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The Impact of the Market

on Character Formation, Ethical Education,
and the Communication of Values
in Late Modern Pluralistic Societies



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INHALT

Acknowledgments	9
<i>Michael Welker, John Witte Jr., Jürgen von Hagen, and Stephen Pickard</i>	
Preface to the Series	11
<i>Jürgen von Hagen</i>	
Introduction	15
PART ONE: SYSTEMATIC CONTRIBUTIONS	
<i>Jürgen von Hagen</i>	
Markets and the Human Character	23
<i>Frank J. Lechner</i>	
Commercial Society and its Values	39
The Merits of the Market in Social Theory	
<i>Ginny Seung Choi and Virgil Henry Storr</i>	
Growing up in the Market	51
The Character Traits that Markets Reward and Punish	
<i>Jason Brennan</i>	
How Market Society Affects Character	73
<i>Paul Ostington</i>	
Understanding the Economic Impacts on Virtue and the Pursuit of Good	93
PART TWO: BIBLICAL AND HISTORICAL IMPULSES	
<i>Michael J. Broyde</i>	
Law, Economy, and Charity	115
Formations in Torah and Talmud	
<i>Jürgen von Hagen</i>	
Old Testament Principles of Economic Ethics	133

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Kaja Wiczorek
Economic Conditions Impacting Luke's Concept of Economic Solidarity 147

Peter Lampe
Christian-Apocalyptic Protest from the First-Century 90s as a Reaction to Economic Conditions 161

Samuel Gregg
Commerce, Finance, and Morality in the Thought of Early Modern Catholic Scholastics 171

John Witte Jr.
Otkos* and *Otkonomika 187
 The Early Modern Family as a Matrix of Modern Economics

PART THREE: CONTEMPORARY PERSPECTIVES

Katrin Glden Le Maire
Pushing New Frontiers 211
 The (Im)Possibility of Character Formation through ICT Products and Services

William Schweiker
Can Character Formation Survive the Digital Economy? 223

Steven Pickard
Rational Choice Theory and Virtuous Economics? 233
 Problems and Possibilities

Piet Naud
A Conceptual Analysis of "Value" in Select Business Literature and Its Implications for Ethical Educations 247

PART FOUR: APPLICATIONS AND EXPLANATIONS

Manfred Lautenschlger
Economics, Character, and Values 263
 Vital Questions in Society

Klaus Leisinger
Nice Words Are Fine, But Hens Lay Eggs 271
 Communication about Values Leads to Expectations of Practical Consequences

Michael Welker
Entrepreneurs' Ethics in South East Asia 285
 Some Insights from Expert Interviews

Contributors 295

Corporate communication about values and ethical issues is likely to result not only in better understanding but also in higher expectation and more intense scrutiny by media, NGOs, employees, and customers. Not only is complete truthfulness necessary, but strategies of *underpromise and overdelivery* are also advisable. The fundamental precondition for sustained credibility is walking the talk and delivering action that is beneficial to all corporate stakeholders, including the stakeholders.

ENTREPRENEURS' ETHICS IN SOUTH EAST ASIA

SOME INSIGHTS FROM EXPERT INTERVIEWS

Michael Welker

In 2015, the Karl Schlecht Stiftung invited us to develop a research project on the topic "Traditional Norms and International Corporate Responsibility and Integrity in Southeast Asian Contexts." The question was how traditional norms—not only Confucian or Buddhist ones but also those of other religions, secular-ethical norms, or nationally conditioned norms—and international corporate responsibility and integrity are related in Southeast Asian contexts. We invited several, mostly young scholars (most of them with a European doctoral degree) from universities in South Korea, the People's Republic of China, Hong Kong, Taiwan, and Japan to cooperate in this project. Each scholar was asked to address two or three internationally operating corporations in his own country, and to conduct and evaluate expert interviews with representatives of those corporations.

The interviews were to be concerned with the presentation of the profile of the corporation in question and the profile of the person interviewed. They should contain differentiated questions regarding normative ethical (both religious and secular) foundations in the company's management and their concrete effects on the corporation's entrepreneurial conduct:

- Are the values mediated to the employees, and—if so—in which ways?
- Are the values also mediated to further national or international publics?

