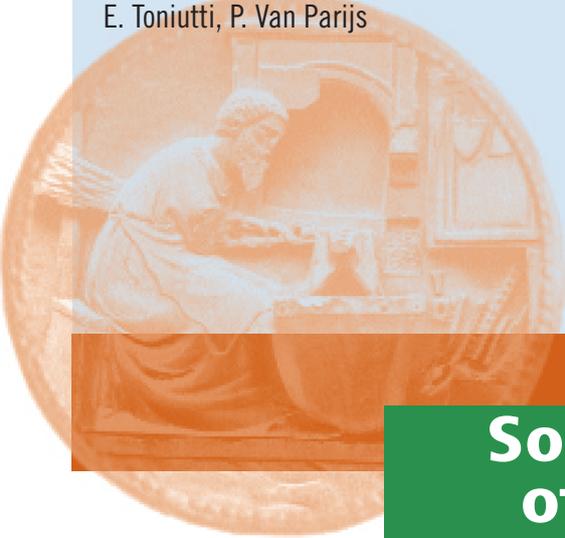


Ethics & Business

Sustainability, Social responsibility
and Ethical instruments

edited by Barbara Bertagni,
Michele La Rosa, Fernando Salvetti

Works by E. Argante, P. Bassetti, S. Battisti, C. Belli, A. Benetton,
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E. Toniutti, P. Van Parijs



**Sociology
of work**

FrancoAngeli

Sociologia del lavoro

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Abstracts

Ethics & Business

Barbara Bertagni, Michele La Rosa and Fernando Salvetti

What are the instruments of ethics? How do we recognize behaviour as ethically correct? What is a social responsible organization? At the European Union level, what are the main directives and guidelines? What about the international level? Toys coloured with lead, food full of pesticides, baby foods "enriched" with sweeteners and colouring, violent video-games, toxic varnishes... Who does produce all these things? Men and women like us, who go to work after they have left their kids at school, who go to visit the old parents during the weekends and who, eventually, on Saturdays do some activities of voluntary service. One will never find an ethical code that is infallible and universally well based. However, it is better that way. The perfection is not a part of this "human, too much human" world and it generates monsters; like the death of the reason (even if it would be partial or of part as well as limited).

Ethics is and remains problematic; but it is good that way because that means that there still are problems about what we think. These problems make us active at the individual and collective action level. Ethical codes, values-papers, principle-guide and operating lines can work anyway, even if they are imperfect, devoid and lacking. Ethics of the instruments make sure that the instruments of the organizational ethics implementation are seen seriously and they do not have too many bureaucratic, sclerotic and useless courses. It is paradoxical in the sense of the negation of the values told on line of principle.

First of all, to be responsible requires consciousness, opening to the reflection on themselves, on their own values and the consequences of our work. Even in the organizations, it is only closely at an individual level; the ability to do not take for granted, to question themselves and to compare the possible lines of action, choices and solutions. A dimension that is not taken for granted, especially in our society of abundance, flooded and

bombarded by the mass-medias where (nearly) everything lasts a press campaign and where the consumption and the multiplication without any pause, of the objects and the assets, the services and wishes, is "the moral" of our world.

Fortunately, in some contexts of the same society, children, since they are very young, got used to the philosophical reflection, to stimulate the debate on topics as the responsibility, the good and the evil and the justice. There is a hope for the adults too.

Educating responsibility

Barbara Bertagni

"Ethics remains problematic, because it places a problem that it gives to think about" (K. Axelos).

It is a warm autumnal day. Little Sophie is seated on the edge of the great round bathtub of the park, nibbling her cinnamon biscuits that she shares with the ducks...

Mother: "Watch out on that cartel; it is written that it is forbidden to feed the animals because they have their own diet and the food you want to give them could be the wrong one".

Sophie: "But they are good, don't you see that I am eating them?"

Mother: "I know they are good for you, but they aren't necessarily good for the ducks' stomach". Sophie: "But they are happy to eat them and they come and search for them; if the biscuits were bad, the ducks would go away".

Mother: "Perhaps they do not even know that they are not good for them".

Sophie: "As when I eat candies with colouring?"

Mother: "Perfectly!"

Sophie: "But why do people put colouring, if they are not good for the children?"

Mother: "Perhaps because the will to eat the candies will arise... what do you think about it?" Sophie: "But if people know that colouring is not good, they should not put them in the candies. People should not let the children

be sick... in my opinion, as here at the park, there are so many cartels to warn us that biscuits could be bad for the ducklings; so also on candies with colouring, there should be a draw on that tells us that it is colouring that can make the children sick ".

Mother: "That could be an idea..."

Sophie: "Then why don't they put it? Do you think that the person who produces the candies with colouring does not have children and therefore he does not care about the bad effect of colouring? When I grow up, I won't make anything bad for the children ".

Toys coloured with lead, food full of pesticides, baby foods enriched with sweeteners and colourings, violent video-games, toxic varnishes... who does produce all these things? Men and women like us, who go to work after they have left their kids at school, who go to visit the old parents during the weekends and, who eventually on Saturdays, do some activities of voluntary service.

But why do they make it? Perhaps someone needs the salary; or his/her contribution is minimal and anyway some people think that if they did not make it, someone else would make it; or perhaps sometimes we think that the world works in that way and it is useless to oppose and, after it is not so serious, there are worse things. If people should not do these things, there would be a law to prohibit it... or simply we have never faced the question.

First of all, to be responsible requires consciousness of our own responsibilities, thereby opening a reflection unto ourselves, on our own values and consequences of our work.

The exercise of staying in the space of the question, the zone of uncertainty because of the absence of an already-packed and unambiguous answer, helps to develop our sense of responsibility. Responsibility is the ability to take nothing for granted; to question and to confront; to face the life as thinking people who claim a right to information and choices.

This is not an easy passage in our society, bombarded by the different mass medias, where everything has the life of an advertising campaign; even the name of the company where people work or the one of the bank where we have our account... Fusions, incorporations, acquisitions, new mission, new vision and new ethical codes. Just the ethical codes define in a clear and open way, the ethical and social responsibilities of all the members of an organization who are often used as the main instrument of ethics implementation in the company. They could really be, if only they were born from a job of comparison and reflection on their content. Instead, very often, they are born from the job of some experts outside the organization or of a “cut and stick” job that assure a good effect at the image level, but generate hardly any shared culture and ethics sensibility. It is just a little bit like we had the “good and bad” book fallen down from the sky or written by the great chiefs; it would be much more comfortable because it would make everything easier, but it would make us irresponsible for sure and that is because we were not supposed to question ourselves but simply follow what is written.

How is it possible then, to integrate what is written in the ethical code with the more and more pressing MBO? What about an ethical code that remembers the importance of protecting the employees’ and customers’ well-being without prizes or endorsements, with a MBO, well connected to the salary incentives that solicits to a saving of x % on the members, compared to the previous year? To promote responsibility means, to generate spaces of reflection and of comparison on our own activities, in order to widen our point-of-view and perspective, to discover unexpected aspects, to think more seriously of what we took for granted, to build up real possibilities of choice, to live and to act with knowledge. In some highly developed contexts, children, since they are very young, get used to the philosophical reflection and stimulate the debate on topics like responsibility, the good and the evil and the justice. A group of children try the "invisible day"; a whole day in which, both for game and both for magic, children become invisible. A whole day only for us and nobody can see us... the children abandon themselves to the imagination. They run into a pastry shop to stuff themselves with sweeties or snoop around the places forbidden by the adults and they take games and puppets from the shelves

of their favourite shop without paying... Then, one begins to tell their fantasies. To think that sometimes the others prevent us from behaving badly, it's because they see us, and so they can judge us, punish us, or forbid... But then, do we behave well only because the others can see us or otherwise we would become "bad people"? But what is good and evil? From that point, the comparison and the reflection begin, through our own experiences, own desires, who with an adult makes the reflection easier, telling stories, proposing dilemmas and joining to explore the thousand aspects of the philosophical reasoning on the good and the evil.

This is a way not to close the questions with one answer, but to open the habit of reflecting and thinking more seriously, of confronting and searching, of becoming adults and being responsible. What would you do, if today, you could be invisible for the whole day?

We need company vision and country vision: an interpretation of corporate social responsibility

Josep M. Lozano

Corporate social responsibility (CSR): this is an expression that has firmly asserted itself in the economic world and in companies in the last few years; however, it is perhaps not just *one* expression, but a flood of expressions that have asserted themselves. A simple list and explanation of all the buzzwords would take up all the space available to me: social action, socially responsible investments, value based management, company citizenship, company ethics, “triple bottom line” budget, reputation...I’ll stop here. It is obviously not just a terminological issue, as a lot of denominations only constitute the visible part of a range of initiatives, proposals, experiences and meetings. A lot of meetings.

But what for, in the end? This is the core of the question: to clarify what is meant by CSR and how this issue must be tackled. When we talk about CSR then, I think it is appropriate to distinguish three aspects:

1. Agenda. The set of practices, actions and proposals that come under the definition of CSR.
2. Understanding. What do CSR and all the terms related to it mean, which company model is proposed and what role do we think companies have within the society?
3. Vision. In what society project is CSR included, and more specifically, what kind of country does it want to contribute to develop?

In my opinion, we run the risk lately of getting lost in the myriad of topics that must be dealt with. Meanwhile, on the other hand, a certain obsession for doing given things to keep up-to-date can lead us to forget that in the end, the development of CSR cannot be faced seriously, if it is not associated with an overall company and country perspective. I do not at all

mean that we should not undertake specific actions, as we really need them. I do believe, however, that the only one way to avoid CSR becoming a fashion or a new consulting agency product, is to never forget that it is a great opportunity for reinventing a company vision and a country vision.

1. A possible framework

There is no doubt that in Europe the “*Green Book*” on the future of the social model and the ensuing European Commission Communication have become the compulsory points of reference for tackling this matter. Anyway, I believe that sometimes when we talk about this document we tend to forget that prior to this, the ambitious objective in the declaration of Lisbon was: “To make the European Union the most competitive and dynamic knowledge economy in the world, by 2010, able to grow economically in a sustainable way, with greater employment and a higher quality alongside greater social cohesion”.

I believe that the key to the matter is the willingness to make competition, economic growth, sustainability and social cohesion converge. If these words are not interpreted as a simple rhetorical exercise, it will be easier to understand what CSR is. This is because from this point of view, CSR is not merely a response to the new social needs and pressure that all companies are submitted to (even if these needs and pressure obviously exist and cannot be ignored), but turns into an answer that originates from within the company and provides a business-oriented response to collective challenges that are at the same time economic and social.

The way in which the Commission presented CSR highlights two aspects: the *what* and the *how*. As far as the *what* is concerned, the importance of taking on social and environmental commitments in company procedures was underlined; while regarding the *how*, willingness was insisted on. The current debate focuses on the second element, willingness, which according to some is sometimes “ridiculously” brought down to a mix of volunteerism and good will. Various social actors have focused the discussion and their own orientation around accepting or not accepting

willingness, to the point where we are now at a dead end: the business world tends to consider willingness as a factor that cannot be forgone, while many social - and political - actors believe that willingness itself should be the first element to be removed. In my opinion, the *what* and *how* are two unsolvable points that will uselessly take up a lot of energy until we clarify the *why*. And the *why* can only make sense if we put the matter within the business model and the country model, which are the context of the CSR discussion. For this reason, I strongly reassert that it is absolutely crucial to put an end to the falsity under which CSR would merely be a matter of YES or NO (we either accept it or not), while we need to acknowledge the possibility that different interpretations of what CSR is may – and do – exist and what the implications of its application are.

2. CSR: Where are we now?

The discussion on CSR increasingly highlights the fact that it is not only products and services that compete in a globalized world, but also company and management models, a fact that is often forgotten. Furthermore, even country models compete. Thus, we must remember that when we speak about CSR, two non-coinciding approaches immediately begin to appear, if we limit ourselves to Europe and the United States and allow ourselves the luxury of forgetting the rest of the world.

In the United States, the issues related to CSR are strongly characterized by the management of relations with stakeholders, especially those who are able to apply greater pressure. Attention is essentially placed on how to establish relationships with the community. In addition, where a company code of conduct exists, it often meets the need to consider companies as CSR protagonists without damaging the core activity of the company. Conversely, in Europe, CSR tends to be increasingly associated with a global view of the company, paying more attention to all the processes it is involved in and with greater sensitivity for the political and social context it acts in.

It goes without saying that the latter affirmations trace a simplified profile, as we can find significant differences within Europe. This is why, in promoting CSR the accent is placed primarily on the relationships built by companies with local communities, or on the creation of partnerships between various social parties who share the same objectives or, simply, on strengthening laws that in one way or other contribute to developing CSR. This means that there is an increasing need for each company and every country to elaborate its own CSR approach, something that nobody however does from scratch, but rather does by using materials and references that are already sufficiently formalized. Perhaps a short synthesis on the evolution of CSR will help us to understand the issue more fully.

- During the fifties, all the attention was focused on the personal responsibility of managers and the need to develop a certain “social conscience” among them was emphasized, so that in their decision-making they would also consider other non- strictly financial and economic elements.
- During the sixties, social movements criticized the power of large companies, which played a very important role in the definition of CSR priorities, consequently favouring a certain assimilation of CSR with more or less institutionalised philanthropy and donations.
- The seventies were characterized by the appearance or the rise in requests for solidarity on behalf of companies, outlining as such, the necessity to respond to the pressure of various stakeholders, especially those who could have a stronger impact on company results.
- In the eighties, CSR matters began to be systematized, delineating the necessity of taking into consideration the internal processes related to the development of CSR.
- In the nineties, the core issue was how to tackle the management of CSR, its institutionalization within the company and its integration within company strategy.

•At the beginning of the 21st century, proposals for new institutional contexts for CSR development – and for the business activity itself – began to assume a weighty position, as did the need to redefine the company vision, to evaluate its contribution to the society and to rebuild its legitimization.

Although this sequence basically reflects the evolution in the United States (also because in Europe it started later) I would like to point out two elements that seem to me to be particularly relevant to the purposes of the theme that we are facing today.

Firstly, the various approaches have superimposed themselves over existing ones, creating a sort of stratified sediment so that, for example, we can now identify and clearly collate discussions on CSR according to concepts founded on the personal will of top managers, philanthropy, relations with the stakeholders, etc. CSR is not tackled in the same way from all of these perspectives and consequently, even the relative impact of its application differs (some still speak of CSR in fifties and sixties terms).

Secondly, while I have introduced everything as if it were a linear sequence, we cannot forget that what I define as a change in the CSR paradigm began in the mid-nineties. This change concerns not so much what should be done, as the adopted model.

In this sense, the models that I personally consider as being the most innovative in recent years connect to a revision of globalization processes. In my opinion, the most interesting models in CSR originate in companies and research or teaching centres, where CSR is located at the heart of the debate that arises from the intersection between positive and negative actions of trans-national companies, the birth of a civil society and of global public opinion and the reconstruction of the role of states and also of their inter-relationships. Therefore CSR no longer only refers to the relationship between companies and the society, rather it presents itself as being a way of reconsidering the role of the company within the society. It is for this reason that I believe that when we speak about CSR we are simultaneously obliged to question our vision of the company and of the country.

3. Building the country as an economic and social space as well

In other words, there can neither be successful companies in devastated countries nor vice versa. In a globalized world, which is strictly connected to the birth of the knowledge society, interdependency becomes a structural fact. Nobody can expect to build and consolidate his/her own future without considering interdependencies. Nobody. Not even economic and political actors. It is one thing to say that economic and social life do not match, it is another to say that they can be conceived and developed separately. For this reason it has also been possible to discuss the competitive advantage of nations: because economic development is correlated to the make up of the social and cultural relationships where economic activity is performed and where these relationships reinforce one another. Any truly stable company will in some way be related to the territory it acts in. From a practical perspective, with the increasing predominance of networks, this reciprocal involvement in the territory and with the territory must be developed intentionally, because it will not be generated by the inertia of a more or less stable and comfortably constructed society.

It is not only the competitive advantage of nations that has been discussed, but also the ethical wealth of nations. This wealth essentially derives not from the number of preachers available or the level of specialized intellectual production. Rather it depends on the quality of its professionals' actions, on the coherence and solidity of the country's institutional context, and also on the reference values that shape social relationships and the life of the organizations, etc..

In my opinion then, promoting the development of CSR within a nation constitutes one of the cornerstones for expressing competitive advantage and ethical wealth. This is because company and country visions are explicitly brought together in the context of a globalized world. In other words: speaking about CSR leads us to provide clear explanations about a way of conceiving the role of companies in our society. At the same time, it contributes to setting up countries as a space where the economy and society are not experienced in a schizophrenic way.

Bringing CSR to the forefront of the public discussion (on economics, society and politics) enables us to remember that without a common vision neither companies nor countries are possible. Therefore a common vision of company and country become indispensable, both in their own specific area. The discussion on CSR is always a debate about what kind of society we want to build and how companies contribute to its construction. However, it is also a debate on what kind of company we want and need and on what is needed from a social and cultural point of view to achieve this result. All in all, it is a discussion on where our efforts are aimed, on the strength of our commitments and on what we collectively wish to pursue.

This is why I believe that it is necessary to create and provide contexts where it might be possible to publicly discuss issues such as the following:

- How to develop company relationships with the surrounding social context. This involves a better identification and knowledge of the different social agents that influence company activities or that might be subjected to their influence. This interrelationship must not be considered as a way of managing possible risks, but as an opportunity to build relationships. At this point we must inevitably insist on an often overlooked aspect: CSR must not be seen as a kind of activity to be added to the core of *business* per se. Actually, even if it seems obvious, CSR belongs to the company and only makes sense if we deal with it starting from the company activity itself, within the sphere of such activity and not as a series of peripheral events, despite the fact that these might be useful and interesting.
- CSR finds the need from all this to deeply explore an opportunity that in other countries is sufficiently developed: the creation of new types of co-operation between companies, public administration and social organizations. The constitution of these partnerships is based on two suppositions. The first is the existence of a dialogue, able to build a common vision and objectives. The second is that this relationship obliges each party to perform its own role. Promoting CSR does not mean that the company must stop being a company and start performing functions that do not pertain to it, or that it must submit itself to the needs of public

administrations and social organizations. CSR simply means that a company must be a company and simultaneously ask itself what kind of company it should be.

- The result of the aforementioned is the possibility of increasing the consolidation and the development of the share capital insofar as the spread of CSR (and also of the partnership culture) has a strong impact on the consolidation of the economic and social relationships network. In other words, this also raises the need to promote an institutional framework that makes the importance of CSR clear and visible to everyone. Once again, it is a matter of company vision and country vision and it would be a mistake to simplify the discussion (which is absolutely necessary) to the alleged dilemma between regulation and self-regulation.

- Therefore the development of CSR puts the social and economic dialogue in a new perspective. CSR cannot be separated from the consolidation of the new debate on companies, which places their legitimacy along axes that include CSR. Obviously it would be a serious matter if we made the mistake of believing that which we are speaking exclusively about changes within companies. In fact, CSR only makes sense if all organizations (public, social, etc) take part in the game of assuming their social responsibilities and if they do this, as a result of a series of thoughts on what their role in the emerging society is. In this way, accepting the CSR challenge consistently means an opportunity the leaders of the business world must not miss or disregard.

- CSR can become one of the cores of company innovation and cohesion. It is impossible to develop CSR without linking it to company identity, to the modes of conduct and the culture of each organization. The CSR issue can not be resolved by writing up a document that states its importance. There is still a lot of work to be done concerning CSR, but CSR is not limited to these activities. Instead it must end up involving the genetic make-up of the company itself. This requires a coherent and strong commitment, without creating any pseudo-events to satisfy the surrounding environment or specific managers. Because CSR is a matter of organizational genetics it doesn't make any sense to be tempted to bring it down to a matter of

local sensitivity for globalized companies, as if being part of a territory, was a form of slavery the company had not yet managed to escape. On the contrary, we will not easily have CSR if we do not have a view of the future and an overall image of the company, because we cannot forget that in a globalized world, the view of the future and of the ensemble physically occurs locally in socially determined contexts.

- This means that we must get to know and spread the most innovative and coherent CSR initiatives and behaviour. This emphasis on good practice obliges us to reveal four commonly held beliefs that in my opinion constitute the biggest obstacles for the development of CSR. Firstly the rhetoric about CSR must not be used to affirm that we still need a lot of it and to criticize irresponsible behaviour. Rather it must constitute an opportunity for detecting and highlighting socially responsible attitudes, given that CSR is one of a company's greatest opportunities to differentiate itself. Secondly, we should not lead people to believe that companies develop their CSR from nothing. We must remember that they must proceed according to their background. CSR is a vision that lets us innovate and at the same time strengthen, corroborate and explain modes of conduct that are part of the company legacy. Thirdly, not all companies speak, live and manage CSR the same way, rather each does it according to its sector and profile. In other words, CSR is not the exclusive property of big companies even if the model and the specific dominant tools do appear to be thought up more for big companies quoted on the stock exchange and ones highly exposed to markets and consumers. While it is true that CSR does not exist without a company vision and a country vision, companies that are not quoted on the stock exchange, family-run companies and SMBs have something to say about this. Fourthly, CSR is not a matter of "giving away money", neither must it systematically turn into an additional cost.

- In the end, CSR must be managed and must be manageable. This point is so important that it deserves a last and conclusive comment.

4. Managing CSR

CSR must be managed and must be manageable. This affirmation can be confirmed only if we eliminate the distorted views caused by three commonly held beliefs that I have just mentioned. Due to their pernicious influence, I will thoroughly analyze them. These commonly held beliefs are: i) in the end, CSR is nothing more than “giving away money”, ii) CSR belongs exclusively to big companies quoted on the stock exchange and iii) CSR means performing useful and helpful activities, which all the while have nothing to do with the *business* of the company.

The first thing we must do is to rid ourselves of these beliefs: this is not as easy as it seems, also because a lot of social organizations and public institutions benefit from the consolidation of such beliefs.

If it were necessary to take up the matter of CSR management again, we would have to indicate three factors: which fields, which processes and how to integrate CSR in management.

Which fields? This point may be tackled in many ways. As a matter of fact, we must admit that an agreement has not yet been reached. In my opinion, this is mainly because it is neither possible nor desirable, although we can find some significant cases of concordance. One way to tackle the issue synthetically might be to reflect on what we think belongs to the field of CSR and on some of the main international proposals that are currently available. What conclusions may we draw from this information? I will provide four. Firstly, that a sort of agreement on the fields that may be tackled from a CSR perspective exists. Secondly, that the content of each field cannot be established *a priori* as a rule but depends on the profile, characteristics, background and situation of each company. Thirdly, companies do not necessarily have to tackle CSR modes of implementation on their own. Carrying out CSR can be the result of a sector or labour association approach, or that of groups of similar companies (even socially responsible companies who do not talk much about CSR). Fourthly, a public debate seems appropriate about what might be the most important areas for the implementation of CSR according to the situation of each

country and social context. This is possible only by the creation of an institutional context and a favourable social environment.

Therefore the key issue is how to integrate CSR into management processes, so as, the development of CSR becomes a reality in the construction of a company path and not in a sum of actions. Consequently, sooner or later we will have to pay for the inconsistencies and also for the belief that it is just a trend we have to subject to, while it lasts. Therefore, despite best intentions, many companies are caught up in the frenzy of writing up an ethical code and especially in the deceptive question of “how to apply it”.

CSR is a process where the main elements are the path and direction supporting it, as well as the constant commitment structuring it: this is why it is credible. What must be done in a specific moment depends on the company’s situation and on the context. The idea of CSR as a learning process was an innovation factor for many companies, which led to new forms of organization, new products or the improvement of management quality. In this process, there are three fundamental elements.

First of all, CSR makes sense as long as it permeates company strategies and policies, integrating with the real values (and not just theorised ones) within the company. Therefore it is important to foster company identity and implement a path that demonstrates coherence in all its actions. In this case, stating that CSR is merely a matter of ethic codes and carrying out given actions is extremely reductive.

Secondly, and following from the above, CSR constitutes a perspective on how to develop relationships with various important players in company activity. This includes the structures and processes of the company itself. In an unusual way, this might allow expectations to be anticipated and products and services to be innovated, all the while allowing the company to be appreciated and to be part of its context. This will make it “suitable” both for investing in and to work in or with, etc. Therefore it is particularly important to associate the development of CSR with the development of the people within the company. CSR is something important: this feature must be translated into selection, training, communication and motivation

criteria. Or it may be turned into work conditions, and if appropriate, into the promotion of activities that are related to development of CSR for every company.

Finally, it is necessary to account for what has been done and to make it known. This does not mean that it must be considered a public relations exercise.

If we deal with CSR as if it were a public relations ploy, sooner or later this approach will come to a crisis and fall into disrepute. On the contrary, it is absolutely necessary to prepare a reporting and communication model that is not limited solely to economic aspects, but that also includes social and environmental aspects. In this way, it will constitute a dialogue between the company, the surrounding world and the various players. It will be a dialogue for learning, a dialogue for explaining actions better and also a dialogue for socially responsible companies to obtain recognition. This is because acknowledging and making social responsible companies stand out, is both necessary and legitimate. We must find mechanisms for this recognition to occur on behalf of the society and institutions...and markets.

Therefore, to sum up, speaking of CSR means speaking about a company and country vision. Speaking about CSR means speaking about how to interpret this concept and what the consequences are within a specific society. Speaking about CSR means determining which questions and actions make it such an important feature for every company, sector and country. Speaking about CSR means speaking about the ability of a country to build a social and economic space for itself. Speaking about CSR means speaking about the type of leadership that the business world is ready to assume. Speaking about CSR means speaking about how companies and countries locate themselves in a globalized and interdependent world and about the differences between companies.

Solidarity and sustainable development: a theoretical framework for reflecting on corporate responsibility

Jean-Louis Laville

By focusing on the relationship between people and their environment, the notion of sustainable development can be located within the debate on solidarity, which this notion updates and directs. In fact, the polysemic concept of solidarity imposed itself in time as a point of reference around which a great number of social rules and institutional fields were established. These rules and fields put aside economics, whose peak was the compromise between the state and market, which was characteristic of the so-called “thirty glorious years”.

Therefore we might hypothetically claim that the weakening of this compromise enables us to understand the origin of the sustainable development invention. However, this new concept, which aims at satisfying the “needs” of the present without mortgaging the future, reminds us of two contrasting, if not antonymic, projects.

1. Philanthropic and democratic solidarity

As Polanyi (1983 [1977]) wrote, modernity has a typical tendency of dis-embeddedness of economics, that is to say it has become autonomous of the rules and behaviour that limited it in the past. However, already at the beginning of the 19th century, far from fulfilling the social harmony promise it heralded, economics based on the pursuit of money threw life conditions into disarray, to the point where it generated a “metamorphosis of the social issue” (Castel, 1995).

The project of making economics autonomous and assimilated into the market economy underlined its pervasiveness, in other words, its ability to influence social representations. At the same time, in order to guarantee the

reproduction of social life in the real world, the project was counterbalanced by the necessity to “reincorporate” economics in the society. From this point of view, so as to tackle the perturbing effects of a growing market, the principle of solidarity was considered essential for legitimizing society’s reactions. In this case, two different definitions of solidarity were developed.

1. The emergence of solidarity

Philanthropic solidarity is the first form of solidarity that recalls the vision of an ethical society where citizens motivated by altruism performed their duties towards others voluntarily. Clearly this philanthropic idea of solidarity was, and still is, strongly marked by liberal concerns. Focusing on the matter of urgency and the maintenance of social peace, it gives itself the aim of providing relief for the poor and improving moral standards through the introduction of palliative care. Here the gift is not subject to other rules that are susceptible to stabilizing the acting conditions, except for those expressed by the givers themselves. Therefore the gift might convert itself into a tool of power and dominance. The inclination to help others, which is valued as a founding element of responsible citizenship, bears the threat of a gift without reciprocity (Ranci, 1990). In an exchange, it only allows for the return of unlimited gratitude and creates a debt that can never be repaid by its beneficiary. The personal dependence ties that this favours, risks locking the beneficiaries up in a condition of inferiority. In other words, it bears a social hierarchy tool aimed at maintaining inequality in close social networks.

This benevolent version of solidarity is in opposition to the version where solidarity is a democratizing principle for the society resulting from collective action. Based on reciprocal aid, but also on claims, it comes under the self-organization and social movement fields. The latter version assumes equal rights for the people involved. Starting from the liberty of all citizens to access the public arena, it makes an effort to deepen political democracy through an economic and social democracy.

Philanthropic solidarity certainly played an important role, as show the different forms of paternalism, which developed throughout the 19th century. Nevertheless, especially compared to Anglo-Saxon contexts, what characterized French history (as that of other European countries) was the breadth of the mobilisation of democratic solidarity.

If we look at the history of the democratic solidarity concept in France, we can identify two phases. Solidarity was a term that Leroux introduced to philosophy, with the aim of delimiting the social and democratic tie of charity. According to him, “nature did not create individuals purely for its own purpose, [...] it created individuals for each other and placed reciprocal solidarity between them” (Leroux, 1841, in Le Bras-Chopard, 1992, p. 58). This is why it was best to substitute Christianity with a religion based on humanity, as “what must nowadays be considered charity, is the reciprocal solidarity amongst men” (*ibid.*). Despite the out-dated tone of this political theology, we are interested in perceiving the strong criticism of both charity and the organic vision of society.

In order to escape competitive individualism and authoritative statism, Leroux insisted on establishing a form of communication between the state and society that assumed intermediate groups. He insisted on solidarity networks that passed through factories, just as they did through associations or the press, in order to maintain the public spirit, which was indispensable to democracy. His thinking was in accordance with movements of the period, especially because he was committed to the pursuit of another form of economics: the organization of work, which still had to be discovered, which would have provided the chance to create productive entities that inserted solidarity at the heart of economics (Viard, 1998).

