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The Influence of Property Rights on ESG

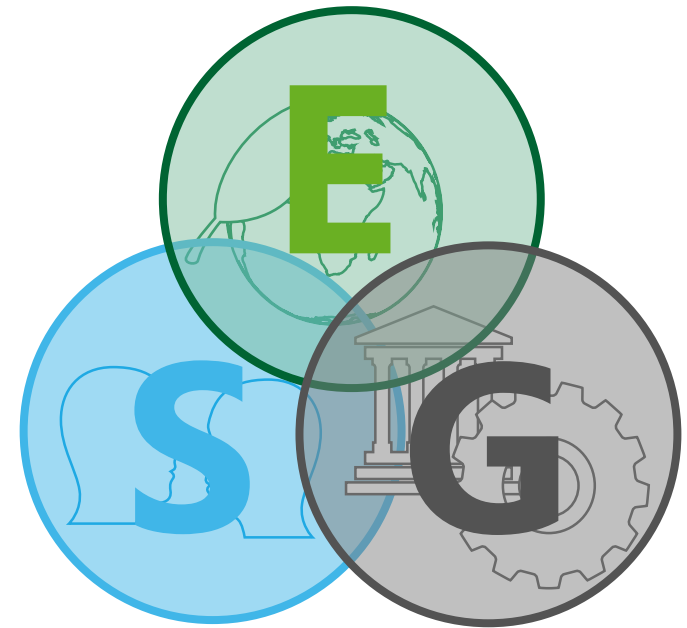
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1. ESG

Abbreviation: Ecological, Social, Governance

- ESG issues are taken into account in business conduct
- ESG concerns are taken into account in investment decisions
 - Dedicated ESG investment products
- ESG behavior of company or fund is rated



2. The Issue

- Lack of a consistent understanding of ESG issues
- Lack of justification why and how corporations should address these requirements
- Risk of arbitrary decisions (investors, companies and rating agencies)
- Risk of misallocation of resources both by investors and by companies

3. Property Rights

In general, Property Rights have to do with the right to use, transfer, and exclude

Confirms and legitimizes ownership rights in the context of an overall philosophical concept

- Human well-being (Aristotle, Aquinas)
- Labor theory (Hobbes, Locke)
- First Possession (Rousseau, Kant)
- Utilitarian theories (economic theories, Mill)
- Liberal and Libertarian Theories (Nozick, Rothbard)



3.1 Property Rights in the ESG context

- There can be no general ethical behavior of companies or general ethical investing
- Property Rights conceptions inherently determine moral understanding
- Property Rights assumptions are critical to the economic system
- Illustrate especially the connection between business and ethics

4. Research Question

- How do Property Rights influence questions of ESG?
- How should Property Rights be shaped to address the challenges posed by ESG questions?
- Which philosophical framework is best suited to legitimate the necessary Property Rights allocation?

5.1. The Influence of Property Rights on ESG

E - Ecological

Problems:

- Climate change
- Pollution
- Overexploitation of resources

Solutions:

- Internalization of external effects
- Solution to tragedy of the commons

5.2. The Influence of Property Rights on ESG

S – Social

Problems:

- Social inequality
- Marginalized groups
- Human rights violations
- Slavery

Solutions:

- Social obligation of property
- Land rights
- Respect for human rights
- Protection of livelihoods (food, drinking water)
- Self-ownership

5.3. The Influence of Property Rights on ESG

G – Governance

Problems:

- Definition of the area of responsibility
- Shareholder Primacy
- Stakeholder prioritization
- Tax avoidance

Solutions:

- Analysis of Property Rights structures of the company
- What are the ownership structures?
- Which common Property Rights are used?

6. Conclusion (I/II)

- Numerous tools for dealing with ESG issues
- High compatibility with economic and legal theory
- Theoretical openness
- Possible justification for Sustainable Development Goals etc.
- Achievement of more accuracy in the measurement of ESG performance
- Clarification of how Property Rights structures influence the entirety of life
- Cannot resolve all ethical conflicts

6. Conclusion (II/II)

Need for further research:

- How do different Property Rights frameworks impact ESG issues?
- How can the concept be integrated into existing CSR concepts?

Thank you for your attention