We wrote a sixty-six-page evaluation of the interviews and brought six Asian experts from the business sector (chosen on the basis of the interviews) and six Asian scholars to a consultation at the FIT in the spring of 2016. In the following, I present some of the results of the interviews and our discussions in Heidelberg. The project continues to aim at expanding the perspectives into the realms of religion and culture in a dialogue between South Korean and German experts in theology, ethical studies, and diaconal research, for which we selected the general title "Justice and Righteousness: Divine and Human."

BUSINESS AND DAOIST RELIGION

A highly profiled conversation partner was Ke Shu Shuquan, the owner and chairman of Guangdong Tai-an Tang, a Shanghai-based producer of traditional Chinese medicine, with five thousand employees at eleven locations. The firm has been owned by a family through thirteen generations since 1567. The head of this firm emphasized the strong connection to and cultivation of traditional value systems (Daoism, Yin-Yang, and the theory of the Five Elements) with modern technology in production and marketing. The firm has established and maintains several research centers and centers for the promotion of cultural values. The owner repeatedly emphasized the values of modesty, gratitude, attempts to benefit humanity, and avoidance of aggressive competition and fights.

It was not easy for the Westerners and the Asian colleagues educated in Western institutions to understand the translation of Daoist value systems and other Chinese classics into technical and economic processes. The Chinese firm, however, is building a center for traditional Chinese medicine (TMC) in Los Angeles and intends to build more centers in England and Germany.

Very important for them is the cultivation of a corporate culture. The firm is seen as a big family, and each morning at 8 o'clock there is a joint declaration of common values. Training programs, intended to enhance the well-being of individuals, make sure that this is not just a rhetorical enterprise. The firm's outreach into the society as a whole is important. Active support for poor, physically disabled, and lonesome old people, as well as relief activities in pressing catastrophes (for example, earthquakes) is strong. Equally important is the company's support of general education and the dissemination of medically relevant knowledge—in libraries, museums, and electronic media. Not only the economic success of the company but also communicative success in the form of feedback from employees and customers (pharmacists, doctors, and patients) are of high relevance.

Another participant with a Daoist background from Taiwan was present. Joseph Roan is the deputy chairman of China Commodity Exchange, Co., a globally active corporation connected with the Chinese Ministry of Foreign Trade. The corporation (CCE) accompanies and steers credit-based transactions all over the world. Chairman Roan, who lives in Taipei, is not only an entrepreneur but also a Daoist priest of the third grade. He estimates that the CEOs of 50 percent of the 100 largest firms in Taiwan follow a Daoist orientation, while 40 percent have a Christian background. In the Daoist orientation, the rhythms of nature and the seasons are of particular importance, as are the rules and rhythms of religious rituals. These rhythms are thought to contribute to the harmony and balance of both personal life and business life.

A complex pattern of relations guarantees this harmony, first in the relations of the family, then in the professional relations to colleagues and coworkers in order to balance professional success and social responsibility. Modesty, tranquil-

ity, self-discipline, and the search for good order are to be cultivated over against aggressive political and economic attitudes. The Daoist orientation offers a blissful impetus and counterbalance by emphasizing the value of trust, first in relation to the gods, then in the cycles of nature, and finally in other human beings, as in loyalty towards one's leaders and one's corporation.

In his own firm, Chairman Roan tries to create trust in the midst of economic and political relations of distrust. He sees good models in the Japanese culture and expresses a certain skepticism about the Chinese and the Russians. His corporation invests 10 percent of its income in the education of its employees, as an endeavor to create familiarity with good philosophical and ethical principles and models. He sees difficulties in the attempts to mediate United Nations values (Global Compact, CSR) in Asian countries.

BUSINESS AND CONFUCIAN VALUES

Confucian values and the experience of the Chinese Cultural Revolution and the reforms of Deng Xiaoping inspired the entrepreneurial Wang Xu Ning of the Joyoung Company, who invented a soy milk machine and created and shaped a whole new consumer market, changing the breakfast and nourishment habits of millions of Chinese families. Four thousand employees, mostly young people, work for the firm, which is now centered in Hong Kong.

The Confucian values of altruism, honesty, and family piety are emphasized, and the climate of solidarity and fraternity in family and in the business are underscored. Again, the practice of incorporating these values is important for the social and cultural life in the firm and extends into consultations in the choice of partners and the foundation of families.