Faced with the limits of this first approach, following the events of 1848 (Revue du Mauss, 2000), a new concept of economic solidarity came into being in the second half of the 19th century, in a perspective of extension and rupture at the same time. Certainly, it continued to witness a rejection of the liberal position that flattened the social tie of the contractual exchange. Nevertheless, the form of solidarity defended by politicians, jurists or sociologists (Bouclé, Bourgeois, Duguit, Durkheim etc.) was

different. It was based on the idea of a social debt that everybody runs into for the very fact that he/she is a member of the society, and that pushes him/her to make a “quasi contract” with peers. It was not an individual and voluntary commitment, but a commitment towards the community, whose abidance the state had to guarantee through obligation.

As Bourgeois declared, “social duty is not merely a matter of conscience, but a duty based on rights, which one cannot avoid performing if not by violating a specific law”. The state can impose this rule “by force, if necessary” so as to guarantee “everyone their legitimate share of work and place in production” (Bourgeois, 1902, pp. 22-23). State intervention emancipates personal dependence through access to rights, but also strengthens “its own protective power” and “its own central role in modelling the society” (La-fore, 1992).

The notion of solidarity bore a new meaning and appeared to republicans as way of reconciling individual rights with state responsibility. On the other hand, it supported the dominance of the market economy, which the state looked to so as to take out the means necessary to fulfil the social functions it was responsible for.

Labour laws substituted the debate on the right to work and it is the proof for the success of the second concept. Settling the social debt therefore had to pass through work, which was no longer a contract, but a status. Work procured social rights and protection against illness, old age and accidents. Thanks to work, the citizens who did not possess capital could access security, despite everything.

1.2. Re-incorporation through democratic solidarity

From the 18th century onwards, public spaces have existed. In particular, there was a proliferation of associations in the early 19th century, when one of the main claims was that related to the organization of work (Chaniel, 2001a; Laville, 1999). Democratic solidarity was viewed as the reciprocal willingness that unites all free and legally equal citizens. This was in

contrast with charity and philanthropy, which were based on the inequality of conditions. Faced with the lack of success of the liberal prophecy, according to which the suppression of obstacles in the market would have necessarily balanced out the demand and supply of work, many reactions linked the resolution of the social issue to popular self-organization. Factory worker and farmer associations assisted each other in common production, mutual aid and collective claims.

They outlined the project for an economy that could be founded on brotherhood and solidarity, making the thesis on the lack of continuity between public space and the economy invalid (Laville, 1998). What came to the light was the project of a company that was not simply the property of whoever held the capital.

During the second half of the 19th century, different legal statutes which confirmed the extension of these association approaches were obtained. A category of actors, which was entirely different from investors, attributed itself the quality of organization ownership.

These were progressively defined as social economic organizations, since already then social economics was considered a sector capable of grouping together those statutes (cooperative, mutual aid, association) where the material interest of capital holders was subject to limitations and constraints. The original association movement found an outlet in the legalization of group forms combining associations and businesses, which were not controlled by investors. The reverse side of this legal acknowledgement was the attenuation of the initial political project, supported by negative discrimination. The victims of this discrimination were the groups deriving from democratic solidarity, in favour of the experiences led by philanthropic solidarity (Dreyfus, 2001). The result of mixing these two forms of solidarity was that social economics accentuated an ambivalence of deep cracks within the worker movement. The association movement gradually lost the better part of its emancipating impact through repression, disagreements, splits and confusion.

The pioneer association movement won citizenship rights by opening up the way for different institutions such as mutual aid societies, cooperatives,

associations and also trade unions. At the same time, the fair economy project, substituted by social economic organizations, which were not spared by banality. The trade union movement drew away from the project and tended towards establishing a redistributing state, as well as the recognition of social rights in companies. However, the security obtained had to be paid for by abandoning questioning the political side of the economy.

“The social invention” (Donzelot, 1984) made the expansion of the market economy possible, conciliating it with worker citizenship. The second half of the 19th century corresponded to the establishment of a protective state, which took on the social responsibilities that the association movement had tried to assume. Therefore an institutional regime was established founded on the market economy, together with public redistribution, which limited inequality. The modernity that promoted the market economy had to simultaneously fine tune new institutions to counter-balance its damaging effects. The 19th century simultaneously consecrated the invention of the market and social economy. Faced with secret misery, from the industrial revolution sprang the need for social laws, guaranteed by the state. This social state was able to correct numerous problems generated by the spread of the market economy. The prohibition of child labour and the limits on work hours were promulgated by governments subjected to pressure from the workers.

The state, which embodied the general will, became the repository of general interest. This became a reality thanks to public service actions, which gained their legitimacy from political representation, just as companies obtain their legitimacy from capital. Public service was defined by the offering of goods and services that covers a redistributive dimension (from the rich to the poor, from the active to the inactive etc) whose rules are laid out by a public authority subject to democratic control (Strobel, 1995). This public service became so far-reaching that a non-market economy, organized at its heart, became the second pillar of the economy, the additional and correcting element of the market economy. This real

synergy between state and market appeared after the Second World War thanks to the “Fordist” compromise of the “Glorious Thirty Years”.

To sum up, the relative democratization of the economy, attained nationally after numerous struggles, was certainly done in the name of solidarity. This concept, related to the emersion of sociology, while breaking away from the liberal idea and its contractual individualism, first organized itself in a reciprocal form with an economic vocation and then developed through public distribution. For this reason, the analysis of the forms of economic reintegration by democratic solidarity dismantles the opposition between the state and civil society.

What matters most is the difference between the philanthropic and democratic solidarity within civil society. When we reconstruct its origin, democratic solidarity reveals its importance. Being against “utopian capitalism” (Rosenvallon, 1989), it allowed for the invention of protection measures, which were able to limit the perturbing effects of the market economy. In fact, democratic solidarity features two characteristics: one is reciprocity, which draws up a voluntary social tie between free and equal citizens. The other is redistribution, which draws up norms and services set out by the state in order to strengthen social cohesion and correct inequality. Therefore the mutual generation of voluntary reciprocity through associations and of public redistribution was revealed by their common integration in democratic solidarity. The concept of democratic solidarity, through Mauss and Jaurès, led us to insist on the close relationships between reciprocity and redistribution, which are extensions of the spirit of the gift, according to Mauss (1965 [1950]), if we consider social security as “a game of obligations and reciprocal sacrifices, a space based on reciprocal gifts” (Chaniel, 2001b, p. 216). This does not at all diminish the fact that as time goes by, the redistributive meaning conceals the meaning of reciprocity.

This was particularly true after the second world war. The complementarity between state and market was strengthened by the need to re-establish national consensus. The Keynesian state assigned itself the task of promoting economic development through new knowledge and

intervention tools. At the same time, the welfare state added to previous forms of social state with social security and the generalization of social protection systems. The state shaped and supported the market, while at the same time correcting its inequalities. The synergy between the state and market manifested itself particularly in the diffusion of the salary statute, thanks to a regular flux in the creation of jobs and to a greater increase in productivity, which allowed for periodic salary negotiations. The salary statute accomplished a new pairing between work and protection, making it a privileged bearer of social integration.

2. From growth to sustainable development

The solidarity surrounding work wove the institutional defence mechanisms that had just started to delimit market activity. The “de-commercialization” of activities, which were considered relevant for all people and had the consensus for the social state, furthermore broadened the non-market sphere starting from things it takes from the market sphere. However this solidarity, built on a national level through social rights and through the redistribution they had a right to, admitted its dependency on the growth of the market as its counterpart. This balance and this subdivision were subsequently overturned by the wave of neo-liberal policies. Claims for government solutions to restore growth received a universal response, according to the Washington consensus: greater dependency on market mechanisms free from state regulations, minimal public intervention and an opening with an emphasis on international competition.

2.1. A new phase of dis-embeddement

The “Fordist” compromise had a certain coherence within the national sphere. The improvement of social rights and purchasing power, as well as the mass consumption made possible by the development of industrial activities with a big increase in productivity, compensated for the weight of the hierarchy and the de-qualification of duties.

After the first “cracks in the wall” revealed by cultural movements and sixties protests, the desegregation of this coherence coincided with the computer revolution (Passet, 1996, pg. 141-148) and the globalization associated with it. The spreading technical progress, which favoured stronger exchange internationalization and industrialization of those countries with a low quality of life, fed the intensification of commercial competition.

In a “supply economy”, client satisfaction, which had become pre-eminent, governed production in internationalized markets and considering technical progress, packaging, delivery, post-sales, quality control and consumer information were incorporated in merchandise and became an extra service. The distinction between goods and services was minimized and from there emerged “social relationships of services” (Gadrey, 1990).

These modes of economic internationalization and expansion of the service industry provided the justification for criticizing public intervention, supposedly synonymous with bureaucracy and the penalization of competition. In the seventies, a strong deregulation movement began. Legitimized by new forms of competition and the evolution of production, it was linked to the aim of economic dis-embeddement.

The political success of this movement was particularly highlighted by the echo of positions according to which social protection in the workplace would no longer be economically sustainable. In other words, in order to save the possibility of creating jobs, it would have been helpful to abandon the employment-related status factor (Laville, 1999). Work, protected by economic risk thanks to Fordist institutional tools, from then on became more dependent on the market. The neo-liberal policies of the late 20th century trusted that the market would substitute Fordist regulations, which were considered to have brought rigidity and obstacles to growth. This underlying tendency was visible in various areas: the financialization of the economy, the privatization of public services and the adoption of market rules in areas it was previously removed from. These tendencies marked new outlines for economic activity.

i) Financialization defined the need for capital returns imposed on internationalized companies, which became network businesses where the social aspect of work was not put together at the factory level, but at the financial centre level. Income regulations generated arbitration which influenced resource distribution amongst the various establishments and the presentation of company balance sheets. On a macro-economic level, the liberalization of capital movements pushed towards mitigating the institutional particularities of national realms so as to make them attractive from an equity financial return point of view. The value run up was amplified by fusions and acquisitions with the exchange of shares and it also fed on salary savings and the influence of pension funds.

ii) The superiority of market mechanisms, which were subject to financialization, were also confirmed when certain public services (telecommunications, transport, energy etc) were privatized in the name of economic efficiency. Social protection did not escape a partial conversion through the extension of an insurance and security market. The government focused again on compensatory transfers first (through training) and second (through taxation), in order to maintain equal opportunities without getting mixed up in economic competition.

iii) Despite the fact that the accumulation process had been slowed down by the growth in the consumption of durable goods by families in developed countries, other sectors became the object of commercialization. While certainly condemned when some tried to patent the human being, the human body and its reproduction, this commercialization rapidly extended to many other activities: culture, sport and entertainment, health, social action, people services etc. On this note, if we look at Bélanger and Levesque's analyses (1991), even Fordism was an act of Providence where the "de-familiarization" of such activities was obtained through the state taking them in charge. The state guaranteed for the general interest and had a protective relationship with users. The latter were guaranteed access to services thanks to the free or moderate prices applied. At the same time, they were excluded from the planning of such services, which were nonetheless addressed to them. There was a consensus that such services would derive from public responsibility. This factor highlighted their "de-

commercialization” using an expression by Esping-Andersen (1990). Now, the evolution in forms of public monitoring is witness to a “re-commercialization”. This does not mean a lack of commitment on behalf of the state, as the public funds set aside for these services are still massive, it means rather the adoption of “quasi-market” rules (Le Grand and Bartlett, 1993) for their attribution: different partners are put in competition and there is an opening up to companies, an exemption from social security contributions, agreed aid for consumers etc. Therefore there is mention of a people services market to face the exponential growth of needs due to social demography trends: an aging population, women in the workforce and the rise in single-parent families. In heavily service-based economies, where the industrial sector represents less than a quarter of work positions and the majority of the active population is employed in the service sector, this change is even more remarkable for the fact that all relational services, whose activity are based on the direct interaction between user and provider, assume a growing role in the economy.

2.2 Ecological and social degradation

While the first warning signs against the ecological effects generated by industrial growth had already been announced in the 19th century, the progress ideology comforted by a noticeable improvement in living conditions (in turn deriving from the partial disembedding in institutional frameworks with social ends) caused these signs to be forgotten for a long time. To this regard, the sixties were witness to the perception of a limit being overcome: “more” did not necessarily mean “better”. Growth itself became a synonym for great danger. Attacks on the environment multiplied: first in the form of widespread and accidental pollution, then in the form of global pollution, with the thinning ozone layer.

Thus the risk society was born (Beck, 2000 [1986]). “Therefore 400 million tonnes of dangerous waste are produced every year, all over the world. The degraded air quality is so bad that it is estimated that half of all chronic respiratory illnesses are due to pollution.

Intensive agriculture contributes to the deterioration of fields and to the overexploitation of water resources. The impoverishment of biodiversity and the ingenuity of genetics make the Earth's ecosystem run new risks. As for fossil combustibles, it took 115 million years to create them, whereas it will only take two centuries not only to begin to exhaust their supplies, but also to begin a warming of the Earth's climate with inestimable consequences" (Maréchal, 2003, p. 90).

This damage can no longer be seen as something easily compensated and remediable in the current economic functioning logic, as it is connected to the propriety regime of companies. In the framework of internationalized financialization, capital owners establish profit objectives for investments that are far superior to what was the norm during the period of expansion and after the second world war. The growing recourse to bodies of shareholders to finance investments has aggrieved competition. The quoted value, more than being an intrinsic value based on objective information, is the exchange value of a title deed estimated by all the potential buyers. For this reason, the predictions of agents and of mimetic behaviour that emphasises the sensitivity to speculative spiral variations have become important (Aglietta, 1997; Orléan, 1999).

The need to grow, factor to which economic activities are submitted, stresses "the intensive exploitation of non-renewable resources, the only ones capable of guaranteeing stable growth" and "the exploitation of renewable resources beyond the natural rhythm of renewal", with the accumulation of polluting elements in the environment, which degrades and destroys itself (Von Griethuysen, 2003, p. 26).

The growth of inequality is also shown in the relationship between northern and southern towns, as it is within each country. The difference in income between rich and poor has risen: 1 to 11 in 1913, 1 to 35 in 1973 and 1 to 72 in 1992. The richest 20% represent 86% of the world's gross domestic product, whereas the poorest 20% represent 1% (Lévy, 2000, p. 78). 1.2 million people were estimated to have less than one dollar a day and 2.8 million (more than 45% of the global population) live with less than 2 dollars a day. While 1 billion 300 million human beings do not have

potable water, the wealth of the 200 richest people in the world goes 41% beyond the total income of the world's population (Martin, Metzger and Pierre, 2003, p. 7).

If we look at European countries such as France, the deepening inequality is closely correlated to the dissolution of what was considered a national salary-based society. The changes in form and content of the salary relationship destabilized the notion of employment, just when the quantity of work offered no longer corresponded to demand.

To begin with, employment rules were modified by the growth of "atypical" jobs, which reached 30.5% of salaried work in the European Union, to the detriment of fixed-term contracts. Reinforced control in access to permanent positions is divided into two: on one hand, the intensification of work, with time restrictions and tougher deadlines, on the other hand, a recomposition of temporary employment (complete regularity of work hours only relates to 47% of workers). As De Nanteuil-Miribel wrote (2002, p. 11) the Fordist compromise crisis was accompanied by "the global deterioration in work conditions (Merlier and Paoli, 2000), the strengthening of monitoring mechanisms (Courpasson, 2000) and weakening work relationships (Paugam, 2000). Therefore an increasing number of workers were deprived of stable integration prospects and this made flexibility coercion suffered rather than mobility chosen."

The contemporary flexible company is made up of the effects of removed functional barriers and of lateral checks (Perilleux, 2001), of autonomy and work intensification (Boisard *et al.* 2002) and of constant appeals to self mobilization and to individuality crises, without references or support (Sennett, 1999 [1998]).

If employment no longer provides a status, a value-giving socialization and an identity, this is also because full employment is no longer guaranteed. Like in the past, the unemployed are those who have the most difficulty in maintaining their relational and cooperative capabilities, which become decisive for gaining employment. There is the risk of passing from unemployment to exclusion (Wuhl, 1991). Between stable employment and unemployment, there are numerous conditions of "alienation" (De Gaulejac

and Taboada Leonetti, 1994) or of social dequalification (Paugam, 2000) for all the “people who are floating within the social structure, who inhabit its narrow spaces without finding their assigned post” (Castel, 1995). The threat of being “alienated” cannot be ignored and for many people precariousness not only affects the material side but also their existence. Being constantly obliged to put oneself to the test generates the risk of “personality erosion”(Sennett, 1999).

Subjectivity may be menaced as long as suffering is solitary, without a collective outlet and without being mitigated by identification mechanisms. The worsening of biographical inequality, emphasized by the gender work division, brings back the “uncertain path” that had disappeared when salaried employment was witness to a *continuum* of positions. Whilst in the past employment was a synonym for dignity, nowadays, undignified employment has come back, at a time when the boundaries between what we can consider work or not get muddled. It is the integrating capacity of salaried employment to be affected.

2.3 The uncertainties of growth

Production internationalization and expansion of services, which exacerbate social and environmental matters, led to questioning the autonomy of the economy, a postulate that had become solid. According to Malthus, the convention according to which price measures utility is valid, as long as the material objects, whose growth and reduction can be evaluated and which for this reason can be associated with the economy, are separated from the immaterial objects that cannot be associated with the economy.

As Perrett points out (1999, p. 253), “the expansion of monetary exchanges outside the field of material good purchases, makes the expectation of economics as the positive science more feeble”. The autonomy of the economy was justified by the fact that it could be considered the infrastructure of the society, which regulated material life and means of subsistence. As soon as the distinction with the superstructure disappeared,

it was consequently questioned once again, especially in the fields of information, communication and culture (Roustang, 2002, p. 11).

In addition to the fact that the distinction between infrastructure and superstructure could no longer be contested, the expansion of the service industry, with its growth in relational activities, penalized the pursuit of maximum growth. In fact, relational services, which are based on the direct interaction between loaner and user, and which assume an incompressible contact time, consequently have a stagnant productivity.

Not being able to excessively increase their productivity, because the functions of human assistance and intervention covered by them could not be substituted (except for marginally) by the use of information technology, these services led to a slow down in growth. The difference between the average growth rate of the sixties and that of the following decades made this visible.

One may well wonder what the meaning might be of the reference to growth in an economy where two thirds of jobs are in services and where relational services take on greater importance. As Gadrey affirmed (1996), notions of productivity and growth are linked to performance measures which are fine tuned by the Fordist industry. So we may well ask ourselves if western countries are not “in search of a development after this growth and of intellectual tools to think about this post-growth development” (Marital, 2001, pp. 80-81).

The subordination of politics to economics is contained within a conception that assimilates the progress of the society to market growth. The unsustainable character of market growth is underlined by worsening social and ecological problems. Being able to resist sacralizing growth without condemning it, which would be only a prophecy without any link to the social field, would appear to be the condition for overcoming the impotency of politics. Growth, after the industrial revolution, was considered a synonym of progress, as it greatly contributed to make daily human life less difficult while releasing itself from what it traditionally relied on. But the increasing commercialization of human life makes growth much more ambivalent.

It was not thus a coincidence if growth was challenged just when its role in social cohesion made it inevitable. To deal with this contradiction, since 1961 Perroux differentiates growth, which he defines as “the sustainable rise [...] of an indicator of national dimension: gross domestic product or net in real terms” from development, which he defines as “the combination of the mental and social changes of a population that make it suitable to cumulatively and lastingly make its own real global product grow” (Maréchal, 2001, pp. 80-81). In these terms, the development notion opens itself up to a qualitative dimension. It refers to wellbeing and includes living conditions, which do not limit themselves to living standards. “Capabilities” according to Sen (1999; 2000 [1993]), in such as the possibility of choosing one’s life style, recall the approach developed by the United Nations Development Programme (UNDP). It defined human development as “the broadening of choices available to people”.

The criticism to growth prepared the way for the 1972 shock of the Meadow Report, at the Club of Rome, on the limits of growth. Without such alarming signals, the public regulation emergency such as the 1987 protocol, which under state control, banned substances hazardous to the ozone layer, would not have existed.

Defending the idea that conflict between growth and development does not imply “zero growth”, in 1987 the Brundtland Report introduced sustainable development as a development model “where the exploitation of resources, investment choice, the orientation of technical development and also institutional change are decisive according to current and future needs”. This global commission for the environment and development placed sustainable development on international negotiation agendas. In 1988 the Toronto Conference focused on the greenhouse effect, with the creation of an intergovernmental panel on climate change. The panel’s report, which was presented at the Second Global Climate Conference in Geneva, in 1990, relaunched the process that led to the World Summit in Rio de Janeiro, in 1992.

3. Sustainable development and solidarity projects

As predicted, sustainable development has the aim of creating the conditions of horizontal solidarity, for the less well-off, and vertical solidarity, amongst the generations. The type of solidarity that made up the organizational principle of resistance to the limitless extension of the market, expressed itself with forms of protection related to salaried employment.

In the present day situation, solidarity cannot limit itself to this aspect given the obstacles for obtaining “worthy” employment. Nor can it be obtained through an indexed redistribution of economic growth taking into account the acceleration of ecological damage, which can only be fought through forms of intervention that require trans-national coordination.

While the concept of sustainable development implies a change in the content of solidarity, with a broadening of horizontal solidarity and a focus on vertical solidarity, two diverging projects of implied solidarity forms nonetheless appear. One form is based on the renewed philanthropic view of solidarity, while the other refers to an adaptation of the democratic version. Therefore, sustainable development prolongs the debate on the type of social links designed by solidarity, which have been present since the birth of the concept.

3.1 A project based on the return of philanthropic solidarity.

The supporters of the first version defend the cause of a “feeble sustainability”, where natural and technical capital can be substituted to a large extent. In other words, the disappearance of part of the former capital can be compensated by a growth in volume of the latter type. And market mechanisms would be best left to the task of achieving the optimal level or pace of the destruction of nature (Maréchal, 2003, p. 123). Social and ecological variables are external factors and they cannot be integrated, if not through internalization, in other words, when a monetary equivalent is established (the creation of a market with the right to pollute, incentive fiscal measures etc) in order to influence economic agents in their production and consumer choices. The contradiction between economic

dynamics and socio-ecological variables can only be overcome with corrective mechanisms within the market economy, which is the only one able to produce the antidotes for the problems it has created.

The novelty does not lie therein, as this position is congruent with the tradition that makes the market the natural flow of things. The novelty is found rather in the meeting points between market mechanisms and the self-regulation of companies. A contribution to sustainable development can be the result of corporate social responsibility, which becomes an alternative to public intervention. Faced with the embryonic growth of new, and even international, public regulations, if a company takes up social and ecological matters of its own accord, this suggests that a voluntary ethical approach can reveal itself as being more appropriate.

Behind the consensus for sustainable development, there is much controversy on the most appropriate response. Arguing in favour of private regulations advances in stages. Market superiority for the optimal allocation for resources, which integrates the internalization of external factors, is compared to the affirmation that only companies create wealth. Public service and the forms of company where ownership is not only for capital holders (those grouped together under the heading of social economics) are considered the beneficiaries of privileges that would be best reduced so as to re-establish transparent and equal competition. Or else public and social sectors line themselves up with private companies by adopting market or quasi-market criteria, which are the only ones able to verify efficiency and efficacy. Otherwise they proclaim originality and therefore their sphere of action must be strictly limited and focused on the underprivileged (as far as public service is concerned) and charitable acts (for associations whose vocation cannot be anything but social, see Medef, 2002).

Consequently, companies in a privileged position due to their monopoly over the creation of wealth, provide us with proof of their social responsibility, making their actions conform to the principles issued by them. The economic role of companies gives them the ability to announce

the modality of their contribution to sustainable development, which they themselves choose.

Since the procedures for verifying the truth of commitments made have not been defined, the debate on ethical volunteering has become generic and abstract, making any form of pluralist monitoring impossible. The only available data is company statements whose humanism can only be declared in the absence of alternative evaluation methods. From this arises the sense of repetition encountered by the reader during his/her consultation of such documents, where he/she unsurprisingly finds expressions of social entities, partnership, open dialogue, adherence to values, challenge awareness, environment protection and the struggle against exclusion etc.

The extent to which these objectives are achieved, both vague and generous as they are, is evaluated solely by the company and possibly approved by entities commissioned for the purpose. We are referring to non-governmental organizations and associations selected according to their “constructive” options and implicitly compared to those that would have limited themselves to inevitably “sterile, systematic and unrealistic” criticisms.

Even if the promises made by companies to the society are worth more because of the position that they predict rather than because of the reliability of the content, they are considered less important for this reason. The point is to consolidate the power logic of major international groups showing their capacity for self control, in order to avoid external occurrences from interfering with their aims.

This act of re-legitimizing economic actors, who because of the breadth of their sector have been in the position to cause trouble, for instance, with their decisions concerning the environment and employment, equally has an internal function. The act aims at reassuring workers who might be subject to exclusion phenomena or ecological risks. Companies must be an example of their own benevolence towards society. This authorizes them to announce moral precepts concerning the attitude of each individual worker. An ensemble of recommendations concerning the daily life of the worker is combined to the abstract nature of company declarations.

They make suggestions on appropriate attitude in certain situations, designed to guide the worker in his/her own actions to the smallest detail. Ethics is flattened by deontology (Salmon, 2004). This empirical declination of various obligations can be understood in relation to the new needs of management. The expansion of the service industry in production and the growth of its relational dimension make work regulation less efficient. Now it is interpersonal skills that greatly influence performance. Contrary to the fulfilment of a series of gestures, expected attitude (attention, observation, anticipation, openness to exchange) cannot be obtained from orders transmitted from above. For this reason the focus is placed on company communities. The feeling of membership is considered the guarantee for appropriate behaviour. In this way the humanist company debate and the submission of employee action to moral examination make the system surrounding the company the main place for identity. Social and ecological responsibility is integrated by heads who claim the monitoring of their own declarations for themselves and in this way justify the search for a balance between the behaviour of organizations and that of their employees. Finally, while the abstract debate guides the field of external commitments, specific monitoring might be summed up by its introduction to new needs in the periodical evaluations of the latter.

In this philanthropic version of solidarity, as is re-activated by large groups, the mobility device of workers, who are described as an elite because they belong to the company community, cannot be dissociated from the company's concern for the society as a whole. Flexibility translates as a strong cultural hold on the remaining core of workers, together with a new focus on the "human environment" and collectivity.

"Social responsibility and an internal ethics are part of an effort towards mutual consolidation" (Salmon, 2003) in a movement of "acknowledgment of public interest by private companies" (Gendron, 2000). Large companies, which are ever less the suppliers of jobs, place the emphasis on their own social responsibility or on their own citizen role according to conveniently established procedures.

3.2 A project founded on the recourse to democratic solidarity.

The second version of sustainable development could not defend this position. The implied reasoning does not start from the company, but from the society, refocusing attention on reproduction, which is at the same time social and ecological. This reproduction was at the origin of economic reflection before neoclassical formalization. Here the economy is considered within a framework of society renewal and of the natural conditions that allow this renewal.

The most critical work that derives from this orientation insists on ecological and social rules that cannot be substituted by money. They are more concerned with the irreversibility of processes that would call into question the “natural critical capital”, which could not be substituted by technical capital and would thus be removed from market logic. Or even by human and social capital, which could also be squandered when inequality rises and care providers, education and health care are not protected as public goods (Maréchal, 2003, p. 123).

This “strong” version of sustainable development brings the economy back to its role as a means for achieving goals of social justice and of ecological sustainability, whose level results from political deliberation. This re-insertion into the teleological interrogation on people living together assumes the empirical guarantee of at least two conditions in the institutional framework which includes the economy.

i) The first is that it is possible to legitimately establish a set of rules whose aims are to “socialize” the market and to curb its use of limited stocks of non-renewable resources, which implies public arbitration. Markets are compatible with regulatory institutions, which are actually necessary for them if we analyse their constitution and their functioning beyond the reference of a self-regulated market promoted by orthodox theory.

ii) In addition, the institutional framework of markets must be completed through the mobilization of a large number of procedures and economic principles, since the orientation of economic activity, which only starts from the market, structurally disregards the elements that do not fit into

private accounting and are not subject to market evaluation. Thus the second condition deals with the consolidation of economic principles and forms of plural property.

From this point of view, maintaining services of general interest must be linked to the defence of property forms and hybrid activities, which are rooted in both an individual and collective dimension.

As recalled so far, the non-market economy, where the circulation of goods and services is guaranteed by redistribution, is just as founding an element of democratic modernity as the market economy. This economic principle, which is different to the market, is mobilized, allowing for standardization amongst social groups through which public intervention aims at reducing inequality. The balance between market and non-market economies makes the reallocation of resources within the money field easier. However these are also economic flows that are made invisible by existing accounting tools as they do not involve the exchange of money. Nevertheless, these non-monetary activities restructure entire aspects of daily life, for example self-production and the domestic economy for example. If these aspects are not taken into consideration, some ways of social life and sector social relationships might only be studied partially.

Now, these non-market and non-economic ambits are being threatened by the new commercialization of social life wave. Activities such as information or culture have been admitted to the market, to the point where some writers are speaking about cultural or cognitive capitalism. The non-market economy itself, which was established so that social life was at least to some extent kept away from the market, is starting to adopt reference points close to the market economy. The concept of all monetary exchange in a competitive market model reduces the autonomy of the non market sector.

In addition, the uninterrupted expansion of monetary exchange limits the self-organization capacity of the population, which is experienced by the population in non-monetary activities of self-production, which makes their dependence on direct or indirect income grow (Cérézuelle, 1996). Sustainable development, in the sense of strong sustainability, cannot be

translated into tangible progress, unless we put regulated markets alongside articulated non-market and non-monetary fields.

The difference between forms of property converges with the reaffirmation of a complimentary relationship between the different economic fields. Some companies are not held simply by the investors and property rights include various stakeholder categories (workers, consumers, volunteers etc). Consequently, while they remain subject to income limitations, their objectives are different from those of simple capital accumulation. In the evaluation of economic activity, criteria, which is not bound to financial profitability, is valorised: access to and the quality of a service, focus on the satisfaction of “needs” etc. The implementation of economic activity therefore refers more to a form of reciprocity where “the tie is more important than the good¹”, as Mauss declared, rather than to the maximization of capital.

