant to living standard (Y_1) and negative emotion (Y_5). The more personal liquid assets the elderly have, the more likely they will make a positive assessment on living standards and reduce negative emotions, such as depression and loneliness. However, the source of income is still traditional and limited for the rural elderly. With the transition from the extended family to the nuclear family and the growing number of empty nesters, as well as the decline in land security, the exposure for elderly people to make self-care is growing in rural China. The sampled respondents have only 3,200 yuan on average, which is far from being enough for economic independence. This is one of the important reasons why family elderly-care has to be maintained and encouraged.   Living arrangement (X_{32}) is significantly related to negative emotions, since living with spouse can effectively alleviate loneliness, depression, and others. Different from living arrangement, both life care (X_{33}) and spiritual comfort (X_{34}) are statistically significant to five independent variables (what are they?). This follows good ADL, which has reduced children's burdens and social pressures greatly. At the same time, rich and colorful social events can give elderly people entertainment and distraction and spiritual comfort, which prove to be effective ways to improve elderly people's SWB.

As for the control variables, gender (C_2) has significant influence on negative emotions and indicates negative emotions are lower for males than or females. Education (C_3) and cognitive ability (C_4) have a similar influence on positive emotions and suggest elderly people who are more educated or with greater cognitive ability are more apt to be optimistic and happy.

Comparative Studies on Empty Nesters

Empty nesters, as a special group in the elderly-care pattern, do not have family care and support from children. Thus, they have different needs for elderly-care and then affect their assessment on SWB. In this paper, empty nesters are defined as those who have no children or their children are far away from them. Accordingly, in light of X12 (the number of children living together or as neighbors), the respondents are divided into empty nesters and non-empty nesters. That is, X12 will be 0 for all the empty nesters and 1, 2 or other positive

integers for the non-empty nester. The number of empty nesters is 583, or 37 percent of the total sample, which implies empty nesters are very common in rural China. Table 4 reports the regression results for empty nesters and non-empty nesters.

Table 4

Regression between Empty Nesters and Non Empty Nesters[4]

		Living standard Y_1		Life satisfaction Y_2		SRH Y_3		Positive emotions Y_4		Negative emotions Y_5	
		E	N	E	N	E	N	E	N	E	N
Family Elderly-care X_1	X_{11}	-0.15	-0.09	-0.13	-0.21***	0.13	0.06	0.00	0.02	0.03	-0.09
	X_{12}	0.11	-0.10	-0.04	-0.02	0.05	-0.01	-0.11	-0.02	-0.01	-0.16**
Social Elderly-care X_2	X_{21}	-0.21	0.15	-0.10	-0.19	0.24	0.19	0.08	-0.07	0.09	-0.07
	X_{22}	-0.82**	-0.42*	-0.39	-0.43**	0.21	-0.29	-0.37	-0.07	0.26	-0.13
	X_{23}	-0.05	-0.02	0.15	0.21**	-0.15	0.01	0.29***	0.11	-0.24**	-0.08
	X_{24}	-0.19***	-0.03***	-0.07*	-0.01	-0.04	-0.01	0.02	0.01	-0.08*	-0.08**
Self-care X_3	X_{31}	0.23	-0.06	0.05	-0.11	0.04	0.11	-0.02	0.05	-0.34***	-0.33***
	X_{32}	-0.36***	-0.22**	-0.07	-0.31***	-0.51***	-0.57***	0.28**	0.38***	-0.31***	-0.38***
	X_{33}	-0.02***	-0.30	-0.11	-0.20***	-0.09	-0.21***	0.15*	0.18**	-0.07	-0.16**
	X_{34}	0.00	-0.05	-0.05	-0.03	0.01	-0.00	-0.01	0.00	-0.03	-0.06*
Control Variables	C_1	0.20*	-0.05	-0.10	0.03	0.05	0.04	0.02	-0.03	-0.16	-0.22***
	C_2	-0.03	0.02	0.02	-0.00	-0.01	-0.02	0.04	0.04	-0.04	-0.00
	C_3	-0.17**	0.06	-0.17***	0.05	-0.10	-0.01	0.01	0.07*	-0.15**	0.01
	C_4	-0.02	-0.25	0.33	-0.12	0.07	-0.43**	-0.27	0.16	0.04	-0.08
	C_5	0.11	0.01	0.03	-0.04	0.07	-0.01	-0.22*	-0.05	0.04	0.08
	C_6	0.04	0.06	0.03	0.04	-0.32***	-0.30***	0.30***	0.11	-0.31***	-0.16**

As far as overall SWB is concerned, the imports of life care (X_{33}) measured by ADL on living standard (Y_1) and SRH (Y_3) are significantly different for empty nesters and non-empty nesters. Compared with non-empty nesters, only those empty nesters with good ADL are likely to make positive assessment of the living standard and SRH. The difference becomes more prominent with life satisfaction (Y_2). Moreover, only personal liquid assets (X_{31}) has a statistical significance on empty nesters, while support from children (X_{11}), community service center (X_{22}), activity center (X_{23}), ADL (X_{33}) and social events (X_{34}) are all significantly related to life satisfaction for non-empty nesters. That is to say, compared with non-empty nesters, empty nesters are more sensitive to personal sources of income. The more personal liquid assets they have, the more satisfied they are

---

[4] SRH is the acronym of Self-rated Health; E stands for empty nesters and N represents non empty nesters. *, **, and *** indicate statistical significance at 10, 5, and 1 percent levels respectively.

with life.

With regard to emotional SWB, the sharp contrast of X12, X33, and X34 proves that accompany from children, good ADL, and social events can improve emotions for non-empty nesters, while there's no such effect on empty nesters. The significance of X23 indicates that community service center at a village can help empty nesters in boosting positive emotions and alleviating negative emotions.

The differences between empty nesters and non-empty nesters indicate both overall well-being and emotional well-being of empty nesters are affected by different elderly-care dimensions. First, empty nesters' SWB is sensitive to personal source of income relative to intergenerational and social support. As we all know, empty nesters have no company from children and minimal interactions with family and others. Such insecurity in life could easily lead to heavy dependence on personal liquid assets. In this sense, empty nesters have greater demands for financial aid than spiritual comfort. Second, the participating rate of NRPIS was merely 30 percent in 2011 and plays a limited role in improving their SWB. Though the current pension amount is consistent with the basic principle of NRPIS, our study shows the pension should be raised in the future to ensure a decent living for such special rural population groups. Third, lack of company from children makes them in greater need of social care, such as a community service center at the village. Therefore, this kind of elderly-care facility should be extended to more groups, including empty nesters. Given that activity centers for the aged are helpful for boosting empty nesters' SWB, they should be encouraged to serve as an alternative to children's company in providing spiritual comfort to more empty nesters.