The striving for economic success of the firm is connected with work for a healthy lifestyle in general. Active support for the poor and the needy is organized under the name of Project Hope. In poor parts of the country, schools are built, and poor children are supported. Exemplary kitchens and canteens have been built in fourteen provinces, so that the living conditions of 150,000 children from poor regions have been improved.

BUSINESS AND BUDDHIST VALUES

After studying in Taiwan and Japan and working as the CEO in the Sony Group for eighteen years, managing director Andy Cheng founded his own company in 2011—AZIO Electronics Co., a small company with fifteen employees and annual net revenues of 2.5 million US dollars. Mr. Cheng regards himself as a Buddhist and tries to keep a Buddhist orientation in his entrepreneurial activities. The re-

ligious traditions help him to find and keep inner and outer peace, to abstract from evil conditions, and to block impulses of hate and anger. They promote a successful life, which is accompanied by happiness and health. Most important for this successful life are good relations within the family. Mr. Cheng values his life with his Japanese wife and their three daughters most highly.

He is convinced that in public life and in economic processes, value-orientation is crucial, above all the value of loyalty. A friendly, honest, and reliable communication with customers and coworkers has to be cultivated. The success model of his firm is one of reliable service and long-term stability rather than undercutting of prices of competitors. He points to Japanese and British business strategies as good examples. He is convinced that the imperialistic background of these countries helps them develop cultural stability, maturity, and patience, and the betting on slow and long-term oriented processes of growth. He does not think that these mentalities are as strongly developed in the United States and China. In his own context, he complains of the pressure toward conformity over against the support of creativity.

With respect to his employees, he developed the so-called PURE approach—nurturing the values of “passion, unity, respect, and enjoyment.” Small practical and symbolic actions in his firm have helped to implement these values: a spirit of commitment and dedication; community spirit and solidarity; the will to cooperate and be fair; and personal satisfaction and *joie de vivre*. Examples of these actions are the installation of waste disposals at beaches, blood donations, help after catastrophes, and support of local schools. Like other entrepreneurs, he sees difficulties in implementing regulative ideas of the United Nations Global Compact (for example, fighting corruption and caring for the environment).

Three managers took part in the interview with All Nippon Airways Holding, Inc. (ANA, Japan): senior manager Noguchi (studied economics), manager Sugimoto (political science), and Ben Terasaki (law). They showed familiarity with the ethical principles of the United Nations Global Compact and emphasized that Japan has embraced these principles in politics and economic ethics over centuries. Nevertheless, they admitted that it would not be easy to implement ideas of human rights and active social and political involvement “from below” in Japanese contexts. ANA is very much interested in increasing the number of female employees in leading positions. It is willing to intensify activities for environmental care and to control the cooperation with developing countries with respect to fighting child labor and discrimination.

ANA wants to support the development of a “sustainable society with honesty and integrity.” Religious values are not perceived as highly relevant in these contexts. Only in connection with a topic central to airlines—security and safety—are religious components brought up. Once a year, a Buddhist ritual for casualties and injuries among passengers and airline personnel is conducted, although ANA has had only one plane crash, decades ago. At the beginning of each year, there is a

prayer for safety and security in a Buddhist temple on Mount Narita. Each office and each airport possess a family altar, and there are rooms for meditation for people with different religious backgrounds. The Olympics Games originally scheduled for 2020 present a particular challenge to Japan to demonstrate ecological sensitivity and social responsibility.

BUSINESS, CONFUCIAN VALUES, WESTERN MANAGEMENT PHILOSOPHY, AND FAMILY VALUES

Shanghai DragonNet Technology Co. (DNT) is a young company which was founded in 2001 and has been listed in the stock market since 2011. With thirty branches and offices and one thousand employees, it is now a “leading IT service and solution provider in China.” Vice president Wu Xuesong, born in 1975, received his BA degree from Beijda University and then worked for international corporations (British American Tobacco, SB China Capital, and China Hewlett-Packard). Besides his fast career, Wu took part-time graduate studies at the National School of Development of Beijda University. Central values of the Confucian tradition (taking action; making money in a proper way; striving for moral merits and virtues; being benevolent and forgiving) are important for him and have shaped his performance in his company. He also emphasizes his strong appreciation of Chinese calligraphy.

The climate of the firm is shaped by “trust and respect.” Their employees should aim at a strong reputation of the firm regarding the care for its customers. They should deal with conflicts among values (customer benefits, profit interests of the firm, and ethical concerns) in a responsible way. Social activities are concentrated on supporting education in the country. Talented students are placed in structurally poor environments of the country for two years after their graduation.