The pertinence of such economic behaviour is attested to by the existence of the social economy organizations previously mentioned, as well as to the vitality of local initiatives, such as proximity services aimed at improving daily life and international services, such as fair trade. Their common reference to a fair economy perspective highlights their main feature, that is, the democratization of the economy. This is the *raison d'être* of social or civic forms of entrepreneurial activities, which acquire meaning only in the fulfilment of social and environmental goals.

Weber declared (1964 [1922]) that they are economically oriented activities. In other words, they are activities that generally pursue other ends, but which at the same time take economic facts into account. The development of these economically oriented activities means that alongside previous social economy legal statutes new kind of organizations are taking shape: social companies based on numerous stakeholders (Borzaga e Defourny, 2001). For certain authors, they are proof of the birth of a new social economy.

¹ Untranslatable play on words between “lien”, tie and “bien” good (Translator’s note)

In precise terms, an effective debate on economic perspectives assumes that a plurality of economic action forms be reinforced. To this effect, the chance of re-legitimizing the public service by democratizing how it functions may be linked to stabilizing a social and fair economy, whose most dynamic components were created in order to include the economy in social and ecological rules. As Gendron states (2001, pp. 67-68), “the current struggles do not come down to a conflict between two forms of logic, one of which would be economics and the other politics...While we claim the democratization of globalized institutions on the basis of political legitimacy, the social actors simultaneously appropriate themselves of a kind of economics that has become social, ecological or fair. Economic language no longer belongs to the main actors and is subjected to exploitation by social movements. This cannot be accounted for in a comparison between economic and political logic. Social movements oppose an economy enriched with social and political dimensions to an efficient economy. These dimensions subtend a fundamental conceptual redefinition of what is considered economic, political and social.”

In the previous version, company and market originality was defended. Instead this version of sustainable development is able to start up public discussions on economic paths through the reinforcement of a plural economy, which appears thus as the fundamental means for establishing a fairer model of development. An economy that has plurality economic principles and forms of ownership, and whose plurality is seen as wealth, is able to define the paths for a democratic solidarity with renewed importance.

Democratic solidarity cannot be restricted on a national or work level. While remaining present in these areas, it can attain its justified end only by opening up locally and internationally and by continuing to work hard with the disadvantaged and between the generations.

4. Conclusion

The notion of sustainable development implies a choice between different forms of solidarity, which pushes us to question the very definition of economics (Polanyi, 1977) that has been adopted since the beginning of neoclassical economics. While important notions such as productivity and growth, which are emblematic of this definition, lose evidence or even their relevance, the issue of the social and environmental effects of economic activity can no longer remain silent.

A first response is to valorise the identified external factors, while linking this internalization back to an economic ethic held by companies aware of their responsibilities. In this case, for the first time ethics, which previously belonged to the religious or philosophical sphere, is conceived from the economic sphere.

This new kind of ethics, which companies are proud to boast of, places companies in a position of self-regulation, which makes the intervention of politics in the world of economics more unstable (Salmon, 2002). Inseparably internal and external, it draws from the capacity to prove its social and environmental responsibility, the justification to request proof from its workers that they are performing their moral duty individually, just as the organization does it at a collective level. Following the long history of economic limitations imposed by democratic solidarity, a philanthropic form of solidarity is coming to the forefront, influenced by the awareness of citizenship duties by elite groups.

Ethical economics is another answer that might be provided by awareness of sustainable development. By relating to an economic approach that integrates interactions with nature and the social realm and so doing recalls socio-economic indicators not necessarily expressed monetarily, ethical economics broadens democratic solidarity both horizontally and vertically. Considering economics in its own social and natural field recalls the approach that was defined by Polanyi as substantive, where economics is just a means for serving human ends deriving from political choice. Moral pondering cannot thus be separated from the debate on the legitimate ends of the public sphere.

Many factors are called into play by implicit and explicit decisions, which support one option or the other, regardless of the inextricable overlap between private and public declarations. We would like to mention, particularly:

- The existence of information for workers on the credibility of the social and environmental commitments made by the company they work for.
- The confirmation of the monopoly of a debate on these themes, which are elaborated by company heads or the transformation of these themes into bargaining tools with social parties.
- Apathy, the selection of authorized interventions with the reciprocal questioning of companies and NGOs, a matter of democratic conflict susceptible to preparing compromises without ratifying the main points of view.

The system of alliances being built between companies, associations, international institutions, trade unions, and social and fair economics can be equally interesting to analyse, from the point of view that they are symptomatic of the hierarchic relationships coming into being between these institutions or of pluralisation based on the acknowledgement of their differences. These structures especially help us to determine whether we are on our way towards the expansion of private regulations or rather towards the renewal of public regulations. Through these themes we can clarify the actual sustainable development approach that is paving its way and observe its developing configuration,

Alibi, compromise or advance? Interpretations on the impact of sustainable development remain open, although they all end up admitting that the legitimacy of this notion is, to a great extent, hidden. Today the debate focuses on the clarification of the forms of solidarity that spring forth from behind this reference, which has now become almost consensual. Philanthropy or democracy? This choice is one that has repeated itself for more than two centuries and whose persistency is confirmed by the breadth of social and ecological issues.

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The “spotlight and the microphone”.

Is a socially responsible economy necessary or even possible?

Philippe Van Parijs

Ten years ago, when the Hoover Chair was established, I was quite openly sceptical, if not entirely critical, towards so-called company ethics, or to use an expression that has meanwhile become fashionable “corporate social responsibility”. Afterwards, however, I gradually changed my mind, to the point where I now consider it one of the main development process tools of a just society, just the same way as - even if not at the same level as - representative democracy. The purpose of my essay is then to briefly explain the reasons that drove me to change my mind².

1. Neither desirable, nor possible

At the basis of my initial scepticism lay the belief that assigning an ethical role of primary importance to companies was not desirable, and was certainly not possible.

I did not think it desirable given that I believed it was up to politically organised communities, and not private economic entities, to determine

² The present essay is mostly based on my contribution to the conference “Fabrica Ethica”, which was held in Florence from 13 to 15 March 2002 by the Tuscan Region. It drew from some interesting conversations I had with Philippe de Woot, François Cornélis, Jean-Pierre Hansen, Jacques Fraix and Robert Jourdain. and from a “Midi de l'éthique” on the theme “Corporate social responsibility” with Etienne Davignon, Dominique Bé and Gérard Fonteneau (Louvain-la-Neuve, 16 April 2002).

which values should influence the functioning of the economy. To this effect, three decades ago, Milton Friedman rightly stated that corporate social responsibility consisted in generating profit.

From my point of view, I do not think it is necessary to highlight how such a pursuit for profit must not operate on a sort of laissez-faire capitalism setting. Instead it must function within the legitimately established limits of a social and ecological capitalism, where democratic discussion will have defined a series of rational laws, taxes and transfers capable of guiding a business (whose main aim is regardless of profit) towards the creation of a more equal and efficient economy.

In my opinion, not only was attributing an important ethical role to companies not desirable, it wasn't even possible. It is true that abiding by the law is in the interest of companies aiming at maximizing their profits, just as is, avoiding swindling their own clients and shareholders, or treating employees humanely. However, at the first sign of conflict in a competitive environment between these ethical considerations and the reasons imposed by profit, it is clear that the former will be put aside in favour of the latter. Even if this were not the case, the virtuous companies would assist in reduction of their market share and end up disappearing together with ethics. Meanwhile not so virtuous companies would be free to grow, multiply and expand. To be frank, we could say that when ethics pays, it is superfluous, while when it is cost, it is a suicidal choice³.

2. More desirable than I thought

Why did I change my mind? Because I understood that “social responsibility”, which can be more or less defined as the willingness to become involved in what is good for the society (or less preoccupied with what is bad for the society) rather than pursuing a profit policy with no regard for image, even if abiding by existing laws. Not only was it a more

³ For more on this topic, see for example, Baumol and Blackman (1991).

desirable policy, at times even necessary, but it was even more feasible than I had initially thought.

My visit to Congo, in the spring of 2001, greatly contributed to my assuming a more open position. It was there that I realized how unrealistic it was, especially in some regions of the planet, to expect that a fair and efficient economy could be created simply through the rigorous application of fair laws, in turn generated by democratic consultations with the representatives of all levels of the population.

In certain places, the majority of the population is not even able to speak the language used for managing political issues and there is also a lack of experience in the people who create new laws. In addition, there are not enough resources to face particularly complex issues or a situation that is constantly changing. There are not even enough funds to print and promulgate laws, nor is there enough money to train or pay inspectors, judges and the police who should ensure that people uphold the laws – aside from the money that they may receive in order to turn a blind eye on any breach of the law. In such conditions, how can we expect the pursuit for profit to abide by this combination of representative democracy and legal obligations, so that they will regulate the economy through socially desirable criteria, today, tomorrow or even the day after tomorrow?

After coming to this modest understanding of the present day and future weakness of this first mechanism, which is perhaps theoretically ideal, but totally unfeasible in many parts of the real world, it makes sense to consider attempts at creating an alternative mechanism leniently. Doubtlessly more difficult, this system is based on pompous ethical declarations which emanates from the rich façade of buildings, more than on the strict application of the law in the poorest and darkest alley ways.

Before reflecting on the real efficiency of this powerful mechanism, I would like to mention three other reasons that seem to justify its desirability. These observations are in no way intended to be limited to the most problematic regions of the planet.

Let us begin by looking at the spread of the increasingly deeper effects of globalization. When assets, human resources and market demands acquire an increasingly transnational mobility, countries are often led to act like companies subjected to competitive pressure. They are eager to attract and keep investors, qualifications and clients, sometimes to the detriment of their social and environmental concerns.

It is certainly possible to dream about the existence of strong laws able to curb and guide the competitive drive of every country on a global level, in order to promote a more equal world order. In the same way, national laws able to limit the drive of capitalistic companies operating within the confines of a single nation, to maximize profits, were dreamt of in the past. But this kind of legal system seems far from coming into being, so much so that it is time to welcome a somewhat imperfect new alternative regulation mechanism.

Secondly, we must bear in mind the fact made evident by modern technological developments, that to efficiently check that laws are upheld, is often a difficult and expensive task. Sometimes it is even impossible, at least that is, without having to ask companies to assume a more collaborative attitude over and above what the law requests of them. Even in this case, the traditional mechanism based on the strict application of the law seems to highlight its own limits. Meanwhile it would be very helpful to be able to adopt an alternative mechanism, able on one hand to improve company conduct and on the other, to reduce the cost of bureaucratic checks and legal procedures.

Finally, we must remember the frantic pace at which technological, economic and social changes occur, essentially provoked by the multidimensional effect of the computer and Internet revolution, as well of globalization. These rapid changes continuously offer new opportunities to “behave badly”, which are not properly foreseen and regulated by existing laws. But democratic law-making, especially in the most complex technical matters, often requires a slow, delicate and demanding effort. The promulgation of a law, even when a vast consensus can be counted on, can face a lot of obstacles. Once it has been passed, there is the chance that it

may contain some elements that cannot easily be modified, even when a kind of broad consensus for it to occur, exists. In such a context, the espousal of some form of self-regulation is praiseworthy. In some cases, it might make a specific law superfluous, or it might provide a useful study that will give this law its most appropriate formal vestige.

3. More feasible than I thought

For all these reasons, I have become less and less certain of the fact that a representative democracy and the abidance of the law are enough to guarantee the ethical baggage needed to model an economic situation. At the same time, I have come to the opinion that an alternative volunteer mechanism of social self-imposed responsibility on behalf of companies would not only be more useful, but almost necessary. It is sad to notice, however, that the indispensable is not always feasible. Nevertheless, my scepticism has gradually weakened even with regards to the practicability of such a policy.

In this case, the event that most contributed to changing my mind was not a trip to Congo, but rather a conversation that I had during the spring of 1999 with the managing director of the most important Belgian multinational, that in that period was about to be absorbed by a larger conglomerate, whose ethical credentials were rather dubious. I became aware of the consequent speed with which an ethical change might reflect itself and give shape to a different company conduct, irrespective of what existing legislation stated.

In the past, the ways in which “social responsibility” sometimes influenced company policy decisions could be associated to the work of some well-intentioned industry leader, or typically by someone in charge of a family-run company, who would decide to give excess earnings to a social cause that he considered particularly important. Therefore, he could channel the company surplus to increase the well-being of his employees or their family, to improve the local environment or to give some suppliers, who were experiencing troubled times, the possibility of extended or more

regular payments. This was contrary to many of his colleagues, who would perhaps allow themselves the extra personal purchase, or who preferred to finance artistic organizations or to donate money to the local parish church.

Nowadays the typical company would not allow such conduct. If a managing director tried to explain to his board that he intended to use part of the surplus for charitable causes, the shareholder representatives would immediately bring to his attention the fact that this amounted to an ethically unacceptable abuse of power. The duty of a managing director is not to satisfy his personal moral inclinations, but to manage company resources so as to make its owners' profit grow. If the latter group, or just a few of them, wish to show their generosity, then it is up to the managing director to choose the cause and most suitable organism to finance so as to best favour the company's ethics.

It is another matter entirely when the managing director tells the board that the way the company treats its employees at a particular site, or the way in which it is damaging the environment at another site, or that oppressive regimes are being financed at again another site, is starting to catch the attention of some NGOs, the media, the companies managing investment funds or consumers who are especially sensitive to the ethical issue. In other words: the whole share market. In this case, worrying about taking on a more ethical attitude no longer represents an abuse of power for personal reasons. Rather, it is the professional duty of the person in charge of protecting the shareholders' interests.

The legitimacy of a return to ethics on the board of administration cannot be summarily dismissed. In fact, at times, in order to save the share value of a company, the personal beliefs of whoever makes the call, in a certain sense leads to an inflation of "the ethical risk" of the action that he/she believes to be disputable.

4. The embarrassing power of transparency

In this case a mechanism whose main strong points can be metaphorically represented by two images comes into play: the spotlight and the microphone.

The spotlight is made up of a medley of organizations and tools that make company action more visible and subject to assessment. The company is directly or indirectly responsible for these actions on a world level. This network is made up of different groups. NGOs and trade unions detect and document disputable company policies. The media informs public opinion on what the NGOs and trade unions denounce. It also offers the eye-witness accounts of individuals or communities that have been damaged by the policies of these companies. Business ethics consultancy companies try to define significant indicators and collect the information needed in order to apply them. Consumer organizations adopt ethical criteria to approve or criticize certain products. Companies managing “ethical” investment funds use these criteria in order to select which companies to finance. And finally, even the share markets that are most sensitive to ethical matters are part of this mechanism. These markets, tend to anticipate and highlight the perception of any socially responsible or irresponsible behaviour that might in future attract criticism from consumers, investors and workers, more quickly than the effects on sales and profit.

The grade of efficacy of the spotlight obviously depends on how fast the information is spread, on the distance that it can cover and on its grade of penetrability. All of these characteristics were favoured enormously by the spread of the Internet. The cost for coordinating the NGO world network has fallen. Accessibility to information on the policies adopted by a specific company is much easier to obtain, as is that related to suppliers and sub-contractors. It is also cheaper thanks to the availability and constant updating of the websites.

However, accessibility to information is not in itself enough. A good spotlight must be able to provide correct and reliable information. So its efficacy also depends on the professional commitment and integrity of those working within NGOs, on journalists and on business ethics

consultants. In the end, the information provided must be easy to understand.

In order to evaluate the credentials of a company, as far as environmental and social issues are concerned, it is necessary to be able to read the most significant data. In this way, we can compare it with the data of other companies, as well as with that of the same company in previous years or with some other point of comparison. In addition, the introduction of any label, norm or distinction will have to be limited and contain easily understandable information. Therefore consumers or investors will be able to make informed choices, in the light of the information provided.

5. The civilizing power of hypocrisy

An efficient spotlight, like transparency, is important, but it is not enough. Whoever is in charge of what the spotlight makes visible, must be reliable. The function of the mechanism is: to force a microphone before a manager or company spokesperson, who has presumably done something wrong (or perhaps his suppliers or sub-contractors have), and is responsible for having damaged something, dismissed someone, polluted or lied.

In this case, the same microphone is exploited as the one the manager or company spokesperson is so eager to have before him/her when he/she wants to announce something that will improve the company image. A manager can no longer simply “do” or “order someone to do” something. He/She is, rather, constantly obliged to report, justify, provide explanations or commit him/herself to something in public. He/She must explain that the company did not do anything wrong (sometimes despite appearances). He/She must promise not to repeat it in the future or must commit him/herself to take on some praiseworthy tasks, beyond the legal obligations laid down by the existing law.

Like the spotlight, the microphone can offer more or less positive results. To make it more efficient, NGOs, the media and experts, must make the right people speak at the right time and on the right topics. They must let

them deny or confess, explain and promise, not only through microphones, but also through press releases, communications, advertisements, official acts and websites. Of course, this will mean a considerable amount of hypocrisy and many attempts to appear better than they really are. Companies will try to offer a flattering image of their intentions and actions, but it is not so important.

If representative democracy manages to bring us closer to a more equal society than the one that would have arisen from the power play between individuals and groups who just defend their own interests, this will greatly be, thanks to what Jon Elster called (1986, 1998), “the civilizing power of hypocrisy”: the fact itself, of having to use lines of argument in parliament that seem aimed at the best of intentions, makes proposals have less “vested interests”. The proposals, what is done, even what those who do it think, and finally even the end result will primarily be aimed at achieving common good, compared to the motivations that initially spurred the representatives and their electors on.

In this sense, the microphone belonging to the head of a company works in a similar way as the politician’s: having to justify one’s decisions to all those who will be influenced by them, having to pretend that what one plans to do is better than it actually is, means becoming better people than we already are. The pompous declarations of a company or its managers, about how many good deeds were performed or how little damage was wrought, must not be taken at their face value. However, if somebody who made certain promises is caught red-handed doing something horribly wrong, something he/she had completely denied, he/she will find him/herself in a self-defeating position, as he/she did not respect his/her pompous commitment to do grand things. The incentive to avoid such embarrassing and counter-productive situations will place considerable pressure on a specific company’s conduct.

Efficient use of the microphone has a particular and extremely important consequence: to greatly improve the results that can be obtained with the spotlight. The categorical declarations made by companies about the good they are doing or about the lack of damage they are causing can be

exploited intelligently. They might be pushed to regularly publish a series of crucial data on the Internet or to let it be checked by independent organizations. Or they might be encouraged to adopt internal policies that make it easier to detect illegal action by the employee in charge of ensuring that the law is abided by. Again, they might be encouraged to make a commitment not to punish or sanction employees who denounce any violations or illicit conduct within the company, but rather to protect them.

Therefore a chain effect will be created, where the more the microphone is intransigent, the more the action of the spotlight will be important. At the same time the more important the action of the spotlight is, the more the microphone will be able to demand.

Once the wheels start turning, this mechanism will be able to transform itself into an extremely powerful tool, able to regulate the economy by leading it to pursue the common good. Or at least the good of the people that the microphone speaker feels he/she should be justifying his/her actions for.

6. Lessening the gap

Seeing this dual mechanism at work and listening to the reports on some of its applications, I gradually convinced myself that in the end, granting companies a more important ethical role was not such a crazy idea. There is obviously no kind of pre-established harmony between ethical standards and the maximization of the profit. Every time we are faced with an issue that is more serious than in the past, the former will have to be sacrificed in favour of the latter.

Nevertheless, the mechanisms mentioned above are able to systematically reduce these tensions. When the spotlight and the microphone are on, virtues and profit are suddenly on friendlier terms. This is true in environments where buyers, investors and workers are concerned about what they consider the right company conduct is. Or where financial markets manage to predict the effects of this concern and where the board

of administration members are ready to accept, and sometimes emphasize, the risks and the opportunities that derive from these predictions.

If the purpose is to shape reality to certain specific standards, it is true that this mechanism is, and will always remain, an imperfect, risky and confusing tool that is guilty of numerous oversights and excesses. But we wish to remind readers that even representative democracy is not a perfect tool. Furthermore, the objective cannot be to substitute one mechanism for another, but rather it is more a question of complementing each other in order to achieve the ethical criteria that both parties set themselves more easily.

What exactly is the content of these criteria? Our discussion has so far been extremely vague on this point. But the general hypothesis is that the necessity of having to account for one's actions, in a context where companies turn to public opinion as in a representative democracy, in order to reassure investors, consumers and also the workers who are most sensitive to ethical issues, means that there is a commitment to follow the criteria in everyone's interest (or at least of those they are aimed at). In this way, an egalitarian concept of social justice is favoured (which is sensitive to responsibility and efficiency criteria) (see. Van Parijs, 2003).

In other words, intelligent use of the spotlight and microphone will push companies to act as they would if the laws in our world were perfectly equal, even when this is far from representing the reality of the things. Therefore, the existence of consumers, investors and workers who are particularly careful about image issues, allows this dual tool to lessen the gap between social responsibility and responsibility towards shareholders. This makes ethics a profitable investment and not only a cost. This result cannot be considered negligible.

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The “spotlight”, the “microphone”, “the stage” and “the table”: four mechanisms for the development of a sustainable economy

Jos Leys

This essay is an answer to the study carried out by Philippe Van Parijs ‘*The spotlight and the microphone -must business be socially responsible and can it?*’ My article’s aim is to complement this study, highlighting some differences and outlining a common ground. After the introduction⁴ I will briefly dwell on three examples, which I will use to defend my thesis.

Afterwards, I will analyze the afore-mentioned essay. The aim of my observations is to create the basis for the evaluation of the mechanisms highlighted by Van Parijs. I would also like to provide an answer to some of the questions he raised, especially by introducing concepts related to the functional specificity within and between companies.

I will then introduce two further mechanisms whose aims are to promote improvement in company procedure: the ‘stage’ and the ‘table’. Finally, I will conclude by showing how these four mechanisms strengthen each other by commenting on their respective positions⁵.

⁴ As often happens at the start of an ethical and/or economic discussion. See Fukuyama (1995), particularly the first part: “The Idea of Trust. The improbable power of culture in the making of economic society”.

⁵ These topics were discussed at the *Midi intime de la Chaire Hoover* at the Université Catholique of Louvain, on 17 June 2003. The present article benefited from the discussion with the participants, especially during the final section. The discussion clarified the necessity of providing more examples regarding the interaction between deontology and teleology within sustainable company development. Christian Arnsperger, in the presence of observations on the development of company conduct, highlighted the importance of taking into

1. Introduction

Following Philippe Van Parijs's example, I will make some autobiographical references in order to clarify the motives underlying my thoughts.

I studied philosophy, in particular the philosophy of knowledge and Aristotelian ethics, as well as economics, where I focused on finance and corporate governance. Thanks to a national fund for scientific research, a place as philosophy researcher was assigned to me, but I decided to reject the offer. I preferred to work in the financial services sector, given that it would have been possible to apply my philosophical background there as well. In fact, when I received the offer, I was already studying social science and was working as a financial consultant for a bank. I felt at home in that environment: dynamism, flourishing growth, a sector lacking in tangible content (in the sense that I did not have to take care of "things", I just had to listen, think, speak and write). The financial sector, more than any other sector, deals with concepts, concepts that are not the object of philosophical inquiry.

After five years working in the commercial sector of a branch, I moved to the marketing department where I worked on concepts related to investment products, the management of relationships with branch clients and investment and credit products. There was the feeling amongst the various teams working in these areas of having achieved remarkable results.

We introduced and successfully sold "(more) sustainable investment funds"⁶. We created a relationship and dialogue with our financial

account the kind of market where companies act and interact. However, this type of institutional context is not explored in this essay.

⁶ I have always avoided calling these products "ethical", as a product is just a thing and it is not possible to apply the "ethicality" to a thing. But if we consider them an institution, in other words as a set of repetitive human actions that are ordered

consultants and with all our clients in the various branches. We developed communication techniques that made investment products more understandable, thereby reaching the highest level of investment “de-materialization” in Belgian industry. The first two results and perhaps even the last might be classified according to the changes of the paradigm, over the time lapse of a generation of professionals, defined by Kuhn⁷.

At the moment, I am working for DVV Insurance and I am in charge of the sustainable development (of the company and its services, I wish to clarify: no role can relate to sustainable development per se!).

The Dexia group has decided to assume a resolute position in regards to sustainable development, an attitude which is clearly stated in its motto "*la banque du développement durable*". I am proud to declare that our group decided to consider corporate governance a central theme in sustainable development, so that it was highly regarded thanks to its progressive implementation.

functionally, the “ethical” predicate can, obviously, be applied to financial ‘products’. However, most people still consider financial ‘products’ as “things” rather than “actions” or “services”. Not even products, in contrast to human beings, can be considered “socially responsible”.

⁷ I am referring to this concept taken in its original technical meaning: such changes have a strong impact on the model, on the ‘proverb’ of bank practice. In order to achieve this purpose, to produce innovative procedures and also to be ready to accept the consequences in the traditional model and in a favourable context, it is necessary to have pre-requisites such as a high level of control and great self-esteem. I am referring to Coeckelbergh '01, Coeckelbergh Leys '03, which might both be considered examples of invitations to the ‘stage’ and ‘table’, which will be explained later. The intense debate that took place during the BACOB and Dexia merger, confirmed that the procedures in question were not, in the current paradigm, simple alternative practices. The discussion about these procedures was considerably longer than that about the evaluation techniques of preference shares.

DVV has taken on a pioneering role in the field of sustainable development, by introducing more sustainable company and insurance procedures. My role is not that of “ethics officer”, or at least not in its common meaning. Usually this type of role entails the development and implementation of a deontology, which places it beside compliance and audit functions. If interpreted as the development and implementation of goals to be proposed as company targets, then this function consists in teleological elaborations. In this case, it positions itself closer to strategic and operative marketing functions. Without a doubt, deontology lacking in teleology is sterile, while teleology lacking in deontology is a pure act of vanity. In the same way, any form of operative marketing lacking in strategic marketing is short-sighted, while strategic marketing lacking in operative strategies is empty.

Last January I heard Philippe Van Parijs’s talk, ‘The spotlight and the microphone -must business be socially responsible and can it?’ As a philosopher and economist, I was impressed by the essay topic, while as a marketing expert my attention was captured by his ‘autobiographical’ touch and by his metaphors.

Being the presentation of the essay topic itself, the autobiographic perspective is certainly not a minor element. In other words, Philippe Van Parijs took the ‘microphone’ and did not hesitate to reveal the circumstances and reasons which had led him to hold a wrong position in the past, and which now led him to sustain an ethical economic approach at various levels.

When I began my profession in the bank, I too made mistakes. I was quite naive and took for granted that bankers did not cheat their clients, their superiors, the company and the society in general. Dishonest traders were an exception. They were thieves and got caught red-handed. It was as simple as that. All I saw was exceptional competence and good intentions beyond suspect. After a while, experience opened my eyes. I will present three examples that will be used later to comment on four mechanisms and to express my point of view on the efficacy of laws. The examples refer to the 80s and 90s.

2. Ethics, laws and corporate governance: three examples

Some colleagues made great use of what is currently technically called "information asymmetry" regarding financial techniques and markets.

Here is an example. Some consultants would show a client who was interested in buying a car the advantages of asking for a loan without touching the liquid assets on his savings account instead of paying cash. This reasoning was based on the comparison between the overall cost of the loan (1000 euros) and the total interest matured on his/her account (1500 euros). One only has to reflect on this to understand that it isn't really so. It is like assuming that the bank pays more for receiving money (savings accounts are, on the whole, the deposit system with the lowest interest rate and highest margin) than for giving it (on the whole, the interest rate [margin] on a car loan is far higher than on a home loan). The figures might be correct, but the comparison is not so obvious. The overall cost is irrelevant, if compared to the interest flow. I would like to emphasise "some colleagues", because while some decided to use these deplorable techniques, others did not do so, out of fear or professional pride.

Apparently the bank had not yet formulated a policy regarding the use of certain lines of persuasion in these areas. It is undoubtedly unthinkable that a written policy should defend such argumentation. There was no 'product' in question, no logic, ethic or technique regarding the relationship between a savings account and a car loan.

Being a financial consultant myself, I had the chance to speak with the clients who had been "informed" by a rival consultant on what was more advantageous. Having shown them that the information they had received was wrong, that they were acting in the bank's favour, and that implicitly, somebody was exploiting their ignorance of the matter, I would manage to gain their confidence and therefore establish a relationship with them. In other words, 'being caught' supporting a misleading argument turned out to be a very expensive matter, on a micro-level, or lucrative, depending on the position. The noteworthy fact is that in revealing my opponent's reasoning, I took on the position of independent consultant. It was not a matter of my reasoning against his/hers, it was about reasoning on the type of reasoning.

Therefore it was possible to use a philosophical and ethical approach as a commercial competition tool. A rigorous analysis of the financial transactions and an understandable presentation to clients, of relevant characteristics and their consequences revealed itself to be a valid commercial technique. Providing a consultancy service based on “financial orthodoxy” or on “rational ethics” revealed itself as being functional in persuading clients to develop and maintain a trusting relationship. Nevertheless, in the short term, this approach could lead to fewer sales.

Although there were no explicit rules on which arguments could be used, the bank took a firm ethical position in regards to credit policies. The bank’s philosophy upheld rather strict limits on the relationship between debt and earnings, the debt-value proportion and on assigning loans. At times, it was even possible to detect paternalistic tendencies.

All the financial consultants followed these rules, which were made explicit and were implemented first of all by the loan committees and later on by software that controlled the decisional process. In other words, it was not up to the sales people to implement the rules. Since the sales function had logic to follow, that is to achieve a pre-established volume, it was up to another sector of the company to decide what restrictions to apply to the methods used in achieving those goals.

This kind of internal regulation is easy to apply in that it limits the function, the purpose, rather than dictating how it should be implemented. An employee can always act corruptly. In this case, it is easy to define and to recognize the corruption. Moreover, we must emphasize that this kind of internal regulation constrains company growth, but is clearly not addressed to other markets nor does it take into consideration other possibilities for development. If inserted in the company’s communication it can be used as a marketing tool, but from the development point of view it is per se fruitless.

