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**Extended Stakeholder Theory:
Nature, Society, and Future Generations**

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**November 26, 2004
Paris**

The ethical (normative) interpretation of the “stakeholder” concept

Stakeholders are those beings, which are affected by the functioning of business organizations.

Business organizations affect the fate and survival of natural ecosystems as well as the life conditions of present and future generations.

Thus we should include nature, society and future generations among the stakeholders of business.

Hans Jonas: The Imperative of Responsibility (1979, 1984)

For Jonas the imperative of responsibility runs like this. “Act so that the effects of your action are compatible with the permanence of genuine human life”. Or expressed negatively: “Act so that the effects of your action are not destructive of the future possibility of such life”.

Since future human beings and non-human beings do not have rights, our duties to the future generations and to nature are independent of any idea of a right or reciprocity.

**Moral responsibility is basically
a non-reciprocal duty to
guarding beings.**

Applying the imperative of responsibility to business:

Business has a one way, non-reciprocal duty caring for the beings which are under the impacts of its functioning.

From an **ecological perspective** the integrity of nature is a central issue.

The notion of **ecological integrity** was first introduced by the American naturalist, **Aldo Leopold**.

He wrote: “**a thing is right when it tends to preserve the integrity, stability, and beauty of the biotic community. It is wrong when it tends otherwise.**”

Business activities can be evaluated against **sustainability indicators** that make operationalized the notion of ecological integrity.

From the **societal perspective** human capabilities are important.

Amartya Sen proposed to understand human well-being in the terms of **capabilities**. Capability is primarily a reflection of the freedom of a person to achieve valuable functioning. Hence capabilities can be interpreted as **substantive freedom** that people enjoy.

Business can be considered **pro-social** if it contributes to the **development of human capabilities**.

How can we evaluate business activities from the perspective of future generations?

According to **Edith Brown Weiss** the **freedom of future generations** can be assured by satisfying the following principles.

- (i) conservation of options;**
- (ii) conservation of quality;**
- (iii) conservation of access.**

A business activity can be considered **future enhancing** if its aggregate **impact on future generations** is positive.

The extended stakeholder frameworks calls for a **radical transformation of business:**

(1) Business should be **sustainable**, i.e. should contribute to the **conservation and restoration** of the **ecology** of the **natural world**.

(2) Business should be **pro-social**, i.e. should contribute to **development** of **capabilities** of the members of **society**.

(3) Business should be **future enhancing**, i.e. should contribute to the enhancement of the **freedom** of **future generations**.

Business can regain its legitimacy in a world of ecological degradation and human disintegration.