Conclusions and Implications

Under the background of the new sustainable development agenda and global aging population, it is more realistic to promote well-being for elderly people. The alarmingly high suicide rate among elderly people put forward higher requirement for improvement of elderly-care pattern in rural China. By using first-hand data in rural Shandong, a typical province in China, this paper adopts overall well-being and emotional well-being to measure Subjective Well-being (SWB); then, it examines the impact of three elder-care patterns, as well as corresponding dimensions on it. The comparative studies between empty nesters and non-empty nesters are further made.

The statistical results show that almost 86 percent of respondents make positive assessment on life satisfaction, but 44 percent feel poor in living standard; 70 percent think SRH is fine but have big differences among them. Only less than 40 percent of respondents have positive emotions, while 24 percent and 37 percent feel lonely and depressed most of the time. The empirical results further show that, family elderly-care is still very important for the SWB of elderly people in rural China, although its effect is on the decline. NRPIS, representative of social elderly-care, improves life satisfaction, but currently plays a limited role due to the low-level of the pensions. The elderly people relying on self-care are prone to make more positive assessment on SWB. Compared with the non-empty nester, the empty nesters' SWB is more dependent on personal income and elderly-care facilities.

The above-mentioned conclusions suggest that great changes have taken place in rural China. One profound change is that a vast number of young farmers from low-income families choose to emigrate from their hometowns and work in big cities. Consequently, the tradition to "raise children to provide for old age" faces great challenges. It follows that family elderly-care cannot be sustained as the predominant elderly-care pattern, and a new social elder-care system like NRPIS is required. That being said, it is still important to

encourage filial piety as a traditional social value and educate the younger generation to respect and follow tradition, as an increasing number of elderly people are committing suicide or experiencing deteriorating SWB because of the treatment meted out to them by their un-filial children. On the other hand, despite the fact that NRPIS is still limited in providing for old age, it represents the future direction toward which the government and society as a whole should endeavor.

SWB can be effectively improved and the suicide rate can be accordingly cut in China's countryside if more proactive, people-oriented measures are taken in terms of social elderly-care systems. For example, as the low pension by NRPIS cannot afford elderly-care cost, it is necessary, therefore, for governments at all levels to provide higher pensions to the rural elderly, especially to those above 70, and to provide more subsidies to those lonely and sick old people at the same time.

Better elderly care-facilities, such as nursing homes, activity centers, and community service centers, can, also, boost SWB. Therefore, governments at all levels are advised to invest more in nursing homes and apartments for the elderly and encourage private institutions to build elderly care facilities in the countryside.

Moreover, community life is not as colorful in rural areas as in big cities. Most of rural people have nothing to do and feel bored and lonely when quitting farming at an old age. Local officials should make greater efforts to enrich the cultural and social activities for rural associations by, for instance, giving elderly people greater opportunities to voice their opinions on public affairs. It also cannot be denied that poor education in rural elderly people undermine their emotional well-being. Therefore, it is an alternative to build learning institutions for the rural elderly, just as the universities for senior citizens in big cities. At the same time, organizing volunteers to regularly interact with those lonely and sick people can also reduce the frequency of suicides and improve their emotional well-being.

References

Chen, X., & M. Silverstein. (2000). Intergenerational social support and the psychological well-being of older parents in China. *Research on Aging*, *22*(1), 43-65.

Chen, F., & S. E. Short. (2008). Household context and subjective well-being among the oldest old in China. *Journal of Family Issues*, *29*(10), 1379-1403.

Wang, C., Cecilia, L. W., Chan & Paul S. F. Yip. (2014). Suicide rates in China from 2002 to 2011: An update. *Social Psychiatry Epidemiology*, *49*(6), 92-941.

Clemens, M. (2011). Economics and emigration: Trillion-dollar bills on the sidewalk? *Journal of Economic Perspectives*, *25*(3), 83~106.

Cornwell, E.Y., & Waite. L.J. (2009). Social disconnectedness, perceived isolation, and health among older adults. *Journal of Health and Social Behavior*, *50*(1), 31-48.

Dierner, E., Suh, E., & Lucus, R. et al. (1999). Subjective well-being: Three decades of progress. *Psychological Bulletin*, *125*(2), 276-302.

Engelhardt, G., & Stanley, N. G. (2010). Home health care and the housing and living arrangements of the

elderly. *Journal of Urban Economics*, *67*(2), 226-238.

He, Z. X., & Lester, D. (2001). Elderly suicide in China. *Psychological Reports*, *89*(3), 675-676.

Hughes, M., & L. J. Waite. (2002). Health in household context: Living Arrangements and health in late middle age. *Journal of Health Social Behavior*, *43*(1), 1-21.

Joutsenniemi, K. (2007). *Living arrangements and health*. Publications of the National Public Health Institute.

Knight, J., Song, L., & Gunatilaka, R. (2009). Subjective well-being and its determinants in rural China. *China Economic Review*, *20*(4), 635-649.

Li, L. W., Zhang, J., & Liang, J. (2009). Health among the oldest-old in China: Which living arrangements make a difference? *Social Science & Medicine*, *68*(2), 220-227.

Liu, Y. W. (2014). Cut suicide rate by aiding rural elderly. *China Daily USA*, August 6.

Lund, R., Due, P., Modvig, J., Holstein, B. E., Damsgaard, M. T., & Andersen, P. K. (2002). Cohabitation and marital status as predictors of mortality - an eight year follow-up study. *Social Science and Medicine*, *55*(4), 673-679.

Orsini, C. (2010). Changing the way the elderly live: Evidence from the home health care market in the United States. *Journal of Public Economics*, *94*(1-2), 142-152.

Poterba, J. M. (2014). Retirement security in an aging population. *American Economic Review*, *104*(5), 1-30.

Zunzunegui, M. V., F., Beland, & A. Otero. (2000). Support from children, living arrangement, self-rated health and depressive symptoms of older people in Spain. *International Journal of Epidemiology*, *30*(5), 1090-1099.