A new commercial procedure management law, with the aim of more appropriately protecting clients, was approved. The law contained clauses that related to sales methods and the definition of different products:

The client had seven days to change his/her mind, if the sale did not occur at the salesperson's branch (local mode, assuming that if the contract was signed in the salesperson's office, it was the client's initiative).

This law aimed to protect the client who, at home or elsewhere, might have taken impulsive and not fully-informed decisions. Consequently, if our loan contracts⁸ were signed outside the branch, they were not completely valid unless we were able to show that the client had invited us to his/her home. Therefore, the bank drew up a module, which had to be signed by the client, declaring that every transaction performed at the client's home had happened under his explicit invitation.

It was not easy to implement this law, since it *was* our habit to visit our clients, having made arrangements with them or asking them for appointments, as we were too busy during office hours. So we had to explain to them the logic behind the procedure and this gave rise to suspicion. I would then explain that generally speaking our clients were protected by a specific policy of the biggest banks: banks did not follow a "hit and run" strategy as they had every interest in establishing a long-lasting relationship that would guarantee them future transactions. I would explain to them that if they had been cheated, they would have been able to tell others and that would have damaged all my chances of performing transactions within the local community and my position in the bank would have been compromised.

But if our aim was to cheat our clients, wouldn't we have followed the same procedures if the client decided to come to the branch? Wouldn't we

⁸ So as not to complicate matters, I won't explain the consequences of the fact that the application of this law only regarded some of our financial services, not all of them. For example investments and mortgages were not covered by these laws, but by special laws. Instead mortgages constituted an actual contract, but there were also *ad hoc* laws to protect the client from the financial intermediary. The latest legislation developments protecting clients who use loans report of cases where banks have found their contracts cancelled by legal actions because of the wrong *print type* used in the contract.

have caught him/her unawares with our proposals? Wouldn't we have pushed him/her to sign a blank contract with the excuse of a momentary "printer problem"? It wouldn't have been anything out of the ordinary. Clients sign blank contracts because they trust the person they are speaking to. But they would get suspicious when we would ask them to sign a form declaring that they had invited us to their home. The technicality of the law was a useless obstacle, which anyone with bad intentions could easily get around. Contrary to the previous example, it was not so easy to define or recognize corruption in this case.

As far as their efficacy was concerned, one could object that the people, for whom the laws had been created to protect, were usually not aware of the existence of these laws and didn't use them. I clearly remember the case of a client who, taken by surprise by a real estate agent, signed a mandate at his home to sell a property. A few hours after the agent had left his home, my client started to have doubts but he did not know what to do to free himself of the 'contract' and its iniquitous terms. So out of sheer inertia, he missed the chance of doing something: seven days went by. I noticed that many clients were reluctant to discuss their 'contracts' and the fact that they had been victims of dishonest salespeople, for the fear of being judged as impulsive, naive or totally stupid.

This law assumes that the weaker party has active and practical knowledge of the law on commercial transactions. This seems to be in contrast in some way with the need to regulate these procedures, for the very purpose of protecting the parties who lack the appropriate knowledge from the potential predatory procedures of their interlocutors.

This shows that sometimes laws and rules are an obstacle for legitimate commercial operations and in many cases they are useless, as they do not protect citizens because these vulnerable people do not know the laws in question.

This law also contained a clause that impeded the unification of services or separate products within commercial proposals. Without getting into the technical details, this clause protected clients from forced purchases, by fixing the cost and the current definition of the products. In this way, it

prevented forced transactions, or at least seemed to, assuming that market forces had not made the single products spontaneously available. At the same time, it blocked the reuse of products and services.

It is not my intention to oppose this law, or its intentions, which I totally agree with. I am using it as an example of those laws that do not entirely prevent the damage they intend to combat, not at least without additional measures. At the same time, the cost of this law cannot be overlooked: its application requires resources that might be destined to other spontaneous projects.

These three examples differentiate themselves in their level of regulation: in the first, there was no explicit or detailed rule. In the second, the bank applied rules that went beyond legal requirements and in the third, there was a detailed set of external laws.

In general, some types of ethical conduct were naturally or automatically applied. Others were implemented according to individual intentions and capacity. In other words, the bank would have an employee, a moral subject, according to a certain kind of logic, but not (yet) according to a kind of logic related to his/her profession. The latter position is not sustainable: every professional performs his/her main tasks according to his/her personal vision, even when he/she claims not to have one, or to follow a neutral position⁹. Inevitably therefore, sooner or later, the absence of a definition will be filled up by new functions. More than likely, this gap will be filled spontaneously, since it specifically implies that all financial consultants will spontaneously develop the same consultancy quality standard.

There are two possibilities: the first is that this absence will be compensated outside of its commercial functions (laws, the police, conformity control officers). The second is that it will be compensated by a self-managing commercial function, which abides by the rules established from within, according to its own logic.

⁹ Aristotle was the first to use the strength of persuasion of this argument in his *Protreptikos*.

From a financial point of view, the latter possibility offers many more opportunities and involves more manageable risks than the former. In this case, ethics and the company work hand in hand.

- Given that the bank had not yet applied its own policy on this kind of issue, some colleagues spontaneously, consciously or unconsciously, “lost the upright way”, while others started to reflect on it critically. Every worker is totally responsible for his/her own behaviour, but the institution has a duty to instruct its workers. It is a duty towards the shareholders, as a group of incompetent consultants represents a fertile ground for a bad reputation or for other kinds of risk that (in the end) might translate into the net present value, the value of the shareholder.

- Some believe that the economy does not leave any room for ethics. In an economic context, everything is allowed so long as it is not explicitly forbidden by the law or by company regulation. Even in this case, one must weigh up the risk of being caught out against the chance for immediate success: being caught out depends on the seriousness of the evidence. Where this attitude prevails, the energy invested in marketing is absorbed by proof and control issues, instead of by research into new skills and new markets. According to widespread business theory, this puts the actual survival of the company in a serious position¹⁰. This kind of attitude must be considered a type of malfunctioning or ‘disease’, which diminishes the value of shareholders.

- A strategy or vocation that aims at establishing a lasting relationship with clients and their families leaves no room for an intentionally misleading attitude in their regard.

Confidence can only sprout from stable ground. According to Aristotelian practice, there is a difference between competence and intention. It is possible that an actor might lack in something momentarily (for example, he/she might have to check information before being able to provide an answer or might make a mistake concerning a price or a particular

¹⁰ See, for example, Peter Drucker illustrated by Flaherty '99, passim

procedure). He/she cannot, however, be totally incompetent in negotiations with a client. In order to defend my thesis, I will present a pair of linguistic and commercial acts.

- "Please accept my apology, as the information I gave you last week was wrong. After our meeting, I ran a check and I must admit I had made a mistake. Perhaps you would like to reconsider your decision, now that you have the right information. As far as the other matters we discussed are concerned, I would advise you to invest...".

- "Please accept my apology, as last week, due to sinful greed, I gave you misleading news and concealed pertinent information. Now that this information has been made known to you, it would be best if you reconsidered your decision. As far as the other matters we discussed are concerned, I would advise you to invest...".

Very likely the first example, which is related to a momentary lack that is spontaneously put right, would put the transaction at risk, while the second, which reveals the consultant's deceitful intentions, would more than likely irreversibly compromise both the transaction and the relationship of trust.

From a financial point of view, it is advisable to avoid situations of the second type, which weaken the company's capacity to pursue its strategy.

3. The 'microphone' and the 'spot light'

I would now like to insert some comments on Van Parijs's text, which in most cases supports the thesis so far illustrated. I would like to take the opportunity to lay the basis for the two other mechanisms I have identified. Nevertheless, I do not believe that their efficacy depends exclusively on the acceptance of this functional perspective. The mechanisms in question are currently in act despite their acceptance. However, should participants decide to take a functional approach, these mechanisms will function more steadily and efficiently.

- *Is it advisable to assign an important ethical role to companies?*

I share the same position expressed in the text according to which companies have no kind of ethical role apart from that of producing profit for their shareholders and so doing, fulfilling their own company goals. Friedman is undoubtedly right on this point. Considered internally, it is not ethically right to use a mandate or company function in order to pursue activities that do not contribute to the development of the company and so generate wealth for the shareholders¹¹, unless they have been formally approved by the shareholders themselves.

For example, while I am writing this text, the radio is announcing that in India several 100 people have died due to high temperatures. If managers were able to satisfy their humanitarian instincts, some of them would immediately try to make their companies provide asylum for the Indian population. This would amount to non-ethical behaviour: they would be squandering the shareholders' capital to pursue functions and goals extraneous to the company¹².

¹¹ It is not easy to define "value" as it implies choices on different types of cash flow with different kinds of related risks and as it also assumes a lucid view of the shareholders' value. "What kind of factors contribute to the shareholders' value?". The answer could be very banal, for example: not having to worry too much about company problems or about the trust in workers. From this stems the corporate government as a contribution to the shareholders' value, which goes beyond the mere protection of capital.

¹² Companies differ greatly in their capacity or willingness to formulated missions, declarations of intent and clear and distinct functions. Some are vague or apparently incomprehensible. Others use them as financial tools, considering them the expression of basic logic for their legitimization ("licence to act" as NGOs now call it). In some agencies, each department and each organizational unit within a department must provide a written mission, a declaration of intent and must periodically hand in strategic and tactical plans. The latter two are more common than the former even if it is quite difficult to imagine how strategic and tactical plans can reach high quality levels when there is a lack of explicit ally shared objectives and functions.

From the company's point of view, it is totally arbitrary behaviour. Even if one argued that a similar action might prove to be good for the company, by attracting the interest of future clients, the ethicality of the operation would remain uncertain¹³.

From an external point of view, it is not clear how companies might be legitimised in setting social and sustainable goals for the common good. There is no democratic process that bestows such authority upon companies. Furthermore, whichever other position that bestows upon companies and their workers an additional "social responsibility" must face the problem of circumscribing the content and priority of these responsibilities. I believe that this would result in companies taking on a series of responsibilities, which would make them lose their generic and specific characteristics. They would end up no longer being companies.

I am clearly not suggesting that companies should act unscrupulously or indifferently¹⁴, simply that they should avoid taking on 'just causes' as company objectives, which are completely extraneous to their functioning¹⁵. Nor am I trying to demonstrate that companies should not consider an ethical approach. On the contrary, ethics should be clearly linked to function.

The first example aims at demonstrating that for companies the existing difference does not so much concern that between a more or less elevated moral principle that is professional excellence and malevolent amateurism,

¹³ This concept relates to the Kantian approach to ethics and comes far less under the Aristotelian perspective. Regarding the dilemma on company ethics see what follows.

¹⁴ This is what I consider to be the position of Henderson '01, which courageously defends company leaders from misleading logic. His defence, however, goes beyond the limit and pushes too far forward. For example, Anderson considers the supposed lack of hypocrisy of some company representatives before the 'microphone' deplorable.

¹⁵ The intrinsically just causes are evident. For construction companies, this means building high quality homes in an advantageous way.

rather it concerns that between the short and long term. Using technical and financial terms, it concerns the cash flow generated and the associated risk. The choice to be made is the following: obtain a considerable cash flow immediately by increasing the uncertainty of future capital or ensure a medium-stable capital flow immediately and in the future. From a functional point of view, the choice is a matter concerning shareholders, just like that which should determine company involvement in aid for India.

For the company, the production of money and creation of wealth for its shareholders is connected to the concept of 'company goals' such as producing cars, drawing up insurance contracts, building houses, providing raw material. Companies are profitable if and when they interact with society, if and when they perform transactions with clients.

A stable, continuous and sustainable return depends on honest company conduct. And here the concept of teleological strategy comes into play. A company has four internal functions and a good company must be able to perform them excellently¹⁶.

For example¹⁷:

¹⁶ This affirmation is neither of a descriptive nor prescriptive nature, rather it is analytical. As such it recalls Aristotle's use of the four causes in biology: 1) formal cause = the services that characterize society; 2) final cause = the production of innovation; 3) efficient cause = the impact of public goods; 4) material cause = the development of skills and the resource management. For the aspect related to quality or excellence, I follow the Aristotelian argumentative structure on function (*ergon*) in Nichomachean Ethics [EN I7 (1097b22 ss.)]. It is analytical in that it concerns to the concept of the company within sustainable development: its purpose is to produce innovation. If it did not do this, its nature as a company would diminish and would be destined to perish. Since a company is not actually a human being, but a human creation, a tool, the approach is appropriate, even more than the (Aristotelian) one to biology.

¹⁷ For the order of functions, their relationships and their general character, see Leys '03.

Are we/you contributing to the promotion of healthy development in your stream of products? For instance, by providing pertinent and easy-to-understand information on the content of your products? Or are we/you damaging common goods such as social capital, biological diversity, etc.?

Is your agency managed according to the best standards and according to the agency's particular circumstances?

This verification of responsibility is performed by every company interlocutor, be he/she real or presumed. But most importantly, it must be implemented in the company as a self-management exercise, as it is complementary to transparency.

As I affirmed elsewhere, transparency has its practical and epistemological limits: it is not possible to recall every aspect or to have adequate knowledge on everything that is happening. In addition, often what is taken for as transparency, or rather as its manifestation, (such as a spontaneous relation according to guidelines), does not achieve its purpose, as it tends to focus exclusively on the company's physical indicators and function.

At the same time there is the tendency to underestimate the most specific and even unique functions of individual companies, in that they are not (necessarily)

comparable¹⁷. To sum up, economic ethics does not have a restricted field of application linked to the company function. Starting up activities that do not contribute to the achievement of corporate objectives does not correspond to an ethical attitude.

• *Does relying on the issuing of laws make sense?*

A law cannot determine ethical behaviour. This is true on an analytical level, since the mere application of laws ethically corresponds to zero. This is true on an empirical level, since if those subject to laws, do not intend to

follow them, they will get around them corruptly, from a material point of view or one that obeys the *ratio legis*.

In order to avoid this problem, control mechanisms can be implemented. But once again, these mechanisms can be altered, and in order to avoid this problem, other mechanisms can be implemented. But once again these mechanisms might be altered... It is a matter of a series of potentially infinite procedures that do not per se achieve any purpose. If it were put into practice, the economy would suffocate. The company would be infected by professional mistrust and natural resources would be widely employed to control our own behaviour.

- So what to do in order to escape *the paralyzing situation of the following dilemma*: if ethics pays, it is redundant, if ethics is a cost, it implies a suicidal act?

- In the classic way: by finding a middle ground. If ethics pays, it obviously also has a cost. The economy is a repetitive game which has to do with trust. It is not possible to be dishonest and to think one can manage one's business efficiently. This consideration can be fully applied to my first and third examples. I have already demonstrated that the dilemma of the financial dimension consists in the choice between different types of cash flow. In general: in order to develop a sustainable business, one must invest in ethics, an investment that pays. To avoid misunderstanding: investing in ethics does not per se constitute a sufficient condition for the successful development of a sustainable economy, but it goes a long way towards doing so.

- In addition, the formulation of the dilemma seems to imply a lofty vision of morality and a rather negative judgement on company procedures, thus precluding any optimistic response.

- Companies follow regulations. They follow every kind of regulation, in addition to the simple precepts of positive law. Every company has an ethic

or applies its own logic to customs, approaches, habits, norms, dreams, aspirations and so on. For example, almost every company expects its workers to interact politely with both clients and other workers.

- The dividing line between the forms of ethics mentioned constantly moves according to the perception of what is happening and what is convenient. If we define “ethics” for the moment as an area beyond reach, due to additional costs or excessive commercial risks, then it is clear that the dilemma remains, but it no longer has any pragmatic value¹⁷.

– I personally believe that company conduct has become more ‘ethical’ towards the client. In the last few decades, the general quality of services and contents offered has increased. Since quality concerns the fulfilment of clients’ expectations and given that these expectations get translated into linguistic acts (“Would you like...” - “I guarantee...”), the ethical level of these linguistic acts has improved considerably.

• *Would a more responsible form of “self-monitoring” be desirable?*

Most certainly, although I would prefer “self –government”. Corporate governance should be considered as something that the company itself, or whatever other organization, can do on its own and of its own initiative, without being held down by restrictions.

Firstly, because it is not possible to include every single situation in general rules. Secondly, because it would not be feasible to implement forms of constant monitoring, nor would it be desirable from an economic and corporate point of view. This perspective would thus contribute to resolving many issues at the core of the current debate on corporate governance.

For instance, the more the board of directors’ members are independent, the less of a chance there is that they will have minute knowledge of every detail of the subject in question. Therefore there would seem to be a compromise between competence and a certain type of independence.

Since circumstances are never the same, this problem can not be solved, or at least not without some difficulty, by a universal law. Consequently, the criteria for the choice of independent members of the board should be determined by taking into consideration specific circumstances, especially the specific functions and merits of the worker. If we accept this theory, we are accepting the self governance of every company and its workers.

Furthermore, this inevitably leads to the conclusion that this form of governance has already been implemented. It has impeded companies implementing unscrupulous policies, despite the fact that some inevitably act against common morality, such as tobacco producers, while others are slowly moving towards more sensible policies.

• *Is it desirable to solve every problem through the implementation of rules and laws?*

- The law cannot apply the best procedures, rather it can only be responsible for some of them. Even if we wanted to implement laws infinitely, we would never have the guarantee that our workers would be pro-active, brave and that they would carefully evaluate the possible outcome of their activities and so on.

- As far as standards contents are concerned, we must bear in mind that we are dealing with ‘mobile’ objectives. The less detailed the law is and the less solid the application of the four mechanisms, the faster the speed at which these standards become ‘sustainable’ and the higher the safety level¹⁷.

- Every set of rules has its economic cost, which usually appears under “transaction costs”. They are transaction costs because they increase the cost of goods and services. They are an indicator of the level of erosion of trust in a company.

- Laws and rules have external repercussions. For instance, they slow down innovation by generating monitoring costs, putting a superfluous weight on

the shoulders of those who already follow the rules and blocking the entry to the market, etc.

- Although it features as a positive item on our macro-economic balance sheets, the cost of monitoring activities is an obstacle for our capacity to generate wealth. Resources are assigned to procedures that can go on forever, without ever achieving any set goals. To be sure, the monitoring process can be checked, the monitoring process on this check can be checked *ad infinitum*. Monitoring procedures are applied in order to guarantee a system that can be trusted. At the same time, one can never take for granted that they will produce the desired effect. It is obvious that if the growth in monitoring processes (which in a final economic analysis, must be fed by the surrounding productive activities, which are also monitored) got out of hand, it would seriously damage the economy and ruin the social capital.

- Therefore if we apply less laws and monitoring procedures, economic development will probably be better off and we will have more free time available. We probably need more laws of a certain type, which differentiate themselves by virtue and merit. An example is the future regulations of Basilea. Their purpose is to promote prudent conduct, to reduce the systematic risk factor of the banking system and to put the capital intensity of banks in relation to their propensity to risk factors, but also to their ability to manage them. This does not necessarily guarantee prudent conduct, but it offers shareholders a reward for having carried out their company duties according to the company mission and with the highest professional standards¹⁷. This regulation does not offer a guarantee on mistakes or accidents. But an indiscriminate regulation isn't able to do this either. In addition, it has the effect of punishing both the meritorious person and the defaulter, at times causing a "beggars' war".

– The prerogative to punish both the meritorious person and the defaulter has in itself a perverse effect. It feeds the theory that "one must not be more holy than the pope", which is often used to legitimize procedures that are anything but excellent. If others behave badly, why can't we? Why should

we improve, given that the punishment happens indiscriminately and if the law has not been implemented (yet)? This argumentation, which defends inactivity, cannot be implemented from a commercial point of view. For example, it assumes the knowledge of the improvements and of steps ahead of rival companies.

- The laws ever have, only one or a few objectives, at a time. This generates theoretical and practical paths that focus one-dimensionally on the mere observation of the law. But reality has many aspects or perspectives that must be handled simultaneously. In fact the holistic approach is made up of the very idea of sustainable development. Only active human intelligence can be sufficiently multi-perspective at any given time (the mechanism for the development of the 'table' is based on this logical basis. See below).

- As it Van Parijs has already pointed out, often there isn't enough time to write laws. So the system of "self-governance" is an inevitable condition.

In a *Financial Times* article (FT, fm, 02/06/2003, p.4), Alexandre Lamfalussy comments the corporate management of retail trade in financial services. "The practical issue is to what point we should harmonize retail trade regulation... It is totally absurd to assume that the average citizen is knowledgeable on extremely sophisticated financial products. Having to depend on a consultant's services, the citizen needs to be protected by consultants." Lamfalussy adds that on a European level there will inevitably be conflict due to the divergent opinions on the level of consumer protection.

First I would like to make two observations: the first concerns the intermediate situation and the second concerns the final result. First of all, when there is political conflict, the path towards regulation is long, winding and uphill. If in the meanwhile we must guarantee a form of consumer protection, it will be offered *ex post* through legal means or *ex ante* through valid bank practice. If this is true, banks will spontaneously offer their protection as this would be to their advantage. Obviously banks should keep to this procedure. From an economic point of view, a bank must obtain its immunity so as to implement the measures necessary to avoid

losing money. Deontology concerns the ability to identify which procedures to undertake so as not to lose money. However, as we pointed out previously, the fact that a client signs a document does not necessarily mean that he/she will follow the rules, nor does it guarantee the interlocutors' reliability.

Contrary to the deontological approach, the teleological one asks itself which measures must be adopted by a bank in order to gain the confidence of its clients and earn more money by improving the procedure standards. One possible answer might be the following :

- The commercial use of illustrating highly sophisticated financial products is wanting. The marketing departments and financial consultants who invest in this approach have a relatively unsatisfying return compared to the effort made. Even bankers seem to have different opinions on how they should work and what might happen to them.

The retail clients, who should interpret highly sophisticated financial products, start legal actions against the financial service providers. In the end, understanding a financial product is not pertinent to the rational decision to purchase (or sell) such financial products. What is pertinent is that the buyer must completely and clearly understand the possible consequences of a particular situation. I will come back to this point shortly.

- Does the retail purchaser recognise the value of a tool that protects him/her from a wrong decision? The answer is yes. He/she might be more or less aware of his/her needs, but we rarely meet clients who do not want to be informed at all or who do not mind being cheated. So offering a protection service in order to improve the ethical content of the bank's consultancy process is a financially valid move.

- Nevertheless there are some difficulties to overcome. Generally speaking, financial consultants do not like change. In addition, rivals uses advertisements and argumentative techniques aimed at gain and not at the overall adequacy of the information. Some financial consultants fear that by

providing more information, they will lose their clients. So it is necessary to prepare sales forces. With the support of managers it is possible to implement a spontaneous positive change. We found ourselves seated at many 'tables' (see below), we used many 'microphones' and 'spotlights' during this process, as there are many functions involved in offering (highly) sophisticated financial products to retail clients: the production department, the marketing department, sales forces, the communication department, etc.

- We wrote some work analysis documents, illustrating bank values and putting them in relation to the characteristics of the means available to our sales forces. These documents were signed by the company heads after obtaining the approval of the workers involved in the company coaching process. Following this, all the sales force members were presented with ample opportunity to ask questions and express doubts. In addition, we clearly indicated that after a certain amount of time we would have shown our clients the main lines of our approach and the values it was based on. Therefore our financial consultants were ready to answer to our standards before being informed of them.

This type of preparation included:

- An easy-to-understand theoretical and extremely concrete background: no person or bank is able to predict the trend of the financial markets (efficient markets). Nothing can be obtained without effort (the markets are efficient, so that the possibility of a higher return always corresponds to the cost of having run a greater risk). Miracles do not exist (obtaining something without effort equates to a miracle). The past is irrelevant for future decisions and so on.

- We fine-tuned some graphic tools that were able to present the corresponding functions of the financial products to the clients, so that he/she could easily judge their validity.

- We focused our communicative strategy on the potential outcomes of purchasing the financial products, on logics rather than on a (futile) probability. We presented the possible outcomes of the financial products. We abstained from making predictions. The clients had to understand what a given product could do for them. For instance: was it just his/her interest at risk, or even his/her capital?

- We did not launch products which, had they been presented along these guidelines, would have revealed themselves commercially unfeasible. Some financial structures, once understood adequately, do not find a sufficient number of buyers, because of their very nature. We were satisfied with our work and of having made sure that the sales forces had enough arguments at hand not to lose their clients to the competitors who had launched or could have launched this type of product.

- We provided our clients with information both during the buying process and during the so-called 'ownership period', regardless of the fact that the immediate outcomes of the investments were positive or negative. In this way, clients were put in the condition of taking more informed decisions when buying new investments. In fact, from a psychological point of view, it is a completely different matter to consider the uncertainty factor in advance rather than feeling the effects of its manifestations. This information process also enabled us to reduce the bank's risk of facing clients who were unexpectedly disappointed by the final results on the final day.

Obviously we invested in the information processes also so as to inform our clients on new products launched and we provided this information service exclusively to the holders of asset management accounts, in other words, drafting a commercial argument for the service. Therefore the bank was saving on physically offering services and at the same time it was generating sources of future income (our bank was the first to obtain that retail clients should pay a fixed fee for the asset management account).

- For less sophisticated products, such as open-end share funds, we preferred to provide information graphs in order to illustrate the volatility,

rather than use graphs on past trends, which are psychologically inevitable, although amply irrelevant.

- We created a rigid follow up of:

a) the production volume, so as to monitor the potential 'cost' of our ethical approach

b) the lack of consensus on the adopted practice, in order to maintain credibility in our clients' eyes

c) all the spontaneous and induced signals from our clients and financial consultants

d) the relevant episodes that happened in other markets. In other words, we treated 'ethics' like any other product.

• *The civilizing power of hypocrisy*

Van Parijs refers to a strong mechanism at work in politics, economics, religious institutions and so on. However, we can imagine an alternative one: the spread of cynicism¹⁷. If this happened, nobody would be credible anymore and the 'microphone' would become an entertainment tool.

Being clear on functional priorities and on what can or cannot be done is a necessary condition in slowing down the spread of cynicism. The alternative would erode the social capital or the general confidence and would cause a sudden arrest.

Van Parijs seems to support the idea that at the heart of the mechanism there is a wrong intention, or hypocrisy, out of necessity. A “Khun style” philosophical approach would highlight another cause: there is the general tendency to start saying something we think is appropriate and being the easiest thing to do, we repeat it. After a while, we start to believe and identify with what we have said. It is not necessarily a matter of lying when

we start saying something, which makes us appear better than we are. In both cases, whether hypocritical or not, the microphone acts as a “trap”.

The use of the microphone also generates 'transfer' mechanisms. Being a high level worker (otherwise he/she would not be interviewed) the person who finds him/herself in front of the 'microphone' expresses a concept that the lower level workers of the company will put into practice. There is no need to consider hypocrisy as one of the mechanisms at the basis of such a setting. But as Van Parijs recalls, the person who manages the 'spotlight' must always bear in mind this possibility when in the position of formulating his/her own methodology.

4. The ‘stage’

At this point I would like to add two other mechanisms to the ‘projector’ and ‘microphone’ metaphor, which I will call the ‘stage’ and ‘table’.

The ‘stage’ or podium refers to the empirical data according to which the leaders of company generally tend to have highly competitive impulses. In fact, this seems to be an analytical fact. And it is because of this competitive attitude that one manages to cover an important position. Given that companies are always competing with other companies, they need leaders who are eager to compete. Since there are many candidates who aspire to a career in a company or amongst companies, and given the well-known fact that only the ambition of a few will be compensated, workers must be competitive. Companies are on the whole, meritocratic organizations.

Obviously competitiveness has many aspects and dimensions: technical ability, efficiency, courage, inventiveness, communication skills, ability to fix the books and a cooperative attitude, etc. Therefore the abilities that are crucial for a candidate depend on what the company considers important. If moral value or ‘ethical competence’ is considered important, competition will also affect the ethical field.

What is considered valid within a company is also applicable on the outside. When an ethical character or conduct becomes important, the top workers in a company begin to compete in this field. Those who think their own performance is excellent or better than their opponents will aim at the 'stage', so that they can obtain the Aristotelian reward of virtue: receiving honour and the respect of peers and the public¹⁷. This implies that everyone obtains the kind of corporative behaviour he/she deserves.

The more the mass media supports and spreads the motto "greed pays", the more companies will put this into practice to the full¹⁷. This is how the 'stage' is won. The more unscrupulousness there is, the more admiration and respect there is. If and when other values are recognized by public opinion, competitiveness shifts towards them.

In the United States there is a ranking that takes into consideration company ethics: a top 100 of "corporate citizens"¹⁷. Obviously this does not imply that the main functions of a company must be neglected. The purpose of a company is to generate profit and provide products and services to its clients. If these products and services were not at the highest level or had become obsolete, the company would go bankrupt and would have to close down, regardless of its managerial sector's respectability. The managers in question would languish on the 'stage' and be abandoned by their public.

From uncountable interviews, magazines and lists of publications we can clearly see that individual managers and companies are currently and more or less regularly competing on the "social responsibility" field, even if quite clearly not always at the deepest level. Sometimes there is a lot of hypocrisy, so managers mistakenly take their first steps on slippery ground. In any case, competitiveness is always present¹⁷.

So long as managers and individual companies keep to their main duties, such as banks to bank practice, without losing themselves in insignificant or irrelevant goals, like promoting 'just causes' that have nothing to do with a company's sector, competitiveness in the ethical approach will prove to be a sustainable and valid choice.

Therefore the ‘stage’ or podium as the ‘winner’s’ final objective in the competitive process is without any doubt a mechanism for change, and therefore, for improvement. In fact, quality managers have been adopting this approach since the nineties. They have introduced prizes within their companies and have created the conditions for an "external stage" through periodical publications¹⁷.

Obviously, we should remain critical and evaluate every situation according to the circumstances and consequences, be they intentional or not. One way to use the ‘spotlight’ is to analyze the ‘internal stage’ mechanisms. Who was rewarded? The worker who reaped the most from sales regardless of how he/she got these results? Or the worker who managed to successfully satisfy his/her clients thus obtaining a general level of consensus and productivity? What is taken most into consideration: the contribution to excellence or the level of innovation? Companies that put value on the contribution made to the professional ethic and to sustainable development organize a ‘stage’ with this view in mind and they manage competitiveness by inventing well-thought out criteria and implementing collective procedures.