John Chan Chung Cung comes from a family with roots in China and Peru. His father was a professor at the famous Beijda University in Beijing. The Cultural Revolution made them leave the People’s Republic and move to Hong Kong. Chan received his academic and professional education in Hong Kong, in the People’s Republic of China, and in Tokyo. He first worked for a Japanese firm for quite some time, then for China Resources, Ltd., a private firm financed by the Chinese government to support trade with European and Japanese partners. Finally, Chan set up his own business. Being self-employed allowed him to suspend his economic activities for a while in order to care for his mother when she had fallen ill. His ethos is very much shaped by Chinese cultural family loyalty. He was in constant exchange of letters with his father, including about questions of morality and values.

The sensitivity for a broad social responsibility beyond the family did not play a significant role in Chan's professional development. National interests and the success of his corporation dominated the orientation. However, international experiences finally led to an appreciation of a culture of equality and care for the weak. Several corporations and companies are shaped by this spirit and participate actively in the Project Hope mentioned above, supporting poor people, especially children in underdeveloped areas.

BUSINESS AND CHRISTIAN VALUES

Claudius Tsang Sze Wai works for Franklin Templeton, Inc., in Hong Kong. Founded in 1947 in New York, Franklin Templeton is one of the largest investment societies in the world, with 22 million customers and a volume of 800 billion US dollars. Tsang went to an Anglican school in Hong Kong and studied at the Chinese University of Hong Kong and the Tsinghua University in Beijing. He is the first Christian in his family, and he and his family belong to a Christian church. Combining Confucian and Christian values, he highly treasures his personal integrity and the connected inner peace of mind and avoidance of all legally dubious activities.

Although he regards Confucian and Christian value systems as good neighbors, he prefers the Christian teaching. The very strong Confucian emphasis on connections and duties toward family and relatives can easily lead, in his opinion, to complicated and corruptible relations. He is skeptical that the value systems of classic Chinese culture and the moral powers of modern Western subjectivity can counterbalance the power of global economic developments. He therefore puts his trust in an international legal system and a transparent regulation of the markets.

The forty-year-old Tanhay Corporation, in South Korea, a company with thirteen subsidiaries in the United States and China, produces pneumatic and environmental pollution-control systems, filter systems, transport systems, automatization systems for other firms, hydraulic machines, 3-D printers, etc. It has 750 employees and an annual turnover of 150 million euros. The first expert interview was conducted with the president and founder of the company, Ju Seph Uhm. Born in a rural environment and raised without his father under Japanese dictatorship, president Uhm served in the military for thirteen years, then worked for five years as an employee in a Japanese firm before he founded his own company in 1973.

The leading values of the founder and his company, constantly mediated to his employees, are creativity (the search for what is new); discernment (the attempt to gain good ethical and pragmatic power of judgment); and activity (the quick endeavor to seek implementation and realization of new ideas). The loyalty of all employees to the corporation should serve their own well-being and should

have an impact on the broader public. The good behavior of all employees and the good order of the firm win and strengthen the trust of their customers and—at least indirectly—the value of the produced goods.

The entrepreneur is very much interested in the academic and scientific exploration of an "ethical economy," which in his opinion is grounded not only in human morals and reason but also in the orientation toward a theology of creation. He regards the spiritual basis of the economic and technical development of his enterprise as being of the same relevance as the material condition. The same is true, he thinks, of the furthering of the larger social and societal conditions of life. He suggests that all people should aim at a cultural peace in which solidarity, honesty, and modesty are the moving powers.

The ethical economy which president Uhm envisions is implemented in his company in: (1) educational projects for gifted employees; (2) an ethos of the model taxpayer and the conscious support of the work of the state; (3) a project developed to stop the rural exodus in a small village in a very beautiful but poor country environment. (For this purpose, a small part of the company was placed in that village and now offers work for one hundred people. This branch of the firm is also concerned with an ecologically superior agriculture and organic farming, especially fruit orchards and storage and distribution systems, and it also provides general education and offers room for religious communication.) The ethical economy also includes (4) the renunciation of unconditionally maximizing profits and at the same time securing stable incomes for all employees, even in times of unstable market conditions, and (5) the avoidance of potentially profitable economic partnerships if there is the least suspicion of ethical dishonesty on the other side.