Achieving the Sustainable Development Goals[1]

Jeffrey D. Sachs

School of International and Public Affairs, Columbia University, USA

September 25, 2015, was the day when world leaders set us on a new course by adopting the 2030 Agenda for Sustainable Development, including the 17 Sustainable Development Goals (SDGs). The first test of the SDGs came a few weeks after the September UN Summit, when the world gathered in Paris at COP21. SDG13 commits all the world's governments to combat and curb human-induced climate change. Consistent with that commitment, the same governments adopted the Paris Climate Agreement establishing the central objective of keeping global warming to well below 2°C. The Paris Agreement marks the most important agreement on climate change since the adoption of the UN Framework Convention on Climate Change (UNFCCC) at the Rio Earth Summit in 1992.

Today, I want to convey one message, one belief of mine, and that is that the new Sustainable Development Goals are important. That may not be self-evident. Many people in the world do not yet know much about these goals. When people in the United States or in other capitals around the world hear about these goals, they may shrug their shoulders and say: "Okay, another UN document. What difference can the goals possibly make?" I want to use this opportunity to emphasize that these goals can make a vital difference indeed. I cannot think of any other way for us to achieve sustainable development but through having globally agreed upon goals such as those adopted on the 25th of September.

I am, in short, a believer in these UN documents. Many people think that UN agreements are just vapor, that it is easy to say things and not really achieve them. What difference can yet another high-minded set of pledges make? However, I am in my fourteenth year of being the Special Adviser to the UN Secretary General on the Millennium Development Goals (MDGs), which have been in operation for fifteen years since they were adopted at the Millennium Summit in September 2000. I do feel that I've had a privileged vantage point to see to what extent high-minded aspirations adopted by the UN General Assembly can make a difference. My verdict is that the Millennium Development Goals have made a difference. They have not accomplished all that they could have accomplished. They have not accomplished all that they should have accomplished. They have not accomplished all that they were promoted to accomplish back in September 2000. However, they've made a real difference in a way that teaches us a lot about how we can use the SDGs for even bigger achievements.

Getting to Know the SDGs

The idea of adopting Sustainable Development Goals came in the Rio+20 Summit in June 2012. June 2012 was the 20th anniversary of the Rio Earth Summit. Major conferences such as the Earth Summit are typically marked by anniversary conferences. In fact, the Rio Earth Summit itself was the 20th anniversary of the UN Conference on Environment and Development in Stockholm in 1972. Then came the 1992 Rio Earth Summit, followed by the Rio+20 Summit in June 2012. The 2012 event was in its way a somber gathering because the high aspirations of the Rio Earth Summit had not been fulfilled. The Rio Summit had adopted the concept of

---

[1] Adapted from a keynote presented at the 5th World Sustainability Forum (WSF2015), 23 September 2015, University of Basel, Switzerland

Sustainable Development as the centerpiece for global cooperation. Yet, somehow, the concept had not succeeded; it had not grabbed the global imagination. The outcome of the 1992 Rio summit was the adoption of three major Multilateral Environmental Agreements (MEAs): *The UN Framework Convention on Climate Change* (UNFCCC), the *UN Convention on Biological Diversity* (UN CBD), and the UN Convention to Combat Desertification (UNCCD). By June 2012, twenty years after the adoption of the three treaties, it had become painfully clear that they were not delivering the needed results.

The problem is not the treaties themselves. They are wonderful treaties. I have the privilege of teaching them each year to our incoming students in sustainable development. If you read them, you have to be impressed with what the world agreed on and the power and quality of the drafting and the statement of the principles. The *UN Framework Convention on Climate Change*, for example, committed all countries to avoiding dangerous anthropogenic interference with the climate system by stabilizing greenhouse gas emissions.

Yet, when the governments came back to Rio in June 2012 on the 20th anniversary of the treaties, *Nature Magazine* gave a failing report card to the treaties. Indeed, the magazine (one of the two preeminent English-language scientific weeklies) gave all three treaties the grade of F for failure. Not one of the treaties had been implemented. Despite strong treaties on climate, bio-diversity, and desertification, the actual situation in 2012 was awful on all three dimensions: greenhouse gas emissions and climate change were running out of control; species extinction was, perhaps, 1,000-fold greater than the natural rate of species extinction; and desertification (meaning the degradation of land in the dry lands) was proceeding rapidly in many dryland regions. I don't think that one in a million people even knows that the UN's Convention to Combat Desertification actually exists, although many of the dryland regions of the world, including the Middle East, North Africa, and the Sahel, are facing growing degradation and massive disarray facing the local populations. It is mainly the drylands that are the source of huge migrations in the world, like the migration crisis that Europe is living through day-by-day.

In 2012, the UN member states asked themselves: "Why are these treaties falling so far short?", and they looked over their shoulders at the Millennium Development Goals (MDGs). They knew that the MDGs were quite different. The Millennium Development Goals were not a multilateral treaty. They were a non-binding and non-legal moral or aspirational commitment of the UN member states. They were addressed not mainly to governments but to a public mobilization of interest and awareness in the fight against extreme poverty. They were also time-bound: 15 years, for the period 2000-2015. The MDGs stated specific and quantified targets, such as reducing the under-five mortality rate by two thirds, and the maternal mortality rate during pregnancy and childbirth by three quarters, comparing the 2015 target year with the baseline of 1990. They called on the world to cut the rate of extreme poverty and hunger (as defined and measured by the World Bank and the Food and Agriculture Organization, respectively) by half as of 2015, again compared with the 1990 rate.

While the three multilateral environmental agreements – all legally binding – found themselves tied up in diplomatic knots, the Millennium Development Goals had achieved some measure of success with the global public. They attracted interest. Donors responded at least partially to these non-binding but aspirational goals. The IMF and the World Bank adopted and implemented new debt-relief proposals (the HIPC initiative) to help make the MDGs stick. New institutions like the Global Fund to Fight AIDS, TB, and Malaria were established to help implement the new goals, especially MDG6, which called on ending epidemic diseases like AIDS and malaria. Real progress was made.

The upshot of the MDGs was that in 2012, the conference participants at Rio+20 were a little bit "envious" of the MDGs. Of course, I speak facetiously, but they said in effect: "We have legally binding instruments that aren't working, while the MDGs without all the lawyers and diplomats seem to be capturing the public interest and the public spirit." That, in essence, led to the call for new Sustainable Development Goals in the final outcome document of the Rio+20 called *The Future We Want*. The governments called for new SDGs and gave the UN General Assembly the assignment of coming up with the new goals by the end of 2015, the completion date of the Millennium Development Goals.