5. The ‘table’

The ‘table’ is also a mechanism at work within the company and in the outside world. The ‘table’ mechanism refers to an organized dialogue that precedes strategic and tactical decisions.

Within the company, the ‘table’ shows itself in the form of permanent or ad hoc committees. The company itself manages its members, by writing up reports and deciding which issues to deal with in these committees¹⁷. Ideally, in a company’s decisional process, all the functions (marketing, product management, risk management, etc.) come together at a table where freedom of expression reigns. The meeting minutes and reports are meticulously made available to all those interested. Good management bases itself on written documentation for its decisional process to be clear

and transparent. Managing the production of a report correctly means providing managers and others workers with a realistic and exhaustive view of the situation. Keeping information around a 'table' or within documentation should be prohibited by companies, regardless of whether it is simply a matter of incompetence or a dishonest attitude. Otherwise, negative consequences such as the spread of the cynicism and the waste of shareholders' capital might result in further economic problems, such as immobility and lack of trust.

Ideally, decisions are taken in relation to the context the person finds him/herself in and on motivational structures. Workers are driven to illustrate their point of view, which is based on a technical perspective and their general knowledge. Those who offer valid arguments, arising from the analysis of their function goals are rewarded.

The alternative is a lack of any form of accessible forum for the workers involved where evaluations are made and decisions taken. In this case, the decisional process becomes 'opaque' and the workers try to guess which approach is favoured by company management rather than looking for an exchange of opinions on risks and opportunities. In addition, the simple act of introducing a document without discussing it, increases the chance of misunderstandings and the chance of being trapped in a uni-dimensional approach.

A proper functioning of the 'table' assumes that all the workers recognize objectives and reciprocal functions, that they follow the rules related to the right and duty of offering and receiving an opinion, even a critical opinion. It also assumes the competence of its participants. The 'table' does not only examine the past and present, but also the future.

This sort of comparison represents a creative and innovative force: “there is pioneering power in stakeholder dialogue”.

In order to avoid meaningless, badly organized and unfruitful discussions, every function should have a clear and distinct purpose. It is in fact taken

for granted that otherwise the discussion will be superfluous and so constitute a waste of shareholder resources.

The aim, vision and mission of every function must be accessible to everybody, for example by making them known within the internal company network.

The 'table' mechanism must be adopted so as to excel in the leading managerial position. The functional autonomy of workers and the responsabilization strategy in their regards represents one of the main widely shared conditions for Total Quality Management. The sustainable improvement of quality cannot come about without involving every function, nor can it occur without legitimizing freedom of speech for all the workers concerned in the process¹⁷. In other words, companies who want to produce a pro-active quality must organize interaction based on participation. This is why the committees have the task of deciding what can be done and what cannot, why and how¹⁷.

All the concepts expressed so far can be grouped together under the corporate governance heading. However, I prefer the expression "functional governance", as it concerns the organization of communication between the different functions of a company. As the workers are authorized to share their point of view, everything comes down to how they carry out their functions. Are they creative and innovative? Do they develop their skills with passion and are they committed to broadening their knowledge according to the type of function they carry out? Success depends on the self-management of workers, as by definition their functions are specific and they cannot be carried out by workers occupied with pursuing other goals.

What I have pointed out so far might appear rather abstract and theoretical. However the impact produced by this kind of management has a lot of practical advantages. It all becomes clear if we compare it with the alternative "*discour dans le couloir*"¹⁷.

• The development of an ethical approach: the ‘table’ is a tool, at least in an implicit sense, of behavioural development. If a worker is authorized and even encouraged to bring the first example to the ‘table’, it is highly unlikely that this resolution will be knocked back and mentioned negatively in the minutes. On the contrary, the kind of discourse, which is carried out ‘in the corridor’, would lack efficiency and would therefore be an obstacle to the company’s capacity to implement change.

• Prediction: the workers around a ‘table’ are assigned different final goals and therefore different roles, giving rise to a role-play. This kind of dialectics allows management to foresee reactions and predict future development. For example: a worker (who is in charge of short and long term client satisfaction) takes on the role of the client, while another (in charge of operative management) takes on the role of efficiency and another takes on that of corporate governance.

• Innovation and therefore company survival: thanks to the ‘table’, the company is able to develop new and innovative projects. Developing and openly pondering every issue reduces the fear of change that pushes companies to adopt a conservative attitude and leads them to resist change and perish¹⁷. The “*couloir*” practice tends to hinder innovation by feeding opposition to change, which by definition cannot be contradicted around the ‘table’.

• Minimizing risks: the ‘table’ helps reduce risks to a minimum by dialectically predicting reactions and future development. The dialectic process that sets itself up around a table cannot be substituted by simply handing in documents of the managers. The situation is too complex and excellent management is too fine an issue to be summed up by a mere written report. Company management can bring different approaches, temperaments, points of view and dialectic skills to the ‘table’. A worker does not represent the mere company function he/she occupies, but also his/her own fears, hopes, concerns and so on. This match allows us to maximize prudence in the decision-making process.

- Holism: contrary to the ‘monologue’ and to hierarchical decision-making processes, the ‘table’ guarantees enough potential for the implementation of a holistic approach, which is called to the fray by a perspective based on sustainable development.

- Consensus and efficacy: the more the decisions made take into consideration only one function, the more of a chance there is that they will be (silently) contested from within and (openly) criticized outside of the company, as it is more likely that certain aspects will be overlooked, that the information will be incomplete from the start and so on. If there is no ‘table’, the workers neither being, nor feeling involved in the decision-making process, inevitably gather *dans le couloir*. At that point, the company risks being undermined by cynicism¹⁷, which suffocates its ability to implement change and innovation processes.

The more workers have the freedom to express their point of view within the company, the more fruitful their work around the ‘table’ will be. On the contrary, inhibition and intolerance tend to generate cynicism and a drop in motivation. Censorship tends to produce different risks, such as those linked to reputation.

As a consequence, the ‘table’ mechanism can be considered a valid tool, which can be defended on a ‘traditional’ basis: a transparent decisional path based on participation encourages efficiency, a sense of direction and goals, the efficient exploitation of worker skills and worker identification with the results achieved. Therefore it is not necessary to defend the ‘table’ mechanism on an intrinsic basis, appealing to democratic participation or to the fulfilment of legitimate human needs. The existence of an efficient ‘table’ within the company can be verified by both the participants within the company itself and by external members.

The ‘table’ mechanism is also important for the management of relations with external shareholders. A rational dialogue between the shareholders and the company is necessary for understanding reciprocal expectations, identifying possible results as well as whether it is relevant or not.

Even in this case we need to clarify what each function brings to the table and what the rules of the game are. A company's skill in managing debates with its shareholders is linked to the organization of internal 'tables', which has reached a high professional, or should we say ethical, level? Its participants are used to the debate and are perhaps even anxious to measure themselves against new perspectives. Mental flexibility, professional empathy and argumentative strength etc. must be acquired and maintained.

In all likelihood, the external debate will increase the stress caused by changes (in perspective) in those companies that have not managed to structure the internal debate according to the path so far outlined. And it will not lead to a valid and coherent policy that is able to guarantee prosperity for all the involved parties, nor for the company itself. Therefore a well-structured and efficient procedure within companies should precede its implementation in the interaction between the company and the outside world.

My third example, regarding the development of product and service packages, has the 'external table' as its main point. Only when a new package is approved, following a systematic discussion that has taken all the possible points of view into consideration, are the company workers able to discuss this new concept with government agencies, with the aim of achieving a consensus.

The 'table' metaphor for the internal and external debate probably represents the most important mechanism. Only valid linguistic acts supported by esteemed personages can constitute a means for preventing the infinite series of control, meta-control, procedures and so on¹⁷. The 'table' is able to slow down the flood of legislation.

Even those who do not entirely support the social capital thesis or confidence as a general value, cannot feel protected or improved by further juridical laws, which would be added to the already massive, intricate set of laws. They share in the assumption that an organized debate validly favours confidence and adds value to social capital. Sufficient social capital

or an attitude based on skills and reciprocal intentions are necessary conditions for improving the economic, external and corporate dimension.

6. Conclusion

- First of all, it is important to point out that the four mechanisms set up a chain reaction amongst themselves:

- The more accurate a company policy discussed at a table and thought about from several points of view is, the higher the chances are that the person taking these decisions will look for the 'microphone'. Having discussed the topics with competent workers, his/her preparation will benefit from the internal debate. The more a decision on corporate practice is discussed from all possible perspectives, the higher the chances supporting the 'projector' test are, that is, the less the risk that they will be contested internally or externally.

- The more a decision is based on the consensus gained within a reasonable debate, the higher the chances that the pending project will be approved by all the participants involved and that it will make its way to the 'stage'.

- The more company workers the 'microphone' is offered to, the more they will be inclined to set up procedures based on the 'table' mechanism, as they will want to be sure they are able to answer to any question with finesse. This assumes an active empathetic exercise through role-playing.

- The more the 'stage' is visited by managers who apply valid procedures, the more chances there will be that others will follow their example and will prepare themselves for the 'stage', by implementing the 'table' mechanism. In classical Athens, the competition to win honour functioned as a social discipline mechanism and it still functions today, even if the stage has widened enormously.

- The more the 'spotlight' focuses on management, the more the goals of every function will become explicit and the more rationality will work at the 'table'.

• All these links make the philosopher's mind suspicious. The four mechanisms can be grouped into one. All four represent a form of dialectics, a series of consecutive acts based on (the freedom of) speech. The metaphors are just a way of introducing these linguistic acts in a pragmatic context, capturing different aspects of the same reality.

Therefore the 'podium' functions as a sort of 'microphone' and transparency leads to further questions: organizing and occupying the 'stage' assumes reasoning on criteria and so on.

From a philosophical or marketing point of view, the 'table' is slightly different, as it must be organized for it to be efficient. The participants must share the rules and values underlying the dialectic exchange. The same thing is not applicable to the 'microphone' or the 'spotlight' described by Van Parijs¹⁷.

From a corporate point of view, the 'table' can be considered from several perspectives. It is a participatory action, a disciplinary mechanism, a safety mechanism and a production means. According to the metaphor, it is simultaneously:

- a creative anticipation of the 'projector'
- a 'stage' for the creation of a logical, dialectic or rhetorical context
- an exercise for the 'microphone'.

• The four mechanisms mentioned follow a reformist attitude and do not set themselves up as revolutionary tools. Their aim is continuous improvement, not rupture.

• For the mechanisms to be effective on an ethical level there must be people interested in the different types of ethical issues. It is clear that if there were a lack of interest, it would not be possible to implement these

mechanisms and the problems would not exist at all. Every technical or ethical issue originates from the moment it is discussed, therefore the discussion must focus on pertinent arguments. Discussing the drought in India and its painful consequences at the table of a commercial Belgian bank might not be appropriate. However, it would be appropriate to question the skills and the intentions of the commercial institute for increasing client protection.

- The purpose of this study is to ask ourselves how to complement compared with the previous one. Its complementariness does not only consist in the identification of two additional mechanisms, but also in identifying the functioning of these mechanisms and their applicability both within the workings of companies and in the interaction between companies and their external environment. Van Parjis describes the ‘spot light’ and the ‘microphone’ primarily as external mechanisms equipped with antagonistic characteristics. The ‘table’ and ‘stage’ function both inside and outside the company, just as the ‘microphone’ and ‘spotlight’ do.

- Perhaps we should point out a slight difference between the previous study’s point of view and this one. Compared to Van Parijs, I tried to give more importance to the ‘spontaneous improvement’ and ‘good intentions’ of the workers in a company. This does not depend so much on my employment in a company (or at least, so I like to believe), but on the fact that, as a philosopher, I believe that even if laws are necessary, they will never be able solve ethical problems on their own. And as an economist, I fear that too many laws will have the external effect of hindering the creation of wealth and causing a transmutation from democracy to technocracy.

It is essential that in a model such as the one described, sustainable development is intrinsically put into practice as a free practice¹⁷ within self-governance¹⁷. It is furthermore essential that this development be based on a consensus and not only on presumed scientific truths. The experience of centuries gone by, particularly the last two, teaches us that our scientific

truths can prove to be wrong, hypotheses temporary and inevitably distorted by particular perspectives, destined to be surpassed by less distorted truths and so on.

- Laws and rules are not able to produce innovation or to generate good intentions. In Europe, an agreement on the quantity of waste emissions of new vehicles was reached, but it was a Japanese agency that developed a new technology enabling the reduction of emissions by one half, in the car sector. A form of corporate governance tending towards excellence will always be superior to a form of management aimed at mere conformity to rules. This much considered, and from a company point of view, the two corporate functions are essential. The success of the former is a necessary condition for the positive outcome of the latter¹⁷.

All the considerations thus far expressed surely make up a marketing perspective. A company, like any other organization, cannot be successful without the consensus of its clients, without the go ahead of the people it has to provide services to. Therefore the marketing function is responsible for the present and future success of a company in that it has the role of defining markets or clients and of indicating the best strategies.

The only way to achieve this goal seems to be in being critical and self-critical in analyzing hypotheses and functioning. Nowadays, it is no longer possible to implement this practice without an active participation in debate. Therefore it is the marketing function that needs a functional management around the 'table' more than every other, anticipating transparency, getting ready for the 'microphone' and very probably reaching the 'stage'.

Must the economy be socially responsible? Yes, by pursuing excellence and innovation in the production of goods and services, by improving public capital and guaranteeing the highest level of management. These four objectives already make up a result in themselves, even if some companies tend to be slower than others.

Is it possible to create a socially responsible economy? Yes, it is. Every company must pursue this path, if it wants to survive. But in order to embrace this position, it must first be structured along a clear functional management path.

What is its future? We will see. It depends on the four mechanisms described. All four mechanisms are constantly applicable to the four corporate functions.

More serious issues, such as wealth distribution between north and south and throughout our society, demographic growth, migration flows, solidarity within the same generation or between generations, overall allocation of natural resources and so

on, cannot be resolved by companies, but by the society and governments. It would be naive or cynical to believe that limited liability companies can solve this kind of issue, but it would be unrealistic to believe that they do not contribute to the situation. Their contribution consists in pursuing their functional specificity with excellence, showing themselves open to change. And this in itself is no small feat.

‘Social responsibility’ must therefore be interpreted as a responsibility in relation to the activity performed on the four functional levels:

1. In the car insurance sector, providing comprehensible contracts and managing claims in the most efficient way possible.
2. Conducting research that leads to the introduction of innovative, mathematically valid insurance clauses, which may contribute to the prevention of pollution created by excessive use of cars as a means of transport.
3. Promote road safety by informing users and clients and supporting scientific research in this field.
4. Implement a policy for reducing stress of human resources, since it has been proven that stress is one of the main causes of car accidents. Providing an excellent commutation plan.

1. Does our/ your product reach a level of excellence? Is it in line with a series of legitimate expectations, especially those of (our) clients?

2. Do we/you try to be innovative so as to improve the status of things? This point refers to the three dimensions of sustainable development:

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Ethics and Economics: “The Conceptual Backdrop to Separation and Unity”

Lorenzo Morri

1. Reconnaissance-The contrast between facts and the notional debate.

In the last twenty years, copious literature on the nature of the existing separation between ethics and economics ,the possible links between the two and vice versa have boomed, finding a point of reference and conceptual condensation in the Royer Lectures by Amartya Sen at Berkeley in 1986 (Sen, 2002)¹⁸. The conclusions drawn out of this reflection, which finds its origin in the frameworks of social choice theory and in the Anglo-Saxon mathematical quantitative culture, are similar to the well-established multi-decade end, but now long buried anti-utilitarian movement in social science characterized by the criticism of the *homo economicus* postulate.¹⁹

In challenging the core of the utilitarian and economic equivalence of argument between rational behaviour and the maximization of personal interest, Sen in fact indicates the need to recover ethical motivations behind actions at the heart of economics as a predictive science. So saying, however, he does not want to abandon the consequents at the basis of economic rationality in favour of an ethical rationality that is solely focused on the clarification of objects with an intrinsic value (freedom and rights), rather his aim is to show the compatibility between these objects and ethical rationale, using the economic pattern of the cost/profit calculation (means/purpose) mindful, also, of the wide range of consequences deriving

¹⁸ Amongst recent Italian studies we see: Zamagni (1994), Battini (2000), Musu (2001), Tondini (2001), Mazzocchi, Villani (2001) and Benassi (2002).

¹⁹ The movement that flows from early 1900s anthropological studies by Mauss, Thurnwald and Malinowski towards Polanyi’s economic sociology, to the anti-utilitarian French school of the eighties by Caillé, Taville and Latouche.

from activities intrinsically endowed with value. In this way one could avoid both the categorical restrictiveness of modern positive economics, with its arbitrary reduction of all rational behaviour to the maximization of personal interest (reduction inclusive of a likewise arbitrary assimilation between “effective behaviour” and “rational behaviour”), as well as the abstractness and contradiction in which moral and deontological theories are entangled.²⁰

Inspired by the examples of Aristotelian and practical philosophy where economics is closely linked to ethics, politics and classical economics and where according to Sen’s peculiar interpretation that moral feelings are central to economic analysis, he suggests stripping modern ethics and economics of their specific unilateral nature and traces the lines that should link one to the other. We shall come back later to this point.

More than theoretical elaboration, however, it is the recent economic practices on the globalization scene and the financialisation of markets that has drawn the attention of public opinion, as well as that of economists, lawyers, sociologists and moral philosophers to the complex dialectics on ethics and economics, which has ended up leading to a renewal of the traditional doubts held on the actual compatibility of the two fields. In fact, the series of financial collapses since 2000 involving some big American and European corporations (from Worldcom to Enron, from Vivendi to Cirio and Parmalat), after unscrupulous stock speculation, illegal dealings of administrators and managers and bond emissions veiled by colossal accounting falsification operations etc. has pushed dialects towards a dichotomic resolution, towards a clear elision of ethical evaluations to the detrimental economic motives, supporting what Guido Rossi describes as the “epidemic conflict” that has infected contemporary society (Rossi, 2003).

This medical metaphor enables us to describe how the *conflict of interest*, in other words the anti-ethical tendency to obtain dominant positions to be

²⁰ See in particular Sen (2002: 89-97), where the attack on utilitarianism-welfarism joins the condemnation of the limits of moral deontological theory, such as that of Robert Nozick.

used to one's advantage or to the disadvantage of others, is passing from an *endemic status*, in which legal restrictions and social sanctions had been able until then to limit it, rendering it a tolerable component of economic action, to an *epidemic status*, where instead the obsession with asymmetrical information and an imbalance in bargaining power, which threatens transaction equity at the root and thus, thwarts the founding principle of moral justification of market economy, becomes the normal goal of economists (a goal pursued with such levels of sophistication as to often slip through the fingers of the law) and is not even opposed by the shame culture safeguarded barrier.

Therefore, the current state of affairs speaks to us once again of the difficult relationship between private interests and public good, economic facts and moral values, not different from the past. We recall Law's bankruptcy in France in 1720 or the Wall Street Crash in 1929. This reveals the inadequacy and substantial emptiness of the ethical self-regulation path which many North American and European companies have recently embarked on, with their decision to self-administer the medicine of *codes of best practice*, which define acceptable or expected behaviour of shareholders, administrators, managers and employees according to the new principles of *corporate governance*.²¹ It also mocks the latest theory on *social company responsibility*, which is supposed to make intermediate economic organizations act morally towards their numerous users and actors (shareholders, workers, suppliers and consumers), as well as the community and the local environment which feel the positive and negative effects. The power of *legal coercion* itself seems to be defeated by a situation in which capitalism is now increasingly willing to contradict its rational organizational principles and to drastically propel itself into a pre-modern dimension of adventure and robbery.²²

²¹ As Rossi observes, "Enron, the company that was the main protagonist of the greatest financial scandal in recent years, also was also equipped with one of the most elaborate and strict auto-regulation systems" (2003:18).

²² The unscrupulousness, not to speak of a tendency to manipulation and fraud, which today is an increasingly common characteristic of administrators and

This situation, in fact, seems to have developed a strong resistance to the ‘antibodies’ of external regulation as well the sanctions of civil and penal law, through which, since the beginnings of the market economy, modern society has attempted to attenuate and guide the socially destructive force of an action mechanically oriented towards personal interest. From this point of view, we can say that the definition of collectively agreed parameters regarding the maximization of personal interest, such that it would not damage the rights and welfare of others, was the core of an ambitious modern project of *judicialization of economics*. In other words, the legitimization of economics is an entirely licit sphere of action because it is both expressive and respectful of individual freedom. This was a project that, having a legislative production whose moral backdrop was claimed by modern natural law, also contained the seed of a *moral valorisation of economics* as a place for the rational and peaceful composition of interests and at the same time, as a factor for increasing wellbeing and for civil progress, according to the commonly-held concept in social historical evolutionism from Ferguson and Smith onwards.

In this sense, therefore, the widespread epidemic of deceptive, opportunistic and manipulative practices in business suggests two lines of thought on the dialectics between economics and ethics. On one hand, the validity of the Weberian ideal is questioned, according to which capitalism acquires its identity within modern rationalization forms, demanding a firm

managers in the financial market, reminds us of the famous page where Weber highlighted that “the ‘*auris sacra fames*’ is as old as the history of humanity as we know it; but we shall see that those who abandoned themselves recklessly to its impulse – like the Dutch captain, who for gain, would have sailed across hell even if his sail was on fire – were not at all the representatives of that conscience from which the modern capitalistic spirit sprang as a mass phenomenon [...]. And, as it was considered from the outside, ‘adventuristic’ capitalist gain became common in all economic constitutions that had such assets and offered to valorise them through gain - commendams, tax contracts, state loans and the financing of wars, royal courts and employment - in this way, a sort of conscience of the adventurer, who mocks at the limits of ethics, spread everywhere”(1990: 51-52).

social ethic basis able to discipline behaviour and even to repress or postpone the gratification of immediate wishes so as to organize and achieve lucrative goals. So Fernand Braudel's alternative thesis seems to find an empirical confirmation, according to which, as Rossi reminds us, "the game, risk and deceit – which make up the poorly disguised matrix of the conflict of interests – should be considered an essential element of capitalistic development"(2003:32). On the other hand, this is after all a profound symptom of the weakening, legally mediated, modern project of moral qualification of economics.

In fact, whereas the majority of philosophical, moral and economic thinking, which was vigorously resumed in the second half of the nineteenth century by neo-classical economic theory and by libertarianism, aimed at highlighting and protecting the ethical profile inherent in the spontaneous coordination of individual actions in a market economy, thus contrasting ancient-medieval demands (or contemporary totalitarian ones) for ethical-political or ethical-theological regulations of the economy to the moral self-sufficiency of the economy itself as a place for the expression of the individual rights and for the fulfilment of collective wellbeing, its theoretical proposal appears today shaken. Events would seem to belie Mandeville and Smith's theories, as well as von Hayek and Nozick's, as the heterogenesis of individual purposes ends up connoting itself negatively harmful, rather than as socially useful. The personal greed of many does not weave together to magically find a way of satisfying itself and to increase common personal wealth, rather, it leads companies to instability, small shareholders and savers to their ruin, trust in the market to diminish and economic systems to vacillate and contract.

Nor does political intervention seem to able to provide a solution, where in our society based on the modern concept of freedom as a sort of intangibility of the individual and his/her own life prospect from all kinds of individual and super-authority. It can no longer take the form of economy government according to non-economic community established ends. In actual fact, in the face of the first contemporary capitalist crisis following 1929, when the goal of collective wealth and a more equal distribution of wealth led advanced countries to undertake the path of

expansive economic politics and social protection (deficit-spending to launch investments and development, the social welfare state and central bank intervention to guarantee money to the system and to avoid general bankruptcy), thus steering away from liberal economic doctrine principles, the ethical intention to remedy the inefficiencies of the market and to support an increasingly unstable 'invisible hand' ended up encouraging anti-ethical behaviour and anti-social effects. Because, as Federico Rampini recently observed in one of his brilliant journalistic articles, "[...] the very existence of tools to avoid contagion, has also created a sort of 'moral risk': the presence of implicit insurance policies and the socialization of loss are equally an incitement to crime. Financial collapses are repeating themselves at a growing rate. The general stability of the market economy makes us lower our guard creating new areas of impunity and feeding the laxity of regulators and supervisory bodies" (2004).

Therefore, paradoxically, the most important political action for the containment and monitoring of spontaneous market mechanisms probably contributed to aggravating the pathologies instead of curing them, leading to today's ethical 'collapse' in the realm of economic actions.

While this summary recognition on the state of the relationship between ethics and economics, in the light of the present evolutions of financial capitalism, is sufficiently reliable, what is really surprising is *the persistence of the contrast between facts and the notional debate*. The behavioural element of the ethical collapse in economic action, which outlines "the contours of an apparently endless crisis" (Rossi, 2003: 25) is in open contrast to the incessant theoretical elaborations, at higher levels, of economic ethics.²³ The autonomy of the economics is confirmed by facts daily, and at the same time is condemned and rejected by a court of ideas, which declares itself in favour of ethical priority.

²³ See Cipriani (1990), Sacconi (1991, 1997), Magatti (1993), Rich (1993), Hausman-McPherson (1994), Spiazzi (1995), Sapelli (1996), Spirito (1999), Battini (2000) and Arnsperger Ch., Van Parijs Ph. (2000).

Far from embarking on the path of reciprocal conciliation then, economics increasingly finds itself occupying all real spaces available, while ethics contents itself with saturating the space of ideas and rhetorically demanding priority there. Thus resurfaces the modern intellectual propensity, previously detected by Hegelian criticism to modern rationalism and to Kant morality, to divide “being” and “necessity of being”, processing “that which is” according to laws abstractly defined as “that which should be”. The result is that reality, whose reasons we put aside investigating, repeats itself in the same way, while ideas, incapable of reaching it, close around an edifying sermon.

Therefore, in parts 2 and 3, we will try to analyse the conceptual assumptions of this divarications, that of the persisting contemporary contrast between “facts” and the “notional debate”. In fact, we suspect that even amongst supporters of the natural theoretical integration between ethics and economics, such as Sen - as also amongst advocates for a shift in economic practices away from their presumed -morality towards business ethics principles on a macro-ethical level, as far as it concerns legislation for the protection of competition, work and the environment, on a meso-ethical level concerning tools of social responsibility of the company, and finally on a micro-ethical level related of the self-regulatory codes²⁴ - the divisional scheme plays an important role. This almost prevents us from having a real understanding of how the *contrast* might be overcome.

2. First Backdrop: The Deontological Paradigm and the Modern Separation between Ethics and Economics.

Let us begin with the second field.

²⁴ For a definition of the macro-ethical, meso-ethical or micro-ethical levels of business ethics please consult Sacconi (1991).

It is rather easy to notice how the recurring contemporary accusations regarding the spread of immoral behaviour within economic action imply that there is a former divarication between economics and ethics. While indirectly implying that moral conduct in the business world is possible, these accusations in fact treat morality as a characteristic that the economy can and *must* acquire - even if it is usually lacking – but that by nature it does not *possess*, as this feature is strictly pertinent not to deliberation or calculation of means and to the consequent scope of *instrumental actions*, but rather to the scope of deliberations and *self-oriented* or non-instrumental actions. Therefore, in this way, these accusations suggest that distinction between ‘economic action’ and ‘moral action’ - or using Weberian terminology, between “goal-oriented rational action” and “value-oriented rational action” – which has frighteningly negative effects that they would like to ward against.

Moreover, every proposal for moral conduct in business (business micro and meso-ethics) or for a legal and moral standardization of the economic system (business macro-ethics), or even for its political regulation according to the principles of distributive justice (as in the Rawlsian theory of a fair society²⁵) would lose its meaning in a situation where, if ethics were to take priority over economics, the two did not indicate two qualitatively different forms of action.

This same divisional scheme thus is also the possible condition for the opposing position, that of those who raise doubts over the actual moral nature of business ethics. Those who look will see in it not a real, special branch of ethics but rather a so-called “stop-gap ethics”, “whose aim is to avoid the capitalism system entering into an irreversible critical phase that would see it lose its consensus and especially its social legitimacy” (Rossi, 2003: 115), a shift from an apodictic definition of ethics as a non-instrumental sphere of action in antithesis to economics as an instrumental sphere of action. Only thus, in fact, is this ethical statute perceived as being unauthentic, the ethical statute of a discipline that - having the clear function of social legitimization with regard to the economic system, which

²⁵ See Rawls (1983) and (2002).

provides a moral layer to its own self-defence rules (the rules related to competition and monopolies, transparency, good faith and correctness in drawing up contracts etc) – seems to be, according to parameters of Weberian instrumental rationality, the sole appropriate way of achieving a non unconditional purpose.

To sum up, in one direction or the other, the underlying idea beneath much of contemporary discussion on economic ethics still tends towards the classic division, which was acknowledged by Weberian sociology, but has been clearly present in modern thinking from at least Hobbes onwards. On one hand, Hobbesian mechanistic anthropology, with its image of a man bound by passions, but at the same time able to perform a rational calculation oriented towards the maximization of personal interest, pre-figures the first and complete formulation of the instrumental rationality concept (not by chance does it continue to inspire theorists' analyses on rational choice and a sort of neo-contractualism²⁶). On the other hand though, we do not so readily recall how that form of rationality, the universal faculty of moral legislation, which Kant more precisely establishes in an autonomous profile²⁷, is announced through the Hobbesian notion of "natural law".

We wish to underline therefore, that on a conceptual analysis level, the basis of contemporary ethics is composed of the consolidated modern antitheses of 'interests' and 'duty', 'instrumental calculation' and 'universal legislation', 'economic rationality' and 'moral rationality', both in an optimistic view where a potentially ethical connotation of economics prevails and in one where scepticism wins (the acknowledgement that the

²⁶ See Shaun-Hargreaves-Heap (1996), Gauthier (1987) and Buchanan (1989).