The interview with CEO Jay Uhm, the son of Ju Seph Uhm, related to the firm Tanhay Pneumatic Engineering (TPC Mechatronics AG), founded in South Korea in 1980 and listed since 2001 on the South Korean stock market. CEO Uhm received a high school education and studied at the University of Southern California. His father's ethical honesty and entrepreneurial vigor shaped his own character.

According to CEO Uhm, Asian discipline on one side and the typically American appreciation of individualism on the other generate for him the creativity which he needs as a dynamic entrepreneur. At the same time, he sees himself rooted in the Christian faith. He belongs to a Methodist community and embraces the Christian values of love and mercy, of honesty and truthfulness. Honesty and truthfulness are also important for his relations to employees and customers. This is in line with his father's example.

His company developed an educational program for new employees so that they would internalize these key values. The mission of the company reads: "We satisfy the demands of our customers in innovative and differentiated ways in order to maximize the satisfaction of our customers, and at the same time we want

to contribute to the enhancement of national competence. "Two key values of the company are (1) "rightness" and (2) "strong mentality." The first concerns harmony of justice and honesty. This value should shape the relation of the entrepreneur with his employees, the relations among the employees and with the company, and the relation of the company with the customers and the broader public, the state, and international partners. The second value supports an ethical education that is not only offered to new employees but also further cultivated in monthly meetings. It has an impact on the spirit of the company and the good inner climate and enhances the firm's reputation in its country and internationally.

The perceived service to the community is above all the securing of safe jobs and occupations and the support of the state through honest payment of taxes. In addition, a church has been built, and the religious community of the "model village" receives support. There is also a plan to establish an academy in the rural environment to explore the opportunities and the dangers of cyberspace.

Yamaha Corp., Japan—the famous maker of pianos, other musical instruments, and sports and car equipment—was represented by Tsutomu Takizawa. Takizawa studied measurement technology and served Yamaha in many functions in Japan and the United States. He is now manager for planning and public relations in Tokyo. He first talked about the company's history and the development of the founder, Torakusu Yamaha, who was a watchmaker and producer of medical instruments in Nagasaki, a city shaped by Roman Catholicism. When the founder was asked one day to repair an imported organ, he decided to manufacture organs himself. In 1887 he produced the first Japanese organ, and other musical instruments followed.

In the middle of the twentieth century, Yamaha largely extended its scope of products. At the same time, the firm intensified its support of public music lessons, music festivals, and the development of cultural sites. When traditional European firms stopped the production of high-quality wind instruments, Yamaha filled this gap in the market. In Europe, China, and Indonesia, new markets were created, and new branches were established. In the 1970s, more and more electronic musical instruments were produced.

Although it did not pursue specific religious and political interests, Yamaha contributed significantly to the introduction of Western culture to Japan. The entrepreneurial spirit of the city Hamamatsu—the central location of Yamaha as well as the initial home of Toyota, Honda, and Suzuki—contributed to the success story. A strong and complex connection to the religious traditions of the West became unavoidable, since its great classic music generally has a religious background, and many music-loving customers are religious people and live in religious groups and organizations.

Yamaha is very successful in many Asian cities, where the middle class is growing. The company connects the selling of its instruments with the establish-

ment and cultivation of music schools. Yamaha music schools have fifty thousand students in Indonesia and ten thousand students in China, and also exist in Malaysia and Thailand.

As a globally active corporation, Yamaha supports the ethical activities of the United Nations Global Compact. The concept of human rights admittedly does not play a great role in the Japanese business world. For ethics and morals, the values of compliance and corporate philosophy are most relevant. Forced labor and child labor are taboo. The number of women in the workforce is steadily increasing. The production of musical instruments with environmentally friendly materials, and the company's contribution to the reforestation of Indonesia and to water recycling systems in China and Indonesia are mentioned as examples of morally worthy activities together with the fight against corruption and for humane and socially sensitive regulations of work time.

CONCLUDING COMMENT

We added this chapter to this volume to offer a set of examples from Asian countries, indicating that even modest religious impacts from diverse traditions can shape ethical orientations and the communication of values in basically economically oriented corporations and their business operations. In no case did religious values override the leading maxims, namely customer satisfaction, coworker satisfaction, trust-building by long-term planning, and quality maintenance of products and professional performance. But they offered a specific tone and climate that supported the economic and ethical orientation.