Indeed, the UN General Assembly responded. Even the process of determining the new SDGs generated much more global interest and public engagement than one might imagine. Perhaps even more remarkably, the final outcome document establishing the SDGs, *Transforming Our World: The 2030 Agenda for Sustainable Development*, was actually gaveled several weeks before their formal adoption on September 25. It's rare indeed when the UN General Assembly completes its work ahead of time. This time, every country understood the critical importance of adopting a new global framework for sustainable development.

Let me summarize in one sentence what the UN means by sustainable development: economic development should continue, combined with social inclusion and environmental sustainability. This is a triple-bottom-line concept, integrating economic, social, and environmental objectives. In a way, I think this triple-bottom-line definition is a clearer and more operational definition than the one that the Brundtland commission pioneered in 1987: that each generation should meet its needs in a manner that allows future generations to meet their needs. Rather than that inter-generational approach, the new sustainable development concept emphasizes holism across economic, social, and environmental goals.

The reason we need SDGs is that the triple bottom line is not being achieved right now. On the positive side, the rate of extreme poverty has fallen sharply (from around 37 percent in 1990 to 10 percent in 2015) in line with overall relatively robust economic growth as a global average. Yet, at the same time, the world has many regions where global growth of the past generation has not been sustainable. On the one hand, inequalities have been rising markedly in many countries, including my own (the U.S.), and, at the same time, the environment has been degraded severely on an unprecedented scale.

Figure 1. Street Protests across Major Cities of the World

The collection of pictures in Figure 1 (above) shows street protests across major cities of the world. It is meant to capture in one graphic the deep social unhappiness in many places of the world now facing high

unemployment, rising inequalities, and falling legitimacy of governments. Issues such as these form part of the second social pillar of sustainable development, which is the target of the Sustainable Development Goals.
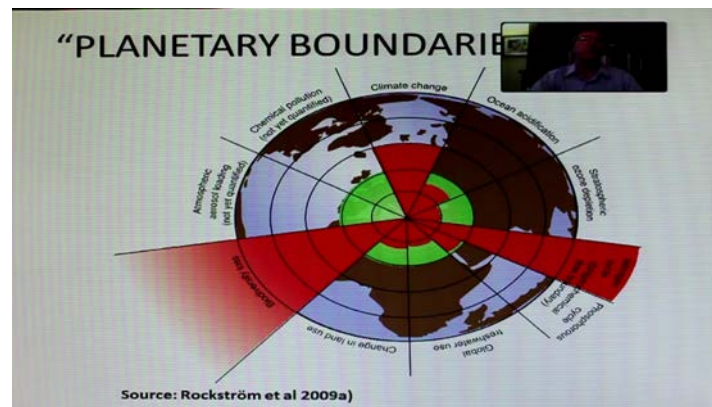

Figure 2. Planetary Boundaries

Figure 2 (above) is the famous picture from Nature Magazine in 2009, which I strongly recommend as our framework on the environmental side of the SDGs and that is the idea of planetary boundaries. Ten dimensions of the Earth's physical systems are under extreme stress, led by human-induced climate change and the loss of biological diversity. However, we also have unprecedented stresses on many other aspects of Earth's systems, including pollution, aerosols, fresh water stress, nitrogen and phosphorus loadings, ocean acidification, and stratospheric ozone depletion. Because of the unprecedented scale of human activity, which is now around $110 trillion dollars of Gross World Production at the current annual rate, humanity has imposed so much stress on the earth's physical systems that we are crossing "planetary boundaries," not just in one dimension like greenhouse gas emissions or even two dimensions including species extinction, but across ten major planetary boundaries.

Figure 3. Sustainable Development Goals

The purpose of the 17 SDGs (see Figure 3, above) is to have a globally agreed holistic approach to the three major pillars of sustainable development: economic development, including ending extreme poverty; social inclusion, meaning gender equality, human rights, and the reduction of inequalities; and environment

sustainability, including combatting human-induced climate change, and conserving and protecting oceans and eco-systems. Finally, SDG17 calls for the "Means of Implementation" (MOI) for the 16 preceding Sustainable Development Goals.

We have 17 goals. I argued in the UN General Assembly for three years that there should be no more than 10 goals; then I grudgingly "conceded" that 12 would work; and at the end, of course, the governments themselves firmly said 17. At first I was alarmed at that number. How could we use 17 goals, I wondered. However, the 17 goals are solid and important. In fact, with a little bit of practice, it's possible to remember all 17 goals. I am learning to live happily with them, although I would have preferred a smaller number. There are an even larger number of targets: 169. Yet the 2030 Agenda mentions that these are, indeed, indicative targets that each country should prioritize given the national context. The SDGs cover the period from January 1, 2016, to December 31, 2030.

These are the universal goals, which are very important to understand and emphasize. It means that Switzerland, the US, the European Union, China, and all others need to achieve the SDGs. These are not poverty goals, as with the MDGs. Ending poverty is certainly a key part of the SDGs; indeed, ending extreme poverty is SDG 1. However, the SDGs are not only about ending poverty. They are about the holistic challenge of sustainable development. The goals are universal, indivisible, and interlinked, which means they are for all of us.

Sustainable Development Plans

I would like to discuss how we can take these goals seriously. When we read the goals, they seem rather sensible. They are technically achievable. To achieve them, however, will require significant new efforts locally, nationally, and globally. In other words, we are not on a business-as-usual (BAU) path to achieve the Sustainable Development Goals, but they are not fairytales, either. They are time-bound, quantified objectives that are within reach. Let me highlight a few of them in a bit more detail.

First, ending extreme poverty, SDG1. This does not mean ending all poverty. It means ending extreme poverty as the World Bank defines it: income (or consumption) of $1.90 per person per day or less when measured in 2011 purchasing power prices. This goal is within reach, but it will certainly require significant efforts to help the poorest countries to overcome the poverty trap. SDG7 calls for universal access to modern energy services by 2030. As we know, there are about 1.5 billion people that do not currently benefit from modern energy services, yet improved technologies, whether low-cost solar panels and cloud-based systems for e-payments, now make it possible to reach the hardest to reach. SDG4 calls for universal completion of secondary education by the year 2030. In low-income countries today, only 30% or so of young people finish secondary school. To boost the rate to nearly 100% will require a massive scale-up of access.   Information and communications technologies, or ICTs (such as online classrooms, teachers train by videoconferencing, e-libraries, and more), can be a big help that has only now become available.

As the result of rising world incomes and improved technologies – notably ICTs – even the boldest of the SDGs is within reach. Yet, we need a far more ambitious trajectory of public and private investments for success. We also need plans for success. We need to be able to look ahead for 15 years, not to make forecasts of where we will be in 2030, but to make "backcasts" from 2030 to identify what we need to be doing right now in order to arrive at 2030 with the goals achieved.