²⁷ See Hobbes (1989: 104): "[...] *reason* suggests appropriate clauses of peace that may lead men to an agreement. These are the clauses that, in other words, are called natural *laws*"; see Kant (1993: 39): "*Practically good* is that which determines will through representations of *reason*, not therefore for subjective motives, but objectively, that is for principles that are valid for every rational being as such".

strength of autonomous economic action is able to subordinate business ethics itself to its own purposes, reducing it to a useful cosmetic means). Furthermore, these antitheses, before penetrating classical sociology and reaching us substantially intact (one only has to think, for example, of the Habermasian categories of “strategic action” and “communicative action”), arose at the heart of modern moral theory, in other words, at the heart of the developing deontological paradigm. As we will discuss shortly, this paradigm emerged during the 17th century from the ashes of ancient forms of political life and from the teleological Aristotelian paradigm, which guaranteed meaning to those forms, ensuring the conceptual cohesion between ethics and economics.

Now, however, it is this very deontological paradigm that, by identifying the moral with the dutiful and universally right and by enabling us to articulate its limpid antithesis as that which is individually useful, ends up freezing not only the division between economic and moral action, but also the aforementioned contrast between reality and ideas. Faced with Kantian rigorism that assumes *duty* as a principle of *autonomous will* that by removing itself from the empirical conditioning of interest, simply desires that which is universally right – almost nothing moral in fact remains within human reach. Paradoxically, the overly tight demarcation of moral space leads to the expulsion of a great part of human life (full of personality, passions, interests, upbringing, culture, historical circumstances, social interdependency, etc) towards the dominance of economics and instrumental rationality.

And it was to avoid such a paradoxical result, that is formalistic and classical deontological abstractness, that contemporary normative theories deriving from Kant had to undertake complicated attempts at restructuring, making room for the individual interest element in ethical judgement, although ‘sublimated’, in the examination of the ideally structured negotiation process (negotiation in Rawls’s “original position”) or of dialogical universalization (Habermas’s U principle)²⁸.

²⁸ See Rawls (2002: 17-22) and Habermas (1994: 8).

3. Second Backdrop: The Teleological Paradigm and the Ancient Unity between Ethics and Economics.

There is, nevertheless, a field of thought on ethics and economics that would like to free itself of the internal divisions within the deontological paradigm. It is the field, as already mentioned, that Amartya Sen intended to reanimate resuming his first theoretical foundation: the *Nichomachean Ethics*, by Aristotle.

Sen is particularly referring to the first lines of the work, where it is affirmed that “politics must use ‘the other practical sciences’ including economics and ‘from the moment that it uses the other practical sciences and also establishes what must be done and what must be avoided, its aim might include that of the others, so doing it would be for human good’ [...]” (2002: 9). In this way he draws our attention to the fact that a noble tradition of thought exists where economics is linked to ethics, in other words, according to his interpretation, where economics has essentially oriented itself, on one hand, towards the importance of social results (‘human good’ is the good of the *polis*) and on the other, towards the importance of non-economic motivations, that is ethical ones, in the calculation of effective human behaviour (the purpose of economics, gain, is enclosed and subjected to the aim of politics, human good²⁹).

In his attempt to break away from the positive economics utilitarian dogma and at the same time, from the rigorist abstractions of moral deontological theories, Sen correctly pointed out the necessity of referring to the Aristotelian tradition. However, in our opinion he did not completely understand the alternative strength of this tradition with respect to the deontological paradigm and its scheme of divisionism. In speaking of economics *linked* to ethics he shows us that he interprets the opening of the *Nichomachean Ethics* from a division-based perspective. The Aristotelian

²⁹ In regards to this, Sen recalls the following passage from *Nichomachean Ethics*: “[...] it is clear that wealth is not the good we are looking for; in fact, it is only a means for gain and a means for obtaining something else” (2002:9).

unity of ethics and economics appears to him to be a *synthesis* – and every synthesis assumes an *antithesis* that must be overcome. For him, Aristotle reconnects economic action and knowledge to an ethical evaluation of social consequences, in the same way that in underlining the central role of ethical motivation analysis in predicting effective human behaviour, which economics is dedicated to. He is credited with having marked the way for the possible mediation between two different spheres of reality: two *qualitatively* distinct spheres.

On the contrary, the fundamental logical aspect of the Aristotelian ethical paradigm is not the dialectic mediation between qualitatively distinct elements, but lies at the heart of the *ultimate greatness* of such things as ‘politics’ and ‘human good’, is the *comprehension* and *hierarchic order* of elements (the arts, science, modes of action, possessions and forms of community) that are homogenous in the sense that they are equipped with a strictly ethical function, though this according to specific grade and position differences, which allow for the separation of one from the others.

Now let us proceed to examine the same argumentative context quoted by Sen. In the same way that the aim of horse riding - to ride straight and fast - can be correctly determined only if we consider the art or overlying science of military strategy, for the very reason that its specific purpose of the latter – victory in battle – *includes* the aim of the former. In other words, the aim of military strategy can be determined only by looking at the science that leads it, that is, the science whose aim contains that of the other – and that other, then, is politics, given that the quest for victory (or, if it is *better*, for a truce, for an entente or perhaps even for defeat) makes sense only in view of a good life (life lived in accordance to the ultimate greatness ‘human good’)³⁰. This is the reason why politics is defined by Aristotle as “supreme, most controlling and architectonic science³¹”, naturally predisposed to rule over all the others, “including economics”. As shown through solid reasoning, every art and science finds a specific aim which identifies it the very moment it is included in the hierarchic chain whose

³⁰ See Aristotle, *Nicomachean Ethics*, 1094a 9-1094b 7.

³¹ *Ibid*, 1094a 26-27.

peak is represented by the ultimate purpose, in other words 'human good', which is the object of political science.

Therefore, this is the frame in which Aristotelian ethics, connoting itself as a pursuit for the ends of human action and not as a theory of duties, structures an alternative to the deontological paradigm. It is a *teleological paradigm*, where economics and economic action acquire significance not because they are in contrast with a presumed non-economic sphere – the ethical action sphere - but rather by their inclusion in the ethical and teleological chain of sciences and its aims, which ends in politics. In other words, in its natural state – the state of political government - economic action itself is considered by Aristotle as a form of ethical action - the purpose of this action is "human good" - as it becomes one of the conditions of its complete manifestation. In fact, economics is the art of using household goods³² and includes chrematistics, which is the art of acquiring the necessary goods for one's home and for the *polis*³³, and as such, proves to be one of the conditions for the existence of those communities - home and *polis* - thanks to which man satisfies his *vital* needs and open up himself to the pursuit of a *good life*.

Economic action is in all respects a form of ethical action, even if at an elementary level, far removed from that *politikos bios* where "human good" occurs (not to speak of the state of divinization of man, where action becomes contemplation, which is called *theoretikos bios* by Aristotle). It is no coincidence then that the acquisition and use of objects necessary in life, while preceding activities qualifying a good life (ethical virtues) through logic abstraction, as a matter of fact takes them for granted, at least partly, if it is true that carrying them out appropriately requires some form of

³² See Aristotle, *Politics*, 1256 a 13-14: "[...] and which art, if not the art of household management [*oikonomia*], shall use household goods".

³³ See *ibid*, 1256b 27-30: "So, only one form of acquisition [*chrematistiké*] by nature belongs to the art of administering one's home because its existence or thinking up its existence is necessary, in order to procure it, that store of goods necessary in one's life and useful for the state or household community".

moderation. Removed from moderation, in fact, chrematistics immediately transforms itself into 'trade', in other words, in a technique for the production of wealth through the exchange of goods, whose aim is not the vital needs of the family and the city, but wealth itself, that is, a situation that does not constitute any end (wealth cannot be the natural goal of the economy, for the very reason that its accumulation, literally, has no end)³⁴.

In this way, describing the alternative between "natural" chrematistics, which is part of economics and "non-natural" chrematistics, which is part of trade, and living in an era of intense traffic growth in the Mediterranean area, Aristotle foresaw the possibility that economic action would put aside its natural ethical situation and thus become an instrumental rational action, belonging to individuals aiming at maximizing their personal interest, which modern thinkers would begin to speak of. In order to underline the importance of this premonition, we like to recall Karl Polanyi's judgement, according to which foreseeing this alternative was "the most prophetic sign ever experienced in the field of social sciences". Given that "by denouncing the principle of production for gain as something which is not natural for people, as something boundless and unlimited, Aristotle aimed at the main point, that is the separation between a separate economic motivation and the social relationships that these limitations belonged to"(2000: 71-72).

Remaining then in Polanyian categories, while Aristotelian ethics on one hand brings to light the essence of an economy "incorporated" in the society - an economy as "an institutional process where subsistence is guaranteed" (Polanyi,1980: 96) – on the other hand, it contemplates the possibility of passing to "a non-incorporated economy [...], detached from the rest of society and in particular from the political system and the government, which historically speaking was only completely achieved in

³⁴ See Aristotle, *Politics*, 1257 b 38-43: "[...] some believe that this is the function of household management [*oikonomia*] and they constantly live with the idea of owing or maintaining or increasing their substance in money to infinity. The result of this mental illness is that they worry about living, but not about living well, and since *their desires reach out infinitely*, so do they infinitely hunger after a means to satisfy them".

the 19th century” (1980: 79). It must be specified nevertheless, that for Aristotle the former is the *model* of which the latter is, Platonically, a blurred ‘copy’, *the deviation*. In other words, the understanding of economics in ethics, which makes economic action a form of ethical action, reflects the ‘natural’ and so the ‘real’ and ‘right’ order of sciences and of methods of action in view of a good life. While the escape of economics from ethics - its autonomy conquered from political government - represents a mere deviation from a good life that may be practiced and thought about, only in negative terms, highlighting *e contrario* the ontological priority of the model.

This indirectly reaffirms the substantial non-autonomy of economics from ethics, despite modern history being a history of the separation of economics from ethics and the transformation of economics into an unlimited process for the accumulation of wealth: the autonomous relationship can spread only if a superior, natural and positive condition of non-autonomy is assumed (a condition that in everyday language is not randomly named negatively, in order to reflect the modern theoretical attempt to invert the natural order of the terms³⁵). In the analysis of this relationship, there is also, in our opinion, the authentic strength of the Aristotelian paradigm - something which must be valorised in the field of economic sociology and in social and economic ethics.

Having better understood the meaning of a union between economics and ethics, which is not the result of a synthesis and reciprocal integration between different levels (according to Sen’s proposal), neither is it an extrinsic and unrealistic submission of the one to the imperatives of the other (according to the deontological scheme), but is rather provided by the understanding and teleological order of the differences. We would not like to run the risk, as far as is possible, of that unity appearing nothing more than an ideal object, a metaphysical model that Aristotelian naturalism tried

³⁵ The Polanyan conceptual instrument of ‘embeddedness’ tends instead to re-establish the natural order of terms, as it positively connotes what comes first - the inclusion of economics within the ethical field - while the second level and derivatives are evoked negatively (‘dis-embeddedness’).

to superimpose over a very different historical framework, which was already dominated by the mercantilism of economic activities in the 5th and 6th centuries BC. But Polanyi helps us here again by observing how Aristotelian thought in fact shifts from a framework in which “traditionally [...] trade did not have a mercantile character” (1980: 102)³⁶, rather it limited itself to integrating the basis of household and city subsistence; and furthermore, so long as the markets and money remained simple accessories of an otherwise self-sufficient family economy, the principle of production for use [chrematistic by nature] could still operate” (200: 71)³⁷.

The difficulty remains however in concretely conceiving the figures deriving from the teleological ethical unity between economics and ethics and which, from a modern point of view, are almost nonsensical, just like “non-mercantile trade”. We in fact lack experience of the ancient forms of political life, which gave those figures substance – and it is likewise doubtful that such an experience might be entirely surrogated by knowledge gained within the field of anthropological economics of primitive societies³⁸. Thus it seems appropriate to end this reflection on the ancient unity between ethics and economics with a brief reference to a now old and poorly-known 1950 political and social history study (Brunner,

³⁶ Polanyi explains that, “Having come about as a semi-military activity, it [trade] never completely lost its feature of transaction between governments [...]. Traditional or fixed prices through official treaties were largely widespread. If the merchant did not receive payment in the form of commission, he would earn his money by selling of the goods brought back to his homeland, which represented a trophy from his expedition” (1980: 102).

³⁷ For the same line of thought, see Finley (1974), who explains the lack of a strictly economic sphere in the ancient world, or even of a science of economic behaviour (“They obviously cultivated the land, traded, produced hand-made articles, exploited mines, imposed taxes, coined money, deposited and lent money [...]. *However, what they didn't do was to conceptually combine these activities into a single unit, or to use Parsonian terms, a 'differentiated social sub-system'*”) due to the fact that “ancient society did not possess an economic system that was an enormous conglomerate of independent markets” (10,12).

³⁸ See Thurnwald (1937), Firth (1965) and Malinowski (1973).

1973), which highlighted the operating strength of the practices and economic thought on this unity until the second half of the 18th century.

Otto Brunner in *'Home as a whole' and the ancient 'European economy'* analysed European economic literature between the late middle ages and the modern era, affirming that “[...] until the end of the 18th century ‘economy’ (*Wirtschaft*) was intended as something different to its later meaning. From a modern point of view, old European economics appears to be a set of doctrines belonging to ethics, sociology, pedagogy, medicine and to the different techniques of household and agrarian economics” (1973:136)³⁹. In *Georgica curiosa oder Adeliges Land und Fekdlebn* (1682) by Wolf Helmar von Hohberg and again, in accordance with the Greek model of Xenophon’s *Economics*, economics is still the *oikos* doctrine, including “the entirety of human and household activity relationships, the relationship between husband and wife, parents and children, master and servants (slaves) and the carrying out of agricultural and household economy tasks” (*ibid*). In other words, it is a science which assumes the *oikos* condition as a political and ethical unity, that is, as a “fundamental element of its constitution in the broad meaning of the term” (1973:140), in which that specific form of ethical action occurs with regards to supporting the family and the relationship between its members (husband and wife, parents and children, master and servants).

³⁹ Finley made a similar remark when commenting the thematical continuity of Hutcheson’s *Introduction to moral philosophy* (1742) with the European economic literature tradition dating back to Xenophon’s *Economics*: “It dealt with practical works, in ethical or psychological teachings, in agronomical instructions and in the exhortations for good relations with divinities. In Xenophon, nonetheless, there is not a single sentence that expresses an economic principle or that sets out an economic analysis, not a word on productive efficiency, on “rational” choices, on the agricultural product market. [...] There is no path leading to Francis Hutcheson’s “economics”, to Adam Smith’s *Wealth of Nations*, published only twenty-four years later” (1974: 7-8).

The parable of the old unity between ethics and economics, whose last traces can be detected in the “*pater familias* literature” (*Hausvaterliteratur*) of the sixteenth and seventeenth centuries, was not therefore an ideal parable, if by this we mean a philosophical and conservative utopia aimed at praising an original innocence and a perfect communion. It was rather - in Brunner’s analysis, not different from Polanyi’s - a historical parable which reflected the forms of political life of the agricultural economy⁴⁰.

Therefore, the irreversible extinction of these forms, due to the consolidation of the industrial society and the agglomeration of interdependent markets on a global scale from the nineteenth century onwards, signified losing the material basis of the old unitary concept of ethics and economics, and thus, its definitive loss of meaning, which had already begun a century prior, under the guise of conceptual substitution and cancellation, thanks to deontological moral theories and social economics.

This should therefore raise our awareness as to the difficulties (and illusions) - particularly after the disappearance of the main concrete references to economic practices, which are ethically eradicated in the society - that accompany modern attempts at bringing together realms of action, which for a long time have been estranged, despite the economic malfunctioning or moral unease that this estrangement nowadays increasingly reveals.

⁴⁰ “We bear in mind that this *social form of economics* of “the house in its entirety” could only really exist in the presence of agricultural conditions, where even the noble form of existence simply represented an extended peasant-agricultural economy. [...] Today it is a completely different matter. [...] even in places where an old-style farming population persists, the progressive mechanization of medium and small companies’ changes its *essence*. An internal structural change has taken place [...]. *The ‘house in its entirety’ category has disappeared*” (Brunner, 1973: 140-142).

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The ethics of instruments and the managerial job

Fernando Salvetti

1. Guilty Hands and Clear Consciences

Rebecca: “Should I be leaving behind some of the values I believe in when I go to the office? How big a part of who I am or the things I really care about do I need to sacrifice in order to keep going? Who am I when I’m in my office?”⁴¹

Jean-Paul: “You’re so concerned with being pure, my girl! You’re so worried about getting your hands dirty! Fine, stay pure then! What’s the point, and why have you come amongst us, this I don’t understand... Purity is a concept for fakirs and monks. To do nothing, take no action, remain motionless and protect our hands with gloves... Not me, my hands are dirty. Up to my elbow. I’ve dipped them in shit and blood. And then what? Do you delude yourself that one can govern with innocence?”⁴²

And here we sink, or rise, into an ethical dimension. The dimension we live in, where we create rules that we impose on ourselves, others, the gods and God: producers and consumers of laws, legislators and law-abiding creatures⁴³.

Ethics: a dimension which spans a multitude of contexts and just as many disciplines. Shocking events, ordeals and crimes, powerful experiences and interlocutors who are weak, vague and slimy more than aggressive. Official premises and meetings mingle with the unofficial gossip and conversations in the corridors. Houses, churches and vestries. General theories and philosophy of law, anthropology, moral and theoretic

⁴¹ Badaracco Jr. (2004, p. 5).

⁴² Sartre (1964, p. 106), with adjustments to the text made by me in order to create this dialogue, which is partly imaginary and very realistic.

⁴³ Cordero (1967, p. 1).

philosophy, language and social behaviour, psychology and biology, history of religion, the institutions, and political as well as sexual behaviour.

Organisations: environments in which we work, or fight, on many levels, to ensure that people work, possibly together, in order to reach common objectives.

The tools of ethics: sets of values, principles and evaluation systems which are more or less consistent with each other, ethical codes and the search for appropriate behaviour.

The ethics of tools: ensure that tools used to apply ethics within an organisation are not subjected to too many useless deviations, excessive amounts of bureaucracy and inflexibility. As well as paradoxes: such that, in practice, those values which were stated as principles are actually invalidated.

The great risk: heterogeneous goals, the invalidation of principles through practices which are not fully consistent with the original fundamental assumptions. Rhetorical use of ethics, usually associated with positive sentiments, deviated towards actions achieving completely different objectives.

2. Ethics, Social Responsibility and Non-Catastrophic Growth.

Les bonnes performances des placements éthiques : « Solid'R Vie » est un contract sans frais d'entrée qui offre un rendement garanti à 4.41% tout en aidant à protéger la planète. Une occasion en or de concilier performance, solidarité et développement durable⁴⁴. Why take part? Because it is the "right moment". Current environmental challenges require us to provide solutions which are innovative and useful: socially responsible and environmentally sustainable. Sustainability, financial performance and market values: ethical principles also increase performance on the stock markets, as we sometimes read in the papers.

Ethical rhetoric? Yes, also. However two thirds of the glaciers on the Himalayas are melting because of global warming, a phenomenon which is being aggravated by the "brown cloud" over East Asia (a mix of partly

⁴⁴ "Le Figaro", 15/10/2007.

unburned pollutants measuring 3 thousand metres in width and covering 10-12 million square kilometres). The melting of the Himalayan glaciers will have severe repercussions on water reserves, especially for some of the larger Asian rivers such as the Ganges, The Brahmaputra, The Indo, The Salween and The Mekong, whose banks are inhabited by over one billion people⁴⁵. After looking at the microphysics of power it is time to closely analyse the microphysics of clouds, seeing as we are actually changing the water cycle. And more: the conservation of biodiversity, for example, which lies at the heart of those “vital services” which the ecosystem provides for us, needs the same careful attention applied to it which we reserve for global warming.

Ethics, Social Responsibility and Non-Catastrophic Growth: we need it. It is nothing new, in actual fact it comes up repeatedly. And has now become urgent: and not just because of focus by the media and newspaper campaigns, even though “*il est très difficile de dire ce qu'est une société durable. Il n'en existe nulle part*”⁴⁶, and in any case this is not the right forum for what is such a hotly debated, intricate and complex topic. It is useful at this point to remember that perfection does not belong to a world which is “human, too human”, one which creates monsters. Just like reason when it lies dormant (however limited or partial it may be).

Responsibility requires awareness first and foremost, as well as willingness to question yourself, your values and the consequences of your actions. This also applies to organisations and not only to personal relationships. The ability to appreciate things, to look deep within and know how to evaluate the different options, choices and solutions available. An aspect we should not take for granted, especially in this society of overflowing abundance, bombarded and deafened by the media: where

⁴⁵ See results of research carried out by Share (Stations at High Altitude for Research on the Environment), an international network promoted by the Ev-K2-Cnr committee, in collaboration with the Institute of Atmospheric Sciences and Climate (ISAC) of the Italian National Research Council (CNR), which deals with climate, environmental and geophysical monitoring.

⁴⁶ Dominique Bourg, philosophe, Université de Lausanne (UNIL), membre du comité de veille scientifique de la Fondation Nicolas Hulot (*Le Monde*, 20/10/2007). On « development » and how to survive development, see Latouche (2005) who believes you have to question concepts of growth, poverty, basic needs, lifestyle...and dissect our economic system and point the finger at westernisation and globalisation. I cannot help but also cite Singer (2002) and his *one world*, which is increasingly interwoven, and the ethics of globalisation.

(nearly) everything lasts just as long as its media campaign, and where consumerism and the never ending increase in goods, services and whims are what form our set of “morals”⁴⁷ in this world. Ethics are and remain a complicated issue: but this is a good thing, as it means that it raises issues that force us to think. And drive us to act, on both a personal and collective level.

Ethical codes, sets of values, core principles and operational guidelines can still work: even though they are not perfect and generally incomplete. The main thing is, from a management and operational level, to avoid heterogeneous goals, the invalidation of principles through practices which are not fully consistent with the original fundamental assumptions.

3. The Ethics of Management Practices

A person with an ethical mind asks: “If all workers in my profession... did what I do, what would the world be like?”⁴⁸ We already have a lot of what we need, without forgetting that in business it’s easy to wander off the proper path, because professional standards are a vocational option, not part of a territory. And not only in the business world.

Uncertainty, even with regards to ethics, is one of the most recurring scenarios in our lives: work related and non-work related. Also because what often rise to the surface are not only subjective intentions (good or bad as they may be), but their side effects, the unexpected consequences, which are unforeseen (and unforeseeable) and caused by our actions (or choices?). Unexpected events which can invalidate a good intention and cause pain and disaster, which possibly nobody had foreseen, and much less wanted: round the corner there is always a banana skin waiting to turn us into unwilling jugglers, incompetent and unbalanced skaters, and our bodies are at the same time bruised and likely to cause injury. On the chemist’s shelf you will always find a mix of active ingredients which can turn into explosive cocktails for our liver or for children who have been conceived but whose imperfect bodies have not yet been born (as was the

⁴⁷ Baudrillard (1970, pp. 18ss.).

⁴⁸ Gardner (2007, pp. 51ss.): “It’s not enough to espouse high standards. To live up to them – and help others do the same – requires an ethical cast of mind that lets you practise your principles consistently”.

case, for example, with *Thalidomide*)⁴⁹. Despite the best intentions, tests and the like.

These are maybe the most difficult cases, without any specific evil culprits, but with many men (and women: the principles of “equal opportunities” are applied here too) who are simply unworthy, negligent or even incompetent in the most serious cases. Or maybe their glasses are too steamed up to be able to see far beyond their noses and foresee the consequences of their actions. Or their omissions and lack of action. This includes bouncing things back and forth, making deals (with your conscience, your wallet, your boss, shareholders...), waiting, looking and turning your head the other way.

In order to prevent – to a great degree, although not completely – these events, whether they be caused voluntarily or through negligence, we rely on principles, standards, and operational procedures. Let us just confirm something without delay: *professionals standards are a vocational option, not part of a territory*. Standards which are difficult to codify, inevitably imperfect, often inversely lacking or overabundant in the qualities required by a specific case. Still useful, often critical.

To produce, interpret, observe, go against and overturn rules in order to produce new ones (impossible to live in a legislative vacuum, as is the case with our atmosphere), are actions that have made us who we are and continue to do so day after day, as we evolve, find our true path or a new direction⁵⁰.

⁴⁹ As stated in *Wikipedia*, thalidomide is a drug sold in the 50s and 60s to sedate, provide relief from nausea and hypnotise, aimed mainly at pregnant women. It was withdrawn from the market at the end of 1961 due to the discovery of teratogenic effects caused by one of its enantiomers. Sad evidence of its effect was seen in thousands of children who displayed amelia (absence of limbs) or varying degrees of phocomelia (shortening of long bones in the limbs), generally affecting upper limbs more than lower ones, and almost always on both sides, but in varying degrees.

⁵⁰ Cordero (1967, p. 1). Of the many existing ones I find the following especially useful: Morin (2004), Bauman (1993), Jonas (1979), Robilant (2006), La Rosa e Morri (2005), La Rosa e Radi (2004), Morri (2004), Celli e Grasso (2005), Paltrinieri e Parmigiani (2005), Caramazza, Carroli, Monaci e Pini (2006), Canto-Sperber (2004), Ingram & Parks (2002), Hassard & Parker (1993), Hartmann, Jacques, Kris & Money-Kyrle (1995), Brenifier & Deveaux (2004), Blanchard & O’Connor (1997), Felici (2005), Sacconi (2005), Lepore & D’Alesio (2004), Rusconi & Dorigatti (2005).

Sets of values, principles and evaluation systems which are more or less consistent with each other, ethical codes and the search for appropriate behaviour are what we need in order to find our way, and, if necessary, a new direction. Scandals⁵¹, temptations, deviations, sanctions, (sanctioning is also a very difficult topic), one after another, this is where ethical principles are used by an organisation: to reaffirm those values which have been violated and codify and highlight the importance of core values.

One of the most important, and difficult, things in life is deciding what the most important thing is: the tools used to set ethical standards within an organisation aid us in this task. There are even those who maintain that what is emerging, and growing, is *a global consensus on basic standards of corporate behaviour*⁵². The discussion has been tabled; the trend – if this is what it is – is a very interesting one.

- *“Do you delude yourself that one can govern with innocence?”*
- *“No, but how big a part of who I am or the things I really care about do I need to sacrifice in order to keep going? Who am I when I get to my office?”*

⁵¹ On the “ambiguous world” of managers see Jackall (2001) who mainly works on analysing how managers of large companies think that the world works, as well as on the processes used by big organisations to form and deform the “moral conscience” of its members. With regards to multinationals the following are particularly interesting: Fligstein (2001 e 2004), Hertz (2001), Litvin (2007), Goldstein and Piscitello (2007).

⁵² Paine, Deshpandé, Margolis & Bettcher (2005, pp. 122ss.).

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Appendix 1

Code of Ethics: Construction and Contents

Fernando Salvetti

Writing Style and Organization

The manner in which the code is written, organized and presented will have an important impact on the degree to which employees will understand the code or refer back to it. As an organization generally intends its code to be read by employees at different levels of responsibility and in a wide range of functional areas, the code should be written in plain and direct language. The syntax should be uncomplicated.

Guidelines for writing an ethics code

- Be clear about the objectives that the code is intended to accomplish.
- Get support and ideas for the code from all levels of the organization.
- Be aware of the latest developments in the laws and regulations that affect your industry.
- Write as simply and clearly as possible. Avoid legal jargon and empty generalities.
- Respond to real-life questions and situations.
- Provide resources for further information and guidance.
- In all its forms, make it user-friendly because ultimately a code fails if it is not used.

Form and Content

There are different ways of structuring codes. We recommend the following code outline:

- I. MEMORABLE TITLE
- II. LEADERSHIP LETTER
- III. TABLE OF CONTENTS
- IV. INTRODUCTION - PROLOGUE
- V. CORE VALUES OF ORGANIZATION
- VI. CODE PROVISIONS - SUBSTANTIVE MATTERS
- VII. INFORMATION AND RESOURCES

I. MEMORABLE TITLE

The title should communicate the content clearly while at the same time being memorable enough to grab the attention of its readers. (Some commonly used generic titles are "Code of Business Practices," "Code of Conduct," "Code of Values," "Code of Ethics" or "Compliance Code").

We recommend developing a specific title for your organization's code. Some examples include Price Waterhouse's *The Way We Do Business* and the World Bank Group's *Living our Values*. We suggest that you put some thought into what you will call your document and the message it conveys.

II. LEADERSHIP LETTER

The introductory cover letter from the leadership explains the document and demonstrates commitment from the top to create an ethical organizational culture. It should convey the impact and urgency of why the organization is writing a code of ethics at this particular time focused on these specific values and principles. It should also address how this code came to be and the process behind it. Some content areas may include:

- Why a code? Why now?
- What is the ethical/legal context in which the organization operates?
- What are some of the challenges that management, employees and members face and how can this code of ethics be a helpful document for people at all levels?
- What are the major trends facing the industry as a whole that will impact and affect the code and its implementation?
- What kind of example might this set for other organizations, if at all?

In some cases, it may be advisable to make reference to an organization's past ethical problems, well known to all. This can be an opportunity to be straightforward about the reason for the code.

Final content for the Leadership Letter should be determined following the assessment phase, once the employee/member input and questions have been reviewed.

III. TABLE OF CONTENTS

We strongly recommend including a Table of Contents at the beginning of the code. Many codes become cumbersome, making it difficult for users to find the provisions they seek easily.

IV. INTRODUCTION - PROLOGUE

The introduction answers the following key questions.

Why is this code important? Will it be enforced? Is it mandatory? For everyone?

To what purpose will this code be put?

- Be clear about the objectives that the code is intended to accomplish.
- Is the purpose of the code to inspire management, employees or members to exhort them to high principles of conduct? (aspirational document)
- Is its purpose more regulatory in nature? Will it spell out prohibited conduct? Affirmative duties. (mandatory document)
- Is it meant to provide guidelines for decision making in areas of managerial/officer discretion?
- Is the code's purpose to capture the spirit or ethos of the organization? An attempt to define and protect its culture.

What is the scope of the code?