I like very much what President John F. Kennedy said about goals in a famous speech he gave half a

century ago. He said: "By defining our goal more clearly – by making it seem more manageable and less remote – we can help all people to see it, to draw hope from it and to move irresistibly towards it." President Kennedy's vision of leadership was to define a bold goal, such as landing a man on the moon and returning him safely to Earth by the end of the 1960s, and then to show that the bold goal is in fact "manageable" through highly professional plans of action, and thereby have people draw hope from the goal and move irresistibly toward it.

I found in my own experience of working on the MDGs that this kind of goal orientation is really the essence of achievement. Consider a goal like reducing malaria mortality as it is set in MDG 6 in the year 2000. Make a plan of action based on the best of the malariologists' tremendous expertise. Be bold and show that the goal is in fact manageable. Then implement the plans, creating new institutions, funding sources, and trained personnel to get the job done. The success has been remarkable: malaria deaths are down by more than 50% since their peak in the early 2000's, perhaps down by as much as 70% at this point.

Many important contributors made this possible. Novartis produced the new, cutting-edge medicines in mass production and at low cost. Sumitomo Chemical produced state-of-the-art long-lasting insecticide treated bed nets. Community health workers empowered by mobile phones delivered the bed nets and medicines in large numbers. The Global Fund to Fight AIDS, TB, and Malaria and the US President's Malaria Initiative provided vital funding. Rapid diagnostic tests were developed to support community-based care. I'm happy to say, the UN system adopted a recommendation that I made soon after the MDGs were announced: the massive, free distribution of bed nets so that even the poorest of the poor would have access to this crucial, life-saving technology. Put all together, these efforts constituted a remarkably effective "malaria-control system" that has gotten the job done, though with further improvements and scale up, even more progress is at hand.

In short, the marriage of cutting-edge technologies, businesses ready to scale them up, public financing, and a clear, strong, and motivating global goal made it possible to achieve the malaria breakthrough and many others like it. President Kennedy's idea of setting a global goal, making it seem manageable by showing how it can be done, and then fighting to implement it, has proved its worth time and again. Now the new SDGs call on us to mobilize this process of change yet again in the service of sustainable development.
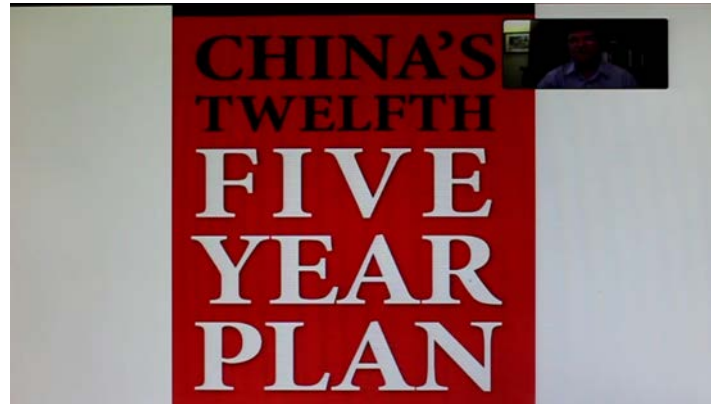

Figure 4. NYC Plan for a Strong and Just City

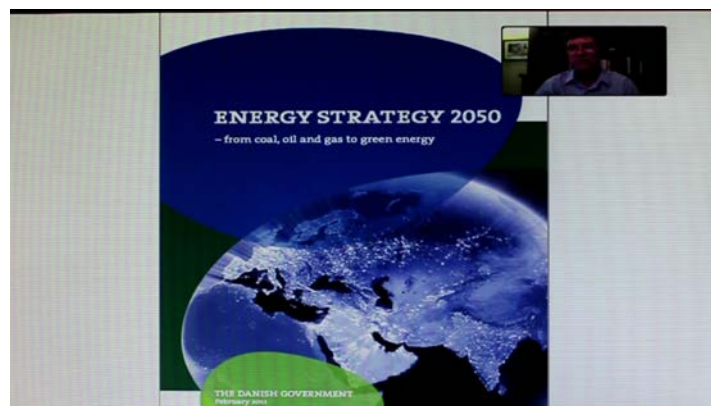*Figure 5*. China's Twelfth Five-Year-Pan
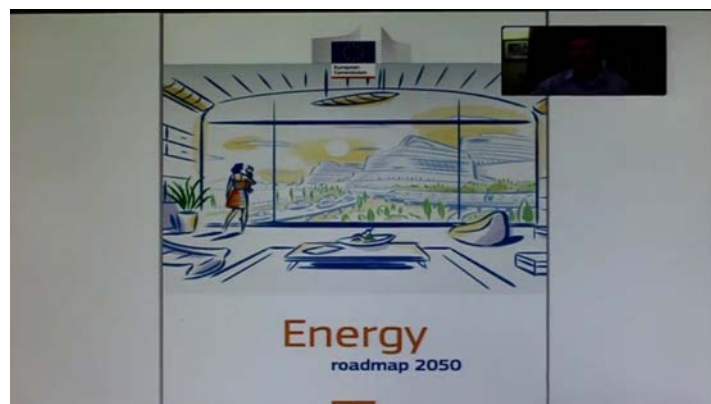

Figure 6. Energy Strategy 2050

Figure 7. Energy Roadmap 2050

Take as an SDG example the report *One New York* (Figure 4), a New York City sustainable development plan issued in spring 2015. It is a detailed document of hundreds of pages that focuses on integrated planning for NYC's economic, social, and environmental agendas along SDG lines. Or consider *China's 12th Five-Year Plan* (Figure 5), which reminds us that many countries have sustainable-development-related planning processes. China is about to adopt its *13th Five-Year Plan* in 2016. Such city and national plans offer crucial

opportunities to integrate the Sustainable Development Goals into local and national planning processes. *Energy Strategy 2050* (Figure 6) is the Danish government's 40-year plan on getting to a zero-carbon energy system by 2050. Finally, consider *Energy Roadmap 2050* (Figure 7), which is the European Union's roadmap for an 80% reduction of green-house gas emissions by the year 2050.

Technology, Innovation, and the Sustainable Development Goals

Let me conclude with a few brief points.

First, a point that needs emphasizing constantly to the public and the policy community is that we can achieve the UN Sustainable Development Goals because we are in the midst of a technological revolution built on the new ICTs and digital sciences. This technology revolution, including mobile broadband, cloud computing, advanced genomics, high-tech agriculture, nanotechnology, robotics, artificial intelligence, remote sensing, and other advances building on ICTs, makes it feasible to envision remarkable advances in low-cost SDG solutions and their rapid uptake. I am very heartened by the fact that there were very few mobile-phone subscribers 30 years ago, but they now total around 7 billion subscribers, including broad coverage in the poorest countries.

Second, for each of the Sustainable Development Goals, I urge that we compare a BAU or business as usual path with a SD or Sustainable Development path.
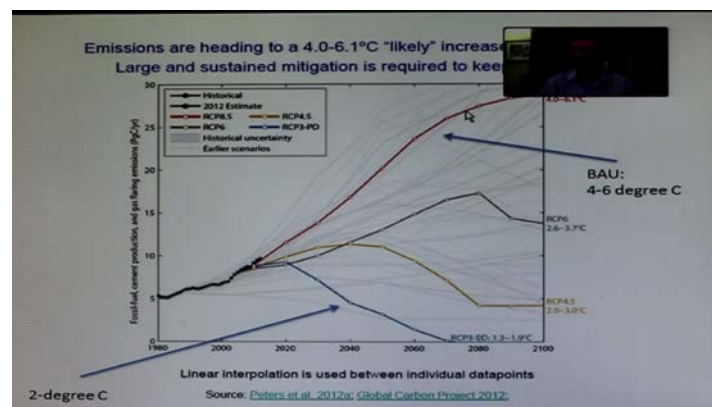

Figure 8. BAU and SD Scenarios

Figure 8 (above) gives an example of what the BAU and SD scenarios would mean in terms of CO_2 emissions from fossil fuel use. The BAU is the top emissions trajectory, which would lead to runaway global warming.　The SD trajectory is the bottom curve, consistent with keeping warming below 2°C. Note that CO_2 emissions must fall to zero by around 2070; in other words, it means near total decarbonization of the energy system. The SDGs, therefore, invite every country to prepare one or more detailed pathways of de-carbonization. Such pathways would follow JFK's adage to show that the goal in question (in this case, the control of human-induced global warming) is manageable.
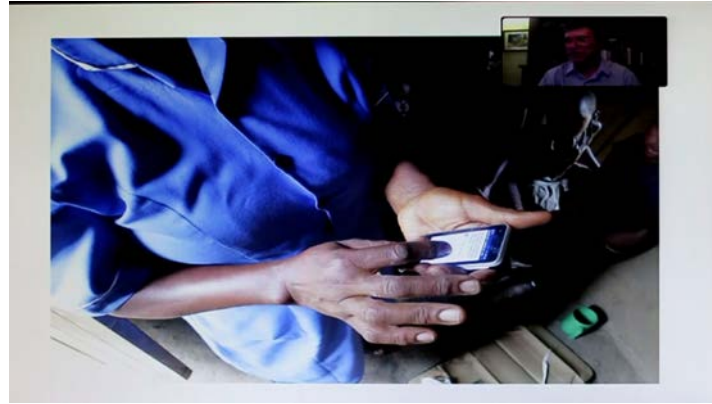
Figure 9. ICT Platform for Sustainable Development in Africa

Third, many of the goals will become possible through the adoption of mobile broadband and other ICT technologies. When considering how to achieve Universal Health Coverage, Figure 9 shows a phone in the hands of a community health worker in Africa, actually in one of the Millennium villages. This health worker is using a smartphone to log in data from a visit to one of the households in the village. Goals such as Universal Health Coverage (SDG 3) and Universal Secondary Completion (SDG4) will certainly have to build on an advanced ICT platform.

Universities and the SDGs

Finally, I would like to close with some observations on the role of universities in realizing the SDGs. I have a theory that I would like to share with you. We can use the global network of universities, your university, my university, a thousand-and-more universities around the world, to be an active "solutions network" to help governments, business, and civil society to chart out the pathways to successful sustainable development, and also to be the incubators for the rapid development and rapid fusion of sustainable development technologies. Universities around the world should be in the lead of helping society to find the technical solutions to achieve these goals. However, in many countries, this role of the universities is not yet the normal process. In many parts of the world, universities are not viewed as problem-solvers; they are not viewed as partners of government and business. Of course in Europe and the United States, we have a longer tradition of universities playing such a role, but in many other parts of the world, universities are viewed, at best, as education centers, and at worst as high-cost centers or even places of disruption. Yet, I believe that it is vital for the success of the SDGs everywhere for universities to play a bold, partnership role.

Fortunately, governments around the world understand more and more that they need universities as partners. They understand that universities are actually engines of the local and national economy because innovation hubs around universities are key drivers of job creation and economic growth. Think about Silicon Valley partnering with Stanford, the University of California, Berkley, and the University of California, San Francisco; or think about the wine country in Napa Valley, California with its close association with the University of California, Davis. There are, in fact, hundreds of such examples around the world, in Europe and the United States, in Northeast Asia, Japan, Korea, and China. University-led economic development around innovation can become a major catalyst for SDG achievement and overall economic development.

Still, there is much to do. Currently, there is not one university ranked in the top 500 in the world in the tropical countries of Africa. South Africa has four in the top 500. Clearly, Africa, as a whole, is in need of creating major new innovation hubs and strong, world-class universities.

I want to end by describing an initiative that Secretary General Ban Ki-moon instituted immediately after the Rio+20 Summit: the idea of creating a network of problem-solving made up of the world's universities, which we call the Sustainable Development Solutions Network (SDSN). It operates under the auspices of Secretary General Ban Ki-moon, and I am deeply honored to be the Director of the global network. The idea of SDSN is that the universities around the world can, indeed, step forward and declare: "We have a means of contributing in a notable and important way to the success of the Sustainable Development Goals and we intend to do so."

Figure 10. Sustainable Development Solutions Network

The pins on the world map in Figure 10 (above) show the current membership of the Sustainable Development Solutions Network. There are now around 350 universities worldwide in the network. We have national and regional chapters, as well, with regional chapters, including the Mediterranean, Amazon, Southeast Asia, Andes, African Great Lakes, Andes, and other. National SDSN chapters in Korea, China, Japan, Germany, Australia, Nigeria, and many other countries. These are the beginning efforts to create a worldwide, highly active network of leading universities and research institutions. I ask you too to step forward and join the network. The SDGs will benefit hugely from your creative energies and efforts.