- Jurisdiction: To whom does this code apply? What does it address?
- Definition: What aspects of organizational activity and impact are to be included in the code?
- Measurement and Verification: How should organizational performance in these areas be measured and how should the accuracy of this information be verified?
- Accountability and Reporting: To whom should the organization be accountable for its performance and how should this information be made public?

V. STATEMENT OF VALUES - CORE VALUES

An organization needs to identify and express its primary values to code readers. Do not simply list the values somewhere in the document, like the inside cover, without explaining those values, reinforcing the importance and meaning of the organization's values. Members will require definition of the organization's values in order to better understand and then apply them.

VI. CODE PROVISIONS (Substantive Part of the Code)

Codes of conduct can be brief or comprehensive depending on the objective. Codes address a wide variety of issues, ranging from legal and regulatory concerns to relations with the organization's constituencies or members. The choice of topics to be included in a code will be influenced by three factors: 1) the purposes and objectives of the code; 2) the industry in which the organization operates; and (3) the questions or concerns expressed by the intended users. In deciding which topics to address in the code you might ask:

- What are the principal laws and regulations applicable to the organization?
- What has gone wrong in the past?
- What else could go wrong?
- What guidance do we need to offer our intended users?
- Where are the gray areas? What do we need to explain or confirm?

Most codes contain several universal topics such as environment, discrimination, conflict of interest, gifts and gratuities, etc.

It is important to balance the objective of usability with comprehensive provisions (content). Many organizations now address subjects in the code with a brief statement, a question and answer and then a reference to a more complete resource, such as a web site.

Organizations need a disciplined internal structure to maximize the code as an educational and usable instrument/document. We recommend that you consider writing your code of conduct so that you outline what it is you are trying to accomplish (intent), followed by the principle, guidelines and rules, and lastly examples.

Guide for Writing Code

1. Statement of Intent

The statement of intent outlines what it is that you're trying to accomplish.

2. Principle

A fundamental truth, law, doctrine or motivating force and rules of right conduct.

3. Guidelines/Rules

These are the guidelines for decision making and specific rules that prohibit certain actions and require others. Guidelines provide a basis for ethical decision making when employees face situations where black-and-white rules are impossible or inappropriate. Reasonableness is the basis for many guidelines and disclosure is a common prophylaxis. Guidelines may involve especially, sensitive issues like conflicts of interest, insider trading, and the offering or acceptance of gifts, gratuities or entertainment. Guidelines may be presented in terms of controlling principles or considerations.

Rules have a regulatory and advisory function. They may draw heavily on existing law as a source, addressing corporate fiduciary duties, agency, the duty of care, various obligations imposed by the securities laws and regulations and other special industry

regulations affecting the company.

4. Examples

Examples are definitions, rationales and illustrations that help clarify rules and guidelines. Definitions attempt to ensure that employees have a common understanding of important terms used in the code. Rationales provide the philosophical, practical or legal reasoning that underlies corporate standards of ethical business conduct. Illustrations function as the most concrete explication of what the credo, guidelines and rules mean in the actual conduct of business. Their subject matter should reflect the ethics, issues of greatest concern to the company's managers.

VII. INFORMATION AND RESOURCES

This section is critical. It will direct the intended users to other resources, should they have a question, to seek further clarification or simply want more information on the provisions in the code. It should include specific statements such as how to access the ethics infrastructure and enforcement mechanisms. It should include appropriate sources both inside and outside the organization through which advice and counsel could be offered. Ready reference lists, telephone numbers, e-mail and web sites and the like would typically be included.

Appendix 2.

Business Ethics Timeline

Fernando Salvetti

1960s	1970s	1980s	1990s	2000s
<p>ETHICAL CLIMATE:</p> <p>Social unrest. Anti-war sentiment. Employees have an adversarial relationship with management. Values shift away from loyalty to the employer to loyalty to ideals. Old values are cast aside.</p>	<p>ETHICAL CLIMATE:</p> <p>Defence contractors and other major industries riddled by scandal. The economy suffers through a recession. Unemployment escalates. There are heightened environmental concerns. The public pushes to make businesses accountable for their ethical shortcomings.</p>	<p>ETHICAL CLIMATE:</p> <p>The social contract between employers and employees is redefined. Defence contractors are required to conform to stringent rules. Corporations downsized and employees' attitudes about loyalty to the employer are eroded. Health care ethics emphasized.</p>	<p>ETHICAL CLIMATE:</p> <p>Global expansion brings about new ethical challenges. There are major concerns about child labour, facilitation payments (bribes), and environmental issues. The emergence of the Internet challenges cultural borders. What was once forbidden now becomes common.</p>	<p>ETHICAL CLIMATE:</p> <p>Unprecedented economic growth is followed by financial failures. Ethics issues destroy some high profile firms. Personal data is collected and sold openly Hackers. Data thieves plague businesses and government agencies. Acts of terror and aggression occur internationally.</p>

MAJOR ETHICAL DILEMMAS:	MAJOR ETHICAL DILEMMAS:	MAJOR ETHICAL DILEMMAS:	MAJOR ETHICAL DILEMMAS:	MAJOR ETHICAL DILEMMAS:
<ul style="list-style-type: none"> • Environmental issues • Increased employee - employer tension • Civil rights issues dominate • Honesty • Work ethic changes • Drug use escalates 	<ul style="list-style-type: none"> • Employee militancy (employee versus management mentality) • Human rights issues surface (forced labour, sub-standard wages, unsafe practices) • Some firms choose to cover rather than correct dilemmas 	<ul style="list-style-type: none"> - Bribes and illegal contracting practices - Influence peddling - Deceptive advertising - Financial fraud (savings and loan scandals) - Transparency issues arise 	<ul style="list-style-type: none"> • Unsafe work practices in third world countries • Increased corporate liability for personal damage (cigarette companies, Dow Chemical, etc.) • Financial mismanagement and fraud. 	<ul style="list-style-type: none"> • Cyber crime • Privacy issues (data mining) • Financial mismanagement. • International corruption. • Loss of privacy - employees versus employers • Intellectual property theft

BUSINESS ETHICS DEVELOPMENTS:	BUSINESS ETHICS DEVELOPMENTS:	BUSINESS ETHICS DEVELOPMENTS:	BUSINESS ETHICS DEVELOPMENTS:	BUSINESS ETHICS DEVELOPMENTS:
<ul style="list-style-type: none"> • Companies begin establishing codes of conduct and values statements • Birth of social responsibility movement • Corporations address ethics issues through legal or personnel departments 	<ul style="list-style-type: none"> • ERC founded (1977) • Compliance with laws highlighted • Federal Corrupt Practices Act passed in 1977 • Values movement begins to move ethics from compliance orientation to being "values centred" 	<ul style="list-style-type: none"> • ERC develops the U.S. Code of Ethics for Government Service (1980) • ERC forms first business ethics office at General Dynamics (1985) • Defense Industry Initiative established (1986) • Some companies create ombudsman positions in addition to ethics officer roles • False Claims Act (government contracting) 	<ul style="list-style-type: none"> • Federal Sentencing Guidelines (1991) • Class action lawsuits • Global Sullivan Principles (1999) • In re Caremark (Delaware Chancery Court ruling re Board responsibility for ethics) • IGs requiring voluntary disclosure • ERC establishes international business ethics centres • Royal Dutch Shell International begins issuing annual reports on their ethical performance 	<ul style="list-style-type: none"> • Business regulations mandate stronger ethical safeguards (Federal Sentencing Guidelines for Organizations; Sarbanes-Oxley Act of 2002) • Anticorruption efforts grow. • Shift to emphasis on Corporate Social Responsibility and Integrity Management • Formation of international ethics centres to serve the needs of global businesses • OECD Convention on Bribery (1997-2000)

Corporate Social Responsibility, an unavoidable movement for the 21st Century

Emmanuel Toniutti

Initiated at the beginning of the twentieth century in the original continuity of liberalism, business ethics gave rise to :

- Socially Responsible Investment
- Sustainable Development
- Corporate Conduct Codes

The great financial scandals at the start of the twenty-first century reinforced legal and accounting procedures and imposed on companies an unavoidable movement in which, from then on, they had to adhere to : Responsible Development.

Today our world finds itself confronted by an event in history never seen before: the possible disappearance of the human species , if we do not find new methods of working and new energies, whose utilization will not put our planet in danger.

Sustainable Development.

Born officially in 1951 (International Union of Nature Conservation) and then, in 1987 following the finalization of the Brundtland report, the notion of Sustainable Development defined three responsibilities to which companies must respond in a global manner :

- **Economic responsibility** : taking decisions and deciding on actions to assure the financial durability of the company ,
- **Social responsibility** : taking decisions and deciding on actions to assure the durability of employment and favouring the respect of employees' rights and the company's integration with society ,
- **Environmental responsibility** : taking decisions and deciding on actions that do not put in danger the development of the planet and preserving the well-being of generations to come.

The field of decision and action of this subject call on individual and group responsibility of directors (*stakeholders*) directly. Sustainable development implies a behavioural coherence of Directors in the way in which they:

- define the positioning of the company
- drive a winning strategy for the company
- match the financial performance and human fulfilment of the company
- involve themselves for future generations

Therefore, Sustainable development implies ethical leadership which takes into account all of these imperatives.

Upon request by M. Kofi Annan, United Nations General Secretary, a call for Companies and Business Schools to engage themselves in developing awareness programmes on “Sustainable Global Leadership” was given in September 2005 which implies being conscious of ethical responsibility in business. Sustainable Development is the answer to this request.

What is business ethics? What does the notion of sustainability imply for Directors and Executive Managers in the business conduct of the company? How can ethical steps constitute a competitive edge if they are well managed and driven with leadership?

So many questions to which Directors should give answers to, inspiring the fundamentals of ethics as a vector in the coherence of their strategy, organization and behaviour.

Economical, social and political imperatives of globalization make company ethics and Sustainable Development one of the unavoidable stakes of the next 30 years to come. Facing the up rise of the powerful ultra-free market since the 1980s, great financial scandals starting from the year 2000 and the recent acquisition of Euronext by NYSE, companies must now revise their strategic positioning and identity to make corporate culture a decisive competitive advantage.

The Business Model of Sustainable Development is one of the fundamental answers in giving a humane and economic sense to the company.

“Once upon a time in America...” A note about the origin of Corporate Social Responsibility.

Lorenzo Morri

Business, such as the government, is basically of "the people, by the people and for the people":

The basic forms of modern active citizenship – that which, not only periodically by means of the electoral tool, but daily, through the work of civil associations and the press, is constantly monitoring the political and economical power, weakening any abuse – stemmed from American genius and for a long time have been the core of American democracy.

Tocqueville (1968: 597, 818): “Americans of every age, condition and thinking associated themselves continuously. Not only do they own commercial and industrial associations, of which everyone is a part, but they have thousands of other types: religious moral, important, futile, general and specific, large and restricted. [...] Everywhere, wherever you see the government at the head of a new initiative in France, or in England a great man, you can be sure that in America you will find an association.”; A political, industrial, commercial or even scientific or literary organization is like an illuminated and powerful citizen who can not be subjected to pleasure neither oppressed in secret, and who defending his own particular rights against the needs of power, saves common liberties”.

Therefore, it is natural to wonder if they must settle right here, on the fertile and historical land of the civic ability, to join and act autonomously, to criticism and the discussion of ideas, also the reasons of the birth of the corporate social responsibility doctrine and of the public debate that bloomed around it, from the ‘40s and ‘50s in the United States, to then spread beyond the Atlantic much later.

As we will see, in fact, this doctrine seems to be on the convergence point between two different trends but equally within what Tocqueville called 'the association system in civil life'. The one given by the *pressure* of the trade union, the organization of the farmers, of the Church and of the country's various moral and scientific authorities; and the other identified with the *answer* and subsequently with the active *proposal* of the entrepreneurial organization, of the *business leader* and of the university school.

But we must proceed in order, offering a short prologue and then quickly reaching an observation of the birth of the corporate social responsibility doctrine and its first steps in the world.

In the United States a strong Populist movement, already between the end of the XIX century and the beginning of the XX century, was able to denounce *tycoons* and *robber barons* and to exalt the figure of the trust-buster (the disassemblers of monopoly). On one hand, on the ideological and political level, the *Progressive Age* by Theodor Roosevelt and the first anti-monopoly legislation (to *Sherman Antitrust Act* of 1896 and the *Clayton Antitrust Act* of 1914) derived from this. On the other, the raw and episodic form of an entrepreneurial answer to the "rage" of the people. In other words the *philanthropy* of John D. Rockefeller and Andrew Carnegie, in which we can see the first wave of a future corporate responsibility (Derber, 2003).

And if the thrusts from below, that throughout the '20s increasingly took on the form of the union battle, drive towards a higher 'second wave' of entrepreneurial responsibility, this time regarding living conditions, health and workers' social security, bring about paternalistic forms of corporate welfare, a real discussion on the nature, aims and the limits of corporate social responsibility is developed, step by step with the first practical experiences, only following the traumatic caesura of the Depression, which brushed aside those fragile castles of corporate social welfare like dust.

So that when, in 1953, under the invitation of an assembly of Protestant churches, Howard Owen, an economist adherent to J.R Commons' institutionalism and early admirer of Karl Polanyi's socio-anthropological

approach, carried out his first wide study on the shaping of a social conscience for businessmen, arriving to give an already mature and organic foundation to many of the problems that are still discussed today in studies of Corporate Social Responsibility (CSR), the historical setting from which his reflections explicitly originate is in fact that of the Great Depression and then of the economic growth during the Second World War.

October 1929, in fact, didn't merely mark the trigger for an unusually great financial breakdown, but also the end of a positive myth, ever reviving in America, in spite of the equalling recurrent scandals. In other word the myth of the business man, a social hero of innovation and success, a protagonist - often disapproved of but basically admired and envied - of national life.

The business man as a last incarnation of the pioneer, his race to economical fortune can be considered as a metaphor for 'frontier', for the settlers' and adventurers' race to the West: this is the character, whose actions during the '30s were on the way to quick liquidation⁵³.

In popular perception the businessmen seemed by now to be anything but courageous knights of industry and finance, creators of the first society of wellbeing in the history of mankind: they were just cowardly and unqualified little men who were busy saving their own money, while the middle class' savings disappeared into the chain of bankruptcies, factory gates closed and hundreds of thousands of sharecroppers of the Mid-West emigrated along Route 66 searching for a day's work.

The repeated declarations regarding the achieved conscience of their own social obligations concerning the workers, suppliers, clients and the local community – or rather the first manifestation of the rhetorical arsenal of a doctrine of corporate social responsibility – are traced by Bower in the discussions held by the administrators of the large corporations in the '40s

⁵³ Among businessmen, it was mainly bankers who ended up with the worst reputation after the Wall Street Crash, as John Kenneth Galbraith wrote in 1955. They "for a century continued to be the subject of mockery by the parliamentary commissions, tribunals, the press, comedians. The great presumption and the great failure of those days were one cause of it."(Galbraith, 2002: 108).

(Owen D. Young, the future chairman of the General Electric Company, was the first in '29 to talk about management as a 'mediator' between the main beneficiaries of the business).

Hit in fact by the rapid degradation of their myth and the entering into public approval of new 'heroes' such as the trade unionist or, even, the government functionary - traditionally regarded with suspicion by the average American - businessmen firstly reacted with acrimony, with the anger of he who feels wrongly under attack, and they battled the growing system of government controls on finance, large industry, agricultural production, gaining, among other things, approval from Congress⁵⁴.

Subsequently, their reaction was transformed into active knowledge and programmatic reflection.

As Bowen explains, businessmen, after having tiresomely reacquired public prestige during the war and the period immediately after it, both for the dedication shown by many of them to the interests of the nation in danger, as well as for the effect of the obvious excesses, and internal theft and politicisation of the unions, realised that, in order to defend the free business in a world already aimed at social control, if not to the direct socialisation of a large chunk of the economy, it is necessary to show how this is really the most suitable economic institution to serve society and how its authentic aim lies in such service.

Therefore, their emphasis on social responsibilities has a defensive origin but with a positive aspect: there is no more mere reactivity, the resentment of the past.

This interpretation is confirmed by Benjamin Selekman (1958). The theme, defined by him as social responsibility of business, is by now recognised as a favourite in businessmen's meetings and public discussions, as it corresponds to their increasing need to construct themselves in *movement* and equip themselves with an *ideology*.

⁵⁴ Since 1937 onwards, all of Roosevelt's main reformatory provisions, for example the *Fair Labor Standard Act*, were obstructed by Congress and often cleared out of their substance or even blocked.

According to Selekman, we need to resist the fictitious representation of the capitalist as a 'class' that comes from Marxism, given that the characterising trait of American capitalism is actually competition, that stimulates business to individualism to build their own unique path to success (or failure), rather than solidarise.

However, in those years it was the precise historical necessity to give back dignity to the free business, pointed out by many in the dark of the Great Crisis as the main cause of the disaster, that encouraged the capitalists to create their own class, or rather 'movement' – i.e., a community aimed at reaching common objectives. Nevertheless, the social responsibility of business becomes the new philosophical articulation – business morals, the ideology that a business wants to move, transform into a non-individualistic institution.

That which Selekman indicates without further comments can be seen as a sophisticated strategy of legitimisation, in which the protagonist changes the tools for his hoped-for rehabilitation of the constituent experience of his opponent: work made into movement, the workers becoming moral body – a body able to express, by means of powerful associations, interests and objectives that are no longer individual but social.

As an additional, but not secondary, aspect of this ideological operation, businessmen also claim the morality of the company inasmuch that, with its freedom, this is the cell of a 'system'. That is to say that thanks to the expression, free enterprise system, intentionally coined at the time, translates the traditional profile of the company, as an atomist unit of a competitive game nearer to anarchy than to organisation, in the reassuring profile of a unit that is integrated in a system and guarantees the conservation of it.

In this way the competition between the private companies is increasingly represented as the free enterprise system – a system which, in its turn, due to the global development of Communism, becomes a political synecdoche in the ideology of business: the free enterprise system as a synonym for free society.

Moreover, businessmen, through that password (only later will it become a formula for common use and semantically neutral), also cultivate a much more immediate and clearly-defined aim: using the rhetoric of the ethics battle – a bipolar policy to replace the businessman's figure on a higher level, one that is no longer material but spiritual.

In fact the attempt is still that of regaining the old position of social domination that was lost in the '30s – something that now appears close at hand and that we try to realise by suggesting to public opinion the idea of a taking root of the American Way of Life, or rather of the same American democracy, in the free enterprise system, at times also called, for a reason, the 'American way of business and industry'.

That is to say: people must know – and anyone nostalgic for populism, unionists, the Churches, the Rooseveltian 'Democrats', but also the same republican presidency (Eisenhower in 1959, at the end of his second term of office, is said to have denounced the anti-democratic pressure of the 'military-industrial complex') should take note – that American liberty and business liberty are inseparable: we either take them both or we leave them both.

Among the causes of the new moral orientation of businessmen, Selekmán reminds us of another one, which takes us towards a core question – and one which was further discussed in a theoretical setting (Veblen, 1923; Berlet e Means, 1932; Burnham, 1941) in the contemporary history of business: separation between propriety and control and the emergence of a technical-managerial power.

Selekmán does not enter into that field of confrontation – despite its importance - which was opened twenty years ago between Berlet and Dodd, concerning the nature, extension and above all referees (the sole owners, other involved parties, the society as a whole?) of the responsibility of the manager.

From this field, certainly, an ample trickle of the thought of corporate social responsibility has a direct origin, but Selekmán prefers to trace another equally important one.

He observes that in the frame of new managerial capitalism the generation of administrators that is formed, needs to take on a precise, professional identity: in fact, the management, having become *dominus* of every relevant passage, both strategic as well as executive, at the heart of the company and therefore catalyser of the judging gaze of the multiple corporate constituencies such as public opinion, cannot form a progressive formalisation of its role.

And it is in fact this highest grade of formalisation, that of professionalism, that is the very core of the question. This would ensure a double level of social legitimization: on one side technical, through the fixation of specific borrowing standards, or on the other side, moral, through the respect of a behaviour code. The reference model is obviously that of the medical and legal profession.

Therefore even if as a matter of fact there was a consistent push of the managers and business in general, the acquisition of a moral orientation is not due only to ideological reasons but also to the impulses derived from the organizational transformation of Capitalism.

However Selekman is still sceptical when faced with the attempt of transposing a profession, *strictu sensu*, a practice such as corporate management or the entrepreneurial one, which is moving into the fluid and flexible dimension of economical activities. In a final analysis it would be difficult to match it with the entrance barriers, monitoring and sanctions, which are typically of the well-consolidated professions, unless there is the understanding to deny the free enterprise system.

In this frame, even if the achieved acknowledgement within the business community regarding the opportunity of elaborating a special moral code: or rather, a deontology shared by the managers, there is still an imbedded strong barrier that seems to nullify the project.

A professional activity such as the medical or legal one is defined according to the level of personal confidence between the client and the professionals; and in the latter a similar situation of performance and fiduciary commitment, even prescribed on the legal field. This cannot but generate the immediate knowledge of the moral nature of its task, in

addition to a general social responsibility which belongs to him as a 'supplier' of basic social goods such as health or the defence of personal and real rights.

In addition, the moral dignity of the profession is historically incarnated in the monitoring of individual behaviours implemented by the 'orders' or the professional 'free associations', able to punish infractions of deontology with sanctions that lead up to interdiction.

On the contrary, the activity of a businessman is defined mainly by the achievement of a specific interest, profit; and even if some goods and services which the society requires derive from this, it deals with a secondary effect, which can be considered as an object of social waiting, but certainly not as normative prescriptions, as long as business itself is not substituted by an administered economy.

It is in this sense that the activity of the businessman tends to remain a free activity, in the double definition of 'creative' and 'arbitrary', in any case non-professional: in fact, it does not constitute a specific ethos and cannot be submitted as, for instance, for forensic activity, to the judgement of a 'corporation', in other words by a court formed by people linked by their common ethos.

A company might dismiss a corrupt manager or, on another level, the category associations would be able to expel a registered company on the grounds of incorrect behaviour; none of this, however would prevent the 'reporting' from continuing to operate, as long as they are able to find clients and financiers.

In other words, the judgement of the managers and business is society itself - society as a market (clients, consumers, investors, suppliers, etc) or the society as a public: a judge, therefore, which is inevitably plural and inconstant in its judgements, unable to act as representative of a cohesive body.

Should, in exception of respect of the law and basic moral codes (good faith and honesty) the businessman remain, Selekman's opinion, basically outside of the moral code, it would seem necessary to renounce the idea of controlling that entrepreneurial-managerial activity which is not that of

mere social custom, or rather, in classic sociological terms, such as the collective conscience as a widespread sanction which is not perfect at all. As the same Selekman underlined,

The real problem is how to develop codes and philosophies that can become to such an extent accepted as facts of custom, that the individual evil of violating them becomes more or less an outcast. (1958:112)

The social disapproval of the wrongdoer, which can be pushed to ostracism, might not be only the sole possible moral answer but also an appropriate answer. However, by not following Durkheim to the letter, we believe that Selekman here does not consider the problem clearly enough: the difficulty of expression of a wide common morality, or rather of a collective conscience, in an age marked by the decline of social uniformities and by the emergence of new restricted group uniformities.

Therefore, briefly summarising, we could say that for Selekman, businessmen cannot be professionals, despite presenting themselves as such (also with the aim of obtaining social legitimisation). And so, their inability to constitute a professional body also explains their mimed, but basically unreal capacity to make a 'movement'.

Or rather, to make the theme of their false conscience clear, while they show the constitution of a movement which supports the 'free society' but the individualism of the economical activity, being incomprehensible, broke the true aspect in which the aspiration to become a movement should become real: the adoption of ethical standards universally shared by the business operators.

If on the first reflection on corporate social responsibility, compared to the fact that in the current debate there is a lack of confidence in the theme of regulation - or rather an Ethic as the endogenous manifestation of economical life - we are prone to think of positively highlighting the theme of social pressure, in other words the influence of social ethics on the constitution of an ethic of economical life.

We have just said about the path foreseen by Selekman; arriving in society to define an entrepreneurial costume, a "rule", in relation with that

which a transgressive act leads to, as happens in every other field of social life, the moral sanction. Bowen insists on this aspect, theorising that

The future point of view of businessmen is a vivid example of the power of values and the public attitudes of economical life [...] This illustrates the strength of the moral sanction and suggests a method via which religious groups and other groups supported by ethical motivations might exercise a strong impact on economical life (1953: 53).

If businessmen radically changed their culture during the '40-'50s , developing a previously unknown awareness about its social role, this must be considered an effect of the strength of social values and above all of the moral sanction which society is able to express.

[...] the obligations of the businessman of following those policies, to make those decisions and to follow those actions which might be desirable in relation to the objectives and the values of our society.

Bowen connects economical practices with social values linearly and according to a constant priority of the second one over the first one. In his definition, in fact, the social responsibility of businessmen referred to:

A very wide definition, in which the responsibility of the economic actor (businessman, manager, administrators, or a company as a legal entity) is not so much put into light regarding precise social subjects, as his obligation of attention and respect towards a 'world' of social values, or rather of objectives established as intrinsically worthwhile by a specific society – in this case America as a 'nation', community of values.

Bowen makes clear the need for a clear priority of society as a community based on values on the variability and plurality of entrepreneurial behaviours, by qualifying businessmen as 'servants of society': those who keep equal to all citizens the right to criticise the socially established values or even to work for their improvement, but "[...]

as servants of society, they must not neglect the values which are socially accepted or to put their own values above those of society.” (*ibid*).

The success of this thinking is radical: the freedom to decide, of millions of private persons, which characterizes the system of the free enterprise, can be uniquely justified as it is useful for society and not only for the owners or managers. And quoting Abraham Lincoln on his Gettysburgh speech, Bowen concluded that business, such as the government, is mainly “of the people, by the people and for the people”. (*ibidem*: 5).

Therefore, if the ‘people’ perceived the substantial inutility or, worse, the damage for the collective welfare of the way in which the private economical actors’ enormous power of choice is employed, it would be inevitable to expect a major public control over that power, considering the lack of spontaneous measures by the managers.

At this point, a rather important question is opened: it will be necessary to establish who expresses social values appropriately and authentically. In other words who represents the society as a horizon made of values and the strength of a moral sanction. Here Bowen’s words are not so clear.

On the contrary Selekman’s position is clear, even if at the price of an immediate descent on the field of the theatrical proposal towards empirical observation. In fact, not intending to formulate a social theory, but rather extract from history the evidence around those actors that have effectively exercised, if not a sanction, at least a ‘moral pressure’ on the business, he can conclude with a largely reliable indication: the unionists and the government.

In his opinion, as in the recent past, and also in the future, the raising of the moral standards in business will, more than an effort of self-discipline of the individual consciences, result from the pressure that the two ‘counter-powers’ of the trade union and the government exercise on the economic power.

And, in this context, if we borrow the language of political constitutionalism, he affirms the possibility that ‘ethical oughts’ - moral duties – find within the managerial-entrepreneurial practice adequate space next to the *technical musts* - technical-economical necessities – are entrusted to a system of ‘check and balances’, of restraints and counterbalances, whose efficiency is in projecting a potential economical

contribution charged to those companies that are possibly indifferent to the barriers of moral and social restraints.

The parallelism between constitutionalization of the political power and the constitutionalization of the economical power is really important. The morality of the managerial- entrepreneurial action, in other words the morality of the very company in the era of managerial capitalism, is in step with the limitation of the discrepancy of that action, or rather with the definition of the rights and legitimate interests of the involved parties.

In fact it has been clear for quite a while, at least from the studies of Berle and Means in 1932, that enormous concentration of power that is the modern corporation puts to collectivity, the problem of dictating the right limits of it, regards those who are directly or indirectly touched by it (workers, financiers, clients, consumers, competitors, local communities, government agencies).

However, even if the theme, here *in nuce*, of the *stakeholders* – and of a revision of a managerial theory that is coherent with a conception that is no longer merely the owner of a company - might also emerge from his analysis, Selekmán does not yet see the general implications. His constitutionalism ends up being aimed only at the powers and the rights that are shown in the internal life of the company and so, the ‘check on powers’ system that is proposed is uniquely that of collective agreements, of the drafting of complex agreements between the corporate management and the trade union, on a model from 1948 between General Motors and United Auto Workers.

For the rest, as we have observed in the last analysis – similarly to that which happened in the past in political history - also in this field, there was a long phase of conflict, often violent, such as that of the 30s and 40s, which prepared the constitutional outcome. This leads again to our thread: social pressure as a propulsive force of the moralization of business.

The reference to the facts, to historical experience, for these authors is very important. To state how contemporary capitalism has taken on the physiognomy of a capitalist welfare, or, as Bowen calls it, a ‘mixed economy’, characterised by the intervention of the government and by the determining influence of great organised groups such as the labour unions and the agriculture associations, it is the principle of every other reflection on the new social responsibilities of business.

The generating horizon of the new socially responsible orientation of business is that of being and not having to be, because it is from facts that conscience matures. It is the new form of capitalism that, Bowen observes, requires from the businessman a ready adaptation of their decisions in the presence of the emerging social actors (government, unionists and agricultural workers), in terms of attention to the economical and social consequences of the corporate policies and of cooperation to formulate and execute public policies.

The lesson to be learnt is that, “a voluntary assumption of the businessman’s responsibilities is at least a possible alternative to the growth and to the control of the status of the economy” ” (Bowen, 1953: 28). Therefore, we should start to better understand the whole meaning of the relationship between ‘social pressure’ and ‘responsibility’. Pressure can produce a merely reactive effect: social orientation.

But in order to elaborate a true social responsibility, in other words a known and deliberated disposition to make all the social implications of one’s actions clear, it is important that this pressure stimulates a second effect on the businessmen: the willingness to guide and change his actions in a social way, at least with the minimal aim of protecting the autonomy of the economical system and to start up vaster forms of state monitoring. In other words, from the context of the mixed Economy, according to the interpretative key of these interpreters, social responsibilities would be a valid alternative to socialism.

In the same way, Keith Davis in those very years (1960, 1967) speaks, with a certain pomp and a confident positive breath, about a “strict law of responsibility” which would necessarily rule every field of human history and therefore the relationships between business and society. As ‘responsibility’ and ‘power’ - this is the axiom – are destined to constantly balance each other, the reduction of one is closely related to the other. Therefore “[...] the rejection of social responsibility leads to a gradual erosion of social power’ (Davis, 1960: 73).

Government and trade unions are, according to Davis, the actors who challenge business in the field of social responsibility, no longer in the sense that they insist on it, rather that they could completely replace them in the definition of the boundaries and the contents of said territory. In other

words, Davis underlines how the lack of a voluntary assumption about the social responsibilities by the businessman would leave to politics and to the social counterparts, the duty of assigning normatively or contractually to economical power those performance objectives that society requires and to which they have been deaf.

It has been like this throughout history, from the first English Factory Acts of the 19th century to Roosevelt's Fair Labor Standard Act in 1938, which can be interpreted as political solutions to the entrepreneurial indifference to the questions of dignity and safety for the workers. His wish is, therefore, that a better knowledge of the laws on social dynamics makes businessmen take action, become protagonists of the processes of change rather than prisoners of an increasingly restrictive social context.

Therefore, by putting himself into a more explicitly functional sociological perspective, Davis will develop these points (Davis, Blomstrom, 1966) to the point of theorising a mutual link between business and social environment as a constant of the social structure: business receives questions (input) from the social environment and provides answers (output) which may be passive or active, depending on whether the questions are merely suffered or whether they are positively taken on for their importance.

In this last case, business will have creatively elaborated answers which will, in turn, influence on the social environment, contributing to determine the profile of any further questions. This is how, as predicted through the figure of the "strict law of responsibility", there are two roads open to the businessman: that of a known and deliberate guide to social transformations, or that of the subordination to the rules of an environment that evolves under the influx of other forces.

Bowen himself had also underlined how, in the voluntary taking on of one's own social obligations, the specific of the American entrepreneurial culture should be collected in its contemporary form: or rather, the combination between liberty of economic initiative and participation in the community's destinies.⁵⁵ And on this line, characterized by a strong, so-called 'optimism of willingness', David is looking further on: he points to managerial participation as a decisive aspect of the community's destinies,

⁵⁵ "In this country we expect companies to voluntarily do many of the things that in foreign countries are expected to be done by the government" (Bowen; 1953: 29).

even more than the responsibility of the creation of that well-being that is measurable in terms of stability and economic growth ('socio-economic obligations'), responsibility in the promotion of main human values ('socio-human obligations'): motivation, self realization in work, cooperation, honesty.

On one side, in fact, the "[...] *homo economics* has died, if he ever even existed" (Davis, 1960: 74), and therefore businessmen, in dealing with shareholders, workers, clients, dealers, must realise that they have to do with men whose expectations are much more varied than pure and simple efficiency and turnover of the business. On the other side, businessmen also keep, alongside a social and economical power, an enormous social-human power: their corporate policies and practices, whether in a positive or negative sense, introduce models, point at values, influence behaviour of their collaborators, in the first place, but also, indirectly, on that behaviour of the vaster plateau of consumers and public opinion.

Business can and must be seen as a tool for the realization of specific human aims. The importance that Human Relations had around the mid-1900s in the elaboration of a new cultural and organisational vision of the relationships between industrial management and work is again confirmed here.

For Davis the reference is implicit, while it is made explicit by Joseph McGuire (1963), who considers the doctrine of corporate social responsibility as a typical product of the *Duma Relations*⁵⁶ movement.

Particularly, according to McGuire, Mayo's merit was that of being able to correctly diagnose the illness and suggest the cure: in fact, if "the maximum difficulty of our times is the collapse of those social codes that in previous times subjected us to the discipline of constructively working together" (Mayo, 1969: 152) (the traditional codes, therefore, which had

⁵⁶ "Mayo incited the businessman to escape the economical purpose of profits and to address themselves towards more responsible and acceptable aims. The country that would be the first to do so, according to him, would have managed to overcome all others concerning stability, safety, development. At the same time the other nations that had not adopted these changes, would have been facing an increasing level of social disorganization." (McGuire, 1963:146)

mainly worked in the first phase of the industrialisation process and the organisation of factory work) – which brings the need to substitute the lost ‘non-logical element’ of the social code with the ‘comprehension logic’, or rather recall to the awareness that the problems caused are not merely economical but *socio-human*.

Even if, as McGuire observes, by again quoting Mayo “we have too few administrators attentive to the fact that the problem that they must confront is human-social and not economical” (*ibidem*).

And here is the strong warning addressed to all industrial managers that the theorists of corporate social responsibility will collect and launch again, starting from Bowen who, in drawing up a list of aims for a responsible economical activity clearly highlights the ‘development of the person’ - in terms of quality of human relations, personality expression, growth in professional skills, opportunities of creative activities, etc. – being aware of how the organisation of industrial work increasingly influences man’s moral profile.

However, to recover this issue, it is Keith Davis who goes further on this road, ending up, in an impetus of idealism, ascribing to the ambit of entrepreneurial competence not only a dutiful regard to the general interest, but also the function of the leadership of social progress, seen as a new humanism having as its aim, that of “realising in full the human dignity, creativity and potential of free men”(1960: 75)⁵⁷.

A leadership which obviously assumes a *voluntary exercise*, which more than a voluntary act, of the social responsibilities and which, coming into effect, would show the overcoming, in a certain way, of the economic individualism and the linked competitive pattern: in fact, as Davis observes,

⁵⁷ L’importanza di una specifica dimensione “socio-umana” della responsabilità d’impresa è sottolineata indirettamente anche da George Albert Smith, Jr. (1962). Questi ritiene che il *businessman* abbia un’alta responsabilità a motivo del suo potere decisionale su risorse che non sono solo materiali, ma, in larga misura, umane. Ciò pone in gioco, infatti, il problema del contenuto morale (ovvero, della reale utilità sociale) dei beni e servizi per la cui produzione è comandato il lavoro dell’uomo, nonché il problema del *senso* di questo lavoro. The importance of a specific ‘socio-human’ dimension of corporate responsibility is indirectly underlined also by George Albert Smith, Jr. (1962). He believes that the businessman has a high responsibility, given his decisional power on resources that are not only material, but largely human. This in fact puts into play the problem of moral content (or rather, of the real social utility) of goods and services for whose production the work of man is needed, as well as the problem of the sense of this work.

offering people motivation, realisation in work and social importance, this would reveal the face of a business which “[...] could, after a long journey, be called movement, in the same way that history refers to the workers’ movement”(*ibidem*).

And here we find ourselves at the overturning of Selekman’s scepticism and the eulogy of a business that, far from wanting without being able to, is instead judged able to and obliged to become a ‘movement’. With this we touch the apex of the doctrine of corporate social responsibility as an ideological construction.

The private company, already asserted as a vital cell of the free world and barrier against the barbarity of Communism, becomes the object of a redeeming prophecy: to give sense to human existence, fertilising it in work, thanks to a new ‘logic of comprehension’...

Born as firstly, a reactive phenomenon and then, a creative one faced with the rapid evolution of modern capitalism, the doctrine of corporate social responsibility in the mid 1960s finds one of its significant codes in Utopia.

The following decades, on the other hand, retrace it to many other doses of realism (not, however of minor rhetoric); but the present narrative cannot be extended to include them.

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Corporate social responsibility: the European perspective

Marina Monaco and Claudio Stanzani

The political context in which the concept of corporate social responsibility developed

European action with regard to socially responsible practices has a primary source in the White Paper by Jacques Delors, “*Growth, Competitiveness and Employment. The Challenges and Ways Forward into the 21st Century*”⁵⁸ published in 1993: the then-President of the European Commission, faced with the employment crisis, stressing how economic growth alone is not sufficient to deal with a social problem of a structural nature, proposed that the Member States build a *new*, healthy, open, decentralised, competitive and, above all, *solidarity-based* economy. The Commission identified, as the key element for improving employment, the development of a sense of collective responsibility in all, in particular with regard to the entrepreneurial world, which could play a big role in this challenge.

The concept of corporate social responsibility appeared, however, more completely defined in 1995, when Delors launched, together with a group of European companies, the “*Manifesto of Enterprises against Social Exclusion*”⁵⁹, in which the enterprises declared their commitment in the fight against social exclusion, making explicit reference to the twin concepts⁶⁰ of *progress and responsibility*.

⁵⁸ *Growth, Competitiveness and Employment. The Challenges and Ways Forward into the 21st Century* – White Paper, COM no. 700 of 5/12/1993.

⁵⁹ Available online:
www.csreurope.org/aboutus/socialexclusion_page393.aspx

⁶⁰ The enterprises signing the Manifesto joined together in a European network that promotes dialogue and the exchange of good practices with regard to

But it was only in March 2000⁶¹ that corporate social responsibility became a focal point of the Union's political agenda when, at the extraordinary Lisbon Summit⁶², the European Council made an *explicit appeal* precisely to the sense of corporate social responsibility⁶³ as a key element for making the European Union “the most competitive and dynamic knowledge-based economic space in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”: as a contribution toward achieving these development and growth goals by the end of 2010, enterprises are thus called upon to implement good practices in terms of lifelong learning, work organisation, equal opportunities, social inclusion, and sustainable development.⁶⁴

A few months later, the European Social Agenda⁶⁵ once again stressed the importance of CSR, measuring its weight in terms of the social and employment consequences of economic integration and of the adaptation of the work conditions to the *new economy*, and the European Council of Feira⁶⁶, picking up the general theme of the modernisation of the European social model through the investment in “human capital” and the building of a strong welfare state, gave a favourable reception to the initiatives – moreover still of a solely entrepreneurial nature, to which the Commission

CSR; it still exists and is active, going by the name of CSR Europe:

<http://www.csreurope.org/>

⁶¹ Before this date, the Luxembourg Job Summit of November 1997 set up a High-Level Group on the Economic and Social Implications of Industrial Change, the “Gyllenhammar Group”: in its 1998 report “Managing Change” the group suggests that “Businesses with more than 1000 employees should publish a report on the management of change also giving an account of *the impact of their social activities*.” The Gyllenhammar Group’s report” is available online at: http://ec.europa.eu/employment_social/soc-dial/csr/gyllen_en.pdf

⁶² 23-24 March 2000.

⁶³ Presidency Conclusions, point 39:

http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/00100-r1.en0.htm

⁶⁴ See also *Conclusions of the Lisbon Extraordinary European Council, 23-24 March 2000*, “EU Bulletin”, no. 3, 2000, p. 1.

⁶⁵ European Social Agenda, drafted in the month of June, approved by the Nice European Council on 7, 8 and 9 December 2000, EU Official Journal. no. 157 C of 30/05/2001, pp. 4-12.

⁶⁶ 19-20 June 2000.

would in more recent times give great credence – of the creation and development of European level networks in which dialogue can be a stimulation toward acting in a socially responsible way.⁶⁷ The Council moved in the same sense also in Stockholm and Gothenburg⁶⁸; moreover, in the latter summit, the Lisbon strategy was expanded with the specific integration of *environmental and ecological themes*, in line with the Commission’s communication “*Sustainable development in Europe for a better world: the European Union’s strategy for sustainable development*”⁶⁹ of June 2001. The Council thus completed the European Union’s political commitment with a look at economic and social renewal and with the addition of a third dimension, the environmental dimension.⁷⁰

It is in any case necessary to keep in mind that, from the start of the political process in which the concept of CSR was outlined, the concern of the Europe of Lisbon has always been – before social and environmental – primarily economic in nature, generated by the loss of ground with respect to the U.S. giant, which forced Europe to revise its strategies in a global manner of course, but, first of all, in view of the fastest possible economic and employment growth. The basic idea seems to have always been that of achieving good practices in terms of lifelong learning, work organisation, equal opportunities, social inclusion and sustainable development as far-reaching and *long-term* goals, somehow – perhaps in their ways and timing

⁶⁷ Presidency Conclusions, point 36: the Council refers to the *First European Business Convention on Building Corporate Social Responsibility*, of November 2000, organized by CSR Europe, formerly the European Business Network for Social Cohesion, founded by Jacques Delors and European Commissioner Pýdraig Flynn in January 1996; the conference also launched the European campaign “*For Sustainable Growth and Human Progress*” which ended in 2005; http://ec.europa.eu/employment_social/soc-dial/csr/csr_conf_bxl.htm, http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/00200-r1.en0.htm

⁶⁸ Respectively 23-24 March 2001 and 15-16 June 2001; the conclusions are available at: http://europa.eu/european_council/conclusions/index_en.htm

⁶⁹ COM (2001)264 final/2.

⁷⁰ Presidency Conclusions, point 20: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/00200-r1.en1.pdf

of achievement – instrumental, if not downright subordinate, to economic growth and competitiveness.⁷¹

Corporate Social Responsibility between the global and the European scene

The question of CSR is based, moreover, on problems of a global nature which may be tackled effectively with regulations and instruments recognised worldwide.

In 2001, at the same time as the launching of the consultations on the concept and use of corporate social responsibility, the European Commission, in its communication *Promoting core labour standards and improving social governance in the context of globalisation*⁷², stressed the need for a connection with the core labour standards already existing at the international level, pointing out their universality, and with the other international organisations⁷³.

As of today, the question of coordination among already-existing international instruments and, even more so, that of the advisability of a

⁷¹ In this sense Olivier De Schutter, in *Corporate Social Responsibility European Style*, a draft paper presented at the conference “Corporate Social Responsibility in the EU-10: Expectations v. Reality”, organized in Prague as part of the GARDE EPS programme, 15 September 2006: <http://www.responsibility.cz/index.php?id=309>.

⁷² Commission of the European Union, Communication from the Commission to the Council, European Parliament and Economic and Social Committee, *Promoting core labour standards and improving social governance in the context of globalisation*, COM (2001) 416 final (not published in the Official Journal, but online: http://trade.ec.europa.eu/doclib/docs/2004/march/tradoc_111234.pdf

⁷³ Explicit mention is made of the progress at the international level in support of core labour standards and international codes of conduct such as the ILO’s “Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy” of 1977, updated in 2000 in light of the 1998 “Declaration on Fundamental Principles and Rights at Work”; of the “OECD Guidelines for Multinational Enterprises”, adopted in 2000; of the United Nations’ “Global Compact” initiative, launched in 2000.

more or less stringent European framework of reference is, as will be seen more clearly further on, still open. This question primarily concerns, now as then, the *role of the public authorities*, in terms of the strength that they are – or are not – able to offer in support of CSR, and therefore – or perhaps even more important – of how CSR itself is actually conceived. Several passages of the communication might indicate that the 2001 Commission had somehow brought the problem into focus: “*The action of the public authorities is also essential for encouraging enterprises to become more aware of their social responsibilities and for creating a framework making it possible to guarantee that the enterprises integrate the environmental and social aspects into their activities (...) It is necessary to encourage enterprises to actively integrate sustainable development into the activities they carry out within the European Union and in the world.*”

The Commission thus seemed, at this point, interested in acting to facilitate the convergence of the instruments used on a global scale, in order to ensure the correct functioning of the internal market and keep watch to make sure that fair conditions were guaranteed: the idea was to promote the implementation of international agreements via the tool of the subsidiarity principle⁷⁴.

It is within this *global* framework, and to repropose CSR in an organic *European* framework, that the Commission intended to promote the consultation on the theme and its implementation aspects with *all* the parties concerned, from the business world to the trade unions, from the public authorities of the Member States to the representatives of civil society.

The resulting discussion brought to light different ways of interpreting the meaning of CSR, and therefore its implementing instruments, on the international level, but even more on the European level.

⁷⁴ The Commission thus asks the Council to confirm the conclusions of the Council of October 1999 on trade and labour, i.e. the universality of the core labour standards, the support of the ILO's activities and its cooperation with other international organisations, and the rejection of sanction-based approaches in trade policy according to the decisions of the World Trade Organisation.

The 2001 Green Paper Promoting a European framework for corporate social responsibility

Published on 18 July 2001, the Green Paper⁷⁵ is the instrument with which the Commission starts up the consultation on corporate social responsibility in its various possible meanings.

The document defines it as “*the voluntary integration – therefore over and above the legal obligations imposed – of the social and ecological concerns of companies in their business operations and in their dealings with stakeholders*”, thus identifying a field of implementation from the standpoint of both the *internal dimension* – human resource management, health protection and safety, adjustment to the transformations in company reorganizations, and management of the effects on the environment – and the *external dimension* – relations with the local communities, building of commercial partnerships, relations with suppliers and consumers, respect of human rights in the supply chain, and global environmental concerns.

But this, in reality, is a broad definition, that will leave room for extremely different connotations, and consequently for different political approaches in the implementation of the principles and definition of the roles of the various actors in play, with respect to which even the Commission will have to seek to define its position as a public authority.

The Commission’s intention was to define how to build a partnership for the creation of a *European structure* in which⁷⁶ all the stakeholders, but

⁷⁵ COM(2001) 366 final of 18/7/2001, http://ec.europa.eu/employment_social/soc-dial/csr/greenpaper_en.pdf

⁷⁶ “This action leads to the development of new partnerships and new spheres for existing relationships within the company regarding social dialogue, skills acquisition, equal opportunities, anticipation and management of change, at the local or national level with reference to the reinforcement of economic and social cohesion and health protection, and more generally on a global level, concerning environmental protection and respect of fundamental rights.”

most of all the business world, were called upon to contribute, each with a different role and in a different way, in a system of synergies and complementarities.

Such a system should start from the concept of CSR as a *way of managing the enterprise*, aware of the repercussions – social and environmental, as well as economic – of its activities. The guarantee of a sustainable development would thus be provided by a responsible behaviour *undertaken voluntarily*, over and above the legal requirements⁷⁷, considered of interest in the long term.

In substance, it is a concept “*whereby companies decide voluntarily to contribute to a better society and a cleaner environment*”⁷⁸, because the responsibility-based decisions would be made in the economic interest of the enterprise and, even in the long term, the “companies with good social and environmental records indicate that these activities can result in better performance and can generate more profits and growth”; “consumers do not only want good and safe products, but they also want to know if they are produced in a socially responsible manner.”⁷⁹

⁷⁷ Voluntary responsible behaviour is not, however, a totally distinct approach, and in no case substitutive of the compliance with legal obligations, as seen in the active role reserved for public authorities in the promotion of such behaviour (points 21 and 22).

⁷⁸ This as a consequence of the “new concerns and expectations from citizens, consumers, public authorities and investors in the context of globalisation and large scale industrial change”; the success of “social criteria (that) are increasingly influencing the investment decisions of individuals and institutions both as consumers and as investors”; the “increased concern about the damage caused by economic activity to the environment”; lastly, the “transparency of business activities brought about by the media and modern information and communication technologies”. (Introduction).

⁷⁹ And also: since “socially responsible investing (SRI) has experienced a strong surge in popularity among mainstream investors”, and since such policies “contribute to minimising risks by anticipating and preventing crises that can affect reputation and cause dramatic drops in share prices”, even “European market indices identifying companies with the strongest social and environmental

With the Green Paper the Commission opened the discussion on CSR as a system of business regulation, free of the imposition of rules from above and the threat of legal sanctions; it also considers, however, the advisability of *soft law* mechanisms, incentives, and Community initiatives as solutions for orienting businesses so as to maximise the positive impacts and minimise the negative ones on the community.

At this point it still seemed possible to outline a European system of regulations for a correct and transparent functioning of the self-incentive-based approach, capable of pushing the idea of corporate social responsibility beyond the primary entrepreneurial interest in profit. But such a regulatory framework entails a public intervention capable of influencing, with a greater or lesser degree of regulation, the self-determination of the business: the European Commission would prove unable to take on this role.

The open debate and the results of the consultation: the stances (and concerns) of the social partners, civil society, and European institutions.

There were more than 250 reactions⁸⁰ to the public consultation of the second half of 2001, of which almost half came from the entrepreneurial and employer associations, in large part from the trade unions and organisations of civil society, such as consumer associations, from international, European, regional, and national parties. The Commission's approach was generally agreed with, but the majority of the statements stressed the necessity to improve the transparency, dissemination, completeness, and reliability of the information and the ethical and socially and ecologically responsible production and sale conditions of the goods.

performance will become increasingly necessary as a basis for launching SRI funds and as a performance benchmark for SRI.”

⁸⁰ May be consulted at: http://ec.europa.eu/employment_social/social/csr/csr_responses.htm

These topics constitute the true heart of the debate, which focuses on the creation of a common European system of rules and procedures for the evaluation and certification of socially responsible practices, which on the one hand businesses would see as an imposition from above, of regulations incompatible with the *voluntary* nature of such practices, while for the other social partners it would, instead, guarantee safer and higher standards of transparency and effectiveness.

For the European level entrepreneurial organisations⁸¹, “social responsibility practices are and must remain business-driven”, i.e. a total prerogative of the enterprises, considering the voluntary nature of CSR. Already in 2001, the business world was in open disagreement with the creation of a common European regulatory system, even if of soft laws, and the evaluation, certification, and labelling of socially responsible practices. In fact, they alleged that there was a contradiction between the voluntary nature of such practices, studied and spontaneously applied by the single enterprises (even small and medium-sized) and the attempt to catalogue and force such practices into a common, hardly diversifiable scheme. A strategy that would adapt poorly to the varied entrepreneurial reality; what is more, it would be impoverishing in terms of creativity, unjustified, uselessly costly, and inconvenient, not only for the small and medium-sized enterprises – exposed to administrative costs and complicated bureaucratic procedures that they would not be able to handle – but also for the large ones, forced to adjust their market strategies and raise labelling costs, and therefore the product costs, in the name of a transparency-consistency that would not in any case be denied consumers, thanks to the practices already adopted. Furthermore, the majority of the enterprises allegedly already used in-house procedures that would guarantee the same high level of accuracy and credibility offered by external ones, and without additional administrative and financial burdens.

⁸¹ Including the European Round Table of Industrialist, and the then-UNICE, today *Businessseurope*, to mention just two. The UNICE’s stance of 26 November 2001 is very clear and explicit on this point. Available at: <http://www.businessseurope.eu>

The positive role of the Commission should thus limit itself to fostering the continuous and constant exchange of good practices, to coordination at the national level and in third countries, to supporting the codes already existing globally thanks to the OECD, ILO, and UN, but without adding any new ones, which would create confusion and disorientation from an excessive “proliferation of initiatives”.

On the other hand, many stress that the voluntary initiatives of enterprises would not be sufficient to protect workers and citizens. In fact, while understanding the voluntary nature of CSR, non-governmental organisations and associations representing civil society assert that businesses should undertake their social activities on the basis of *minimum criteria clearly established at European level and valid for all*. Socially responsible practices should not be undertaken, applied, and even *unilaterally evaluated* by the company itself; to be credible, there would need to be a standardised, uniform method for all and an independent system for monitoring the practices.

Trade unions, in particular at the European level with the European Trade Union Confederation⁸², would like to debunk the “*illusion*” that the “*unilateral*” approach of the enterprises will mitigate the power relationships within them, and that all parties concerned would have equal political weight in these relationships: the exemplary behaviour of a few, more or less “virtuous” enterprises, would not be sufficient to ensure the enterprises’ undertaking of social and environmental responsibility, especially of those that operate in developing countries, where minimum anti-exploitation standards are far from being set. Instead, CSR should develop in a univocal and permanent framework, and concentrate on the quality of work, continuing vocational training, meant as a method of development of the enterprise itself; on the capacity for information, consultation, participation, and negotiation with workers and trade unions; on being proactive with respect to changes and reorganisations, on the respect for and promotion of basic rights; in substance, in a legislative and

⁸² Corporate social responsibility in a legislative and contractual framework, resolution passed by the ETUC Executive Committee on 10-11 October 2001, Brussels.

contractual context according to a collective and democratic constructive method, and within the framework of the European social model, in compliance with national legislations and a *social* market economy⁸³.

For the ETUC it would be absolutely necessary to have a common European system, voluntary but not unilateral, to evaluate the social and environmental credibility of an enterprise. A system consistent with the characteristics of the European social model and with the values shared by the Member States; a system made up of rules that guarantee that the responsibility is undertaken not only internally, but externally also⁸⁴.

The Council⁸⁵, Economic and Social Committee⁸⁶, and Committee of the Regions⁸⁷ spoke generally in favour of a common European framework of reference, but a particularly rich contribution comes from the European

⁸³ Almost, emphasizes the ETUC, as in the case of cooperative enterprises, whose principles privilege action serving their own members, rather than profit, and which implement participative and democratic management systems, guaranteeing the priority of individuals and work over the distribution of profits.

⁸⁴ In particular in developing countries, where the weak democracies, hindered trade unions, and the lack of rules cannot prevent enterprises from operating in a dangerous manner from the ecological, industrial, and social standpoint.

⁸⁵ It holds that a unitary framework of reference at the European level would constitute an added value compared to the current local and national measures, and would contribute not only to raising the level of social cohesion, environmental protection, and respect for basic rights, but also to improving competitiveness in all types of enterprise, from small- and medium-sized ones to multinationals, and in all business sectors (Resolution of the Employment and Social Policies Council on CSR, 3 December 2001).

⁸⁶ This shows how the principles of voluntary action, together with the guidelines contained in the agreements of the existing international organisations, must be the structure of reference for further European initiatives (Opinion of the Economic and Social Committee on the topic “Green Paper – Promoting a European Framework for Corporate Social Responsibility, 20 March 2002, ETUC 355/2002 DE/MEV/JKB/hm) <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2002:125:0044:0055:EN:PDF>

⁸⁷ The European level would be able to provide a structure for creating awareness, promote the principles of responsibility, and help trade and public services to integrate CSR into their activities.

Parliament: in the Green Paper report⁸⁸, it proposes to insert CSR in all the areas of the EU's jurisdiction, with particular reference to the regional and social fund, and suggests that enterprises present an annual report on their social and environmental actions and on the human rights dimension.

Parliament is the first to launch the idea of creating a Forum, a European platform, for promoting dialogue among all parties concerned, but not only this: *“companies and others could be invited to register their codes of conducts with the Platform, which would in turn check that all Codes comply with basic labour, social and environmental standards, already agreed at an international level. Companies might then register their reports on social and environmental impacts, on an annual basis following appropriate European legislation to make this mandatory.”*⁸⁹

Thus, at the end of the 2001 consultation, the concept of CSR, with its actual contents, appeared to be interpretable in at least two different ways: on the one hand, that of the enterprise, which considers CSR as a sort of alternative to heteronomous regulation of any degree, taking into account already existing international principles. According to this approach, the market allegedly has within itself the mechanisms for orienting entrepreneurial action on certain matters. On the other hand, that of the trade union and non-governmental organisations, which believe that business has precise duties toward shareholders and investors, but also toward workers, customers/consumers, the environment, and the inhabitants of the community where they set up their business; as a result, the behaviours of enterprises should be guaranteed by stringent rules valid for everyone at the European level.

⁸⁸ Report on the Commission Green Paper on Promoting a European Framework for Corporate Social Responsibility (COM(2001) 366 C5-0161/2002 2002/2069(COS)), Committee on Employment and Social Affairs, rapporteur MEP Richard Howitt, online:
<http://www.europarl.europa.eu/sides/getDoc.do?jsessionid=8F9642FC83A1B0301DEDAAFBDAB6E3AB.node1?language=EN&pubRef=-//EP//TEXT+REPORT+A5-2002-0159+0+DOC+XML+V0//EN>

⁸⁹ Page 18 of the report.

The Communication of July 2002 concerning *Corporate social responsibility: A business contribution to Sustainable Development*

The Commission, for its part, responded to the consultation in July with a communication⁹⁰ that announced a series of strategies in different areas.

Considering that *“Solid evidence that social and environmental responsibility supports competitiveness and sustainable development, in particular in SMEs, would be the best and most effective argument to encourage the uptake of CSR among enterprises”*, the Commission proposes, first of all, to increase knowledge of the positive impacts of CSR practices in the business world in Europe and, through training activities, abroad, in particular in developing countries. In its approach, the Commission feels that the cooperation among the various stakeholders and *“consumer confidence fostered through CSR can be a major contributor to economic growth.”*⁹¹

With regard to SMEs (small and medium-sized enterprises), the Commission envisages a series of initiatives⁹² and notes how *“In the future, the most significant pressure on SMEs to adopt CSR practices is likely to come from their large business customers, which in return could help SMEs cope with these challenges through the provision of training, mentoring schemes and other initiatives.”*⁹³

In addition to the constant exchange of experiences and good practices among enterprises, for *“identifying common challenges and options for cooperation between competitors,”*⁹⁴ the Commission intends to *“also propose a peer review of the CSR practices in Member States, assessing the*

⁹⁰ Communication from the Commission concerning *Corporate social responsibility: A business contribution to Sustainable Development*, COM(2002) 347 final: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2002:0347:FIN:EN:pdf>

⁹¹ Page 9.

⁹² Paragraphs 4.4 and 4.5.

⁹³ Page 12.

⁹⁴ Page 10.

performance and the value added of regulatory frameworks and monitoring schemes.”⁹⁵

However, the promotion of the transparency of CSR practices and its instruments remains a crucial point. The Commission’s communication sees the necessity for a common European initiative, because “*the proliferation of different CSR instruments (such as management standards, labelling and certification schemes, reporting, etc.) that are difficult to compare, is confusing for business, consumers, investors, other stakeholders and the public and this, in turn, could be a source of market distortion. Therefore, there is a role for Community action to facilitate convergence in the instruments used in the light of the need to ensure a proper functioning of the internal market and the preservation of a level playing field.*”⁹⁶ And: “*As expectations for CSR become more defined, there is a need for a certain convergence of concepts, instruments, practices, which would increase transparency without stifling innovation, and would offer benefits to all parties.*”⁹⁷

According to the European Commission, the codes of conduct should, therefore, be based on the fundamental ILO conventions and OECD guidelines for multinational enterprises, since they are minimum rules and common fundamental values of reference. Furthermore, these should: include appropriate mechanisms in view of their evaluation and of the control of their implementation, as well as a system of conformity; associate, with their drafting, application, and monitoring, the social partners and other parties concerned