PERSPECTIVE

Civic China – A Unique Conformation

Baocheng Liu

University of International Business & Economics, Beijing, China

Civil society was first conceived by Aristotle to describe the ancient Greek city-state. It has gained currency as a vital component to democracy in modern political culture and theory. Near the end of the 20th century, its popularity resurged largely denoting an emergent social phenomenon in Eastern Europe that underwent waves of democratic transition. Vast disagreements exist in the interpretation and attitude toward this notion, as well as its application across the globe. Nonetheless, a positive undertone is generally attached to civil society as the hallmark for societal advancement. It is even popularly held that among the forces that constrain state power, before marketization, the most formidable may be global justice saturated in the world of civil society.

Though reminiscent of the parts of Eastern Europe that abruptly broke away from communism typified by massive government planning and intervention in every aspect of social life, China adopted a more gradualist pace of social and economic transformation. China's change unfolded top-down, marked by its Reform and Open-door Policy at the end of 1978, when the socialist government gradually loosened its grip on the economy. This resulted in a boom of private enterprises (both domestic and foreign) and unleashed the power of the market. However, rapid economic growth is not accompanied by civic vibrancy, although it has quietly fertilized its requisite soil. The "four modernizations drive" introduced by Deng Xiaoping in 1979 – industry, agriculture, national defense, and science and technology –guided China's pursuit of modest levels of affluence (*xiaokang*, $1,000 per capita by the end of 20th century) made no mention of democratization. On the contrary, democratization was largely a subject of prevarication and at times even considered as a contravening force, and hitherto mavericks were repressed or prosecuted. Until today, in spite of the country's colossal economic size and high global visibility, civil society continues to play a subordinate role in Chinese society. Nonetheless, the salient Chinese model of development, relying on an authoritarian regime, has arguably gained credibility. Seeking economic prosperity on the merit of political stability, particularly when it is viewed against the upheavals that took place in Eastern Europe during its dramatic transformation that began in the 1980s, and more recently the looming financial contagion in some developed economies, whose governments are blackmailed by interest groups, many of whom dressed in the costume of civil society.

Non-governmental organizations (NGOs) are the backbone of civil society. They are formed by engaged individuals with common interests, independent of government and usually operating on a non-profit basis. By official definition in China, NGOs are referred to as social groups (*shehui tuanti*). The burgeoning number of NGOs per capita is nevertheless substantially lower than most other countries, regardless of economic development. The primary reason for this is the government's ambivalence toward NGOs. The noticeable regulatory inconsistencies explain their uneven pattern in number and dynamics along different chronological phases and geographic regions (due to different attitudes of local governments). On the one hand, their positive and auxiliary role in social management is gaining recognition from the government but, on the other, they are often distrusted as a potentially disruptive force, thus having to be controlled by high threshold registration and regular inspection under plural lines of institutional supervision. The Ministry of Civil Affairs and another government agency have authority over the applicants' business. In addition, restrictive approval and vigorous

censorship over mainstream and alternative media and press are always placed on top of the government's agenda for the sake of political stability. Albeit the control, the number of unregistered organizations[1] that function as NGOs has multiplied because of the real need in society, and the financial and organizational capacity to operate NGOs has thrived. Under a mandatory system, peoples' identity was defined and confined in the unit from cradle to grave. With market deregulation, individuals' freedom is reflected by the fact that they are transforming from a "unit person" into a "social person". Now that the majority of NGOs operates in a mutated format, a vast gap is left between official statistics and the real number of NGOs in existence. Government and NGOs need to go through a considerable learning curve before they can build the mutual trust and work together more effectively.

The year 2008 marked a climax of activities of Chinese civil society, triggered by the Wenchuan Earthquake and the Beijing Olympic Games. Donations and volunteerism were unprecedented. Since then, the attitude of government toward social organizations has experienced noticeable change. The 12th Five-Year Plan (2011-2015) documented innovations in the social provision model, emphasizing communal autonomy and the synergy of social groups in social management. In August 2012, China amended its Civil Procedural Law and, for the first time in history, legitimized class action by civil groups against environmental offense.

As China is celebrating its 65th year of the People's Republic on the first day of October, its modern history can be divided into three distinct phases. The first 30-year period (1949-1979) under the rule of Mao Tsetung introduced national independence and unity, but ended in political turmoil and economic hardship. The second 30 years, Deng Xiaoping's program of open-doors and reform, marked by its explosive economic growth and globalization, saw the rise of China, but also an emergence of wealth polarization and rampant corruption. The current period is opening a new chapter for the awakening of the Chinese mind, based on subtle and gradual social reform; less militant and political, more civil. – It enlivens this nation and carries it toward the China Dream by five civilizations: political, economic, cultural, social, and ecological.

Every major wave of technological revolution will not only elevate productivity to a new height but also bring about new modes of production and changes in social constructs: national values, life style, and the political landscape. The surge of social media based on information technologies has created an entirely new and powerful platform for online participation through instant and voluminous information sharing, essential for public voices and activities of NGOs. This has proven to be the strongest force behind the reconstitution of social infrastructure, hence the change of the rules of the game between the state, markets, and civil society. Although subscription to the official print media is still mandatory for the non-private sectors, typical vertical communication between the state and its citizens is increasingly replaced by horizontal communication between citizens.

To some, the democratic progress in China is considered too slow. The new government under Xi Jinping is sometimes seen to be recentralizing state power, at least in the short run. However, the current crusade against corruption, for example, is aimed at restoring popular confidence in the Communist Party and state. During phenomenal economic growth periods, it cannot be denied that corruption oiled the wheel of bureaucracy at times, ironically an organic product of excessive state power in the allocation of economic resources without an adequate counterbalance by civil society and complemented by a free media. Concurrently, the new government is committed to a more transparent and accountable political environment

---

[1] The number of unregistered NGOs is estimated at 1.5 million (Chinese civil society: Beneath the glacier, The Economist, 12 April 2014).

for all constituencies, while the market is allowed to play a major role with deepened reform, steadfastly moving toward regional and global integration. Bolder steps toward social reform and deregulation are needed but a reckless elimination of a long-established, half-functioning system may turn out to be damaging and costly. As Chinese Premier Li Keqiang explained at the World Economic Forum in Davos in January 2015: "to be a good skier, one needs to do three things: go at the right speed, keep balance and be courageous." This holds true also for the Chinese economy, and even truer for its social management, considering the immense challenges that lie ahead.

What configuration, what architecture shall Chinese society adopt? Maybe a revivified march toward a liberal market economy and a dedication to global inclusiveness, with younger generations passionately emulating western lifestyles? Will China replicate or succumb to the western model of polity and democracy – a propensity vigilantly guarded against by Chinese rulers? As former Singaporean Prime Minister Lee Kuan Yew put it, "It is China's intention to become the greatest power in the world – and to be accepted as China, not as an honorary member of the west"[2]. This may obliquely explain the awakened sense of destiny nested in the China Dream.

History is paved with, and shaped by, vicissitudes. Its ebb and flow neither happens in a linear nor in a cyclical pattern; it is a spiral. For every empire, state, or organization, ascent may be stirred by gladiatorial leadership under special circumstances, but its sustainability, ultimately, relies on a common bond, animated by a collective conscience and shared willpower.

---

[2] Graham Allison Robert, D. Blackwill, Singapore's eminence sees China rising and India falling. The National Interest, March 1, 2013, http://nationalinterest.org/commentary/lee-kuan-yew-grand-master-asia-8169

Contributing Authors

Manfred Max Bergman holds the Chair in Social Research and Methodology at the University of Basel, as well as Extraordinary Professorships at the Universities of the Western Cape and the Free State, South Africa. His research interest is focused on sustainability.

Klaus M. Leisinger is President of the Global Values Alliance (Basel), does research and teaches Business Ethics and Corporate Responsibility at the University of Basel and serves as the "Special Advisor on the Post-2015 Development and Business Ethics" to the United Nation´s Global Compact. He served more than 30 years in senior management positions of an international pharmaceutical corporation.

Eberhard Stilz is the President of the Constitutional Court of Baden-Württemberg since 2002, the President of the Global Ethic Foundation since 2013, and the Mediator and arbitrator in commercial law cases since 1992. Before his current position, he was also President of the Higher Appellate Court of Stuttgart, the Head of Department at the office of the Ministerpräsident of Baden Württemberg, the Chief Judge at the Higher Appellate Court of Stuttgart, and the State Secretary at the Ministry of Justice of Saxony (Dresden).   He is also President or Member of the Board of several foundations and organizations, such as the Robert-Bosch-Stiftung, the Wüstenrot Stiftung, and the Stiftung Weltethos.

Yuxuan Chen is a member of the Innovation Experiment Program (Mathematics) of Shandong University, with research interests in econometrics and applied statistics.

Li Li is the associate professor of Institute of International Economy, University of International Business and Economics and Director of China Research Center for Technical Barriers to Trade (CCTBT), UIBE. Her research interest is Social Responsibility and Sustainable Development, and she has published more than 20 articles and finished more than 30 relevant projects. She is a registered expert of the ISO Social Responsibility Working Group for ISO26000, and an expert in the Think-tank of China Industrial Associations and Corporations on CSR. She has participated the development of ISO260000 and the translation of ISO26000 into Chinese, the development of ISO 20121 and ISO Guide82. She has also participated the drafting of several CSR related standard or guideline in China.

Dong Chen is a professor of School of Economics, Shandong University. His research interest is public economics, and he has published more than 50 papers in SSCI and CSSCI journals. He also acts as referee for the *Journal of Financial Research, Economic Review, Problems of Agricultural Economy,* and so on.

Jeffrey D. Sachs is a world-renowned professor of economics, leader in sustainable development, senior UN advisor, bestselling author, and syndicated columnist, whose monthly newspaper columns appear in more than 100 countries. He is the co-recipient of the 2015 Blue Planet Prize, the leading global prize for environmental leadership. He has twice been named among Time Magazine's 100 most influential world leaders. He was called by the New York Times, "probably the most important economist in the world," and by Time Magazine "the world's best known economist." A recent survey by The Economist Magazine ranked Prof. Sachs as among the world's three most influential living economists of the past decade. Prof. Sachs serves as the Director of the Earth Institute, Quetelet Professor of Sustainable Development, and Professor of Health Policy

and Management at Columbia University. He is Special Advisor to United Nations Secretary-General Ban Ki-moon on the Sustainable Development Goals, and previously advised both UN Secretary-General Ban Ki-moon and UN Secretary-General Kofi Annan on the Millennium Development Goals. He is a Distinguished Fellow of the International Institute of Applied Systems Analysis in Laxenburg, Austria. Sachs is Director of the UN Sustainable Development Solutions Network under the auspices of UN Secretary-General Ban Ki-moon.

Baocheng Liu is the founder and Director of the Center for International Business Ethics (CIBE) at the University of International Business and Economics, Deputy Director of the China Open Economy Institute, founder of the Sino-America International Management Institute, and Director of the Sino-French Excellence Institute. Furthermore, Dr. Liu established China's first Masters Program on Sustainable Development at China Agriculture University in partnership with the University Paris Dauphine (MSD). He served as an adjunct professor at Seton Hall University, Montclair State University, and the University of Maryland. Dr. Liu's area of research and teaching covers a variety of disciplines, including marketing, business ethics, cross-cultural communication, and business law. Dr. Liu also serves on the council for China's Society of Economic Transitions and Research Center of Multinational Corporations. He is also a member of the Advisory Council to the Beijing Foreign Investment Administration and to Shizuishan City of Ningxia Autonomous Region.

Partner Organizations:

Founded in 1986, the Caux Round Table advocates comprehensive global ethical principles for businesses, governments, non-profits and those who own wealth. CRT management approaches bring ethics and social responsibility into focus as praxis and not just moral theory.

China Credit Research Center，Peking University（CCRC）
The China Credit Research Center was founded in October 2002 to assess public policy towards credit markets in China and provide independent support for policymakers in the development of a China's credit system.

Globethics.net is a global network of persons and institutions interested in various fields of applied ethics. It offers access to a large number of resources on ethics, especially through its leading global digital ethics library. In addition, it facilitates collaborative web-based research, conferences, online publishing and active sharing of information. Globethics.net aims especially at increasing access to ethics perspectives from Africa, Latin America and Asia. It strengthens global common values and respect of ethical contextual diversity.

The W. Paul Stillman School of Business at Seton Hall University provides professional education geared toward the complex, practical needs of business leaders. The mission of the School is to enrich the life of each student through a nationally recognized educational experience that is inspired by innovative teaching, supported by applied research, and guided by a values-centric curriculum. The Stillman School collaborates with the Center for International Business Ethics to produce JIBE, together forming JIBE's joint editorial board, and awards scholarship to the winners of the annual CSR Essay Competition hosted by the Center for International Business Ethics.

For more information on any of these or other CIBE projects and affiliations, CIBE partners, and related sponsors, please visit us at www.cibe.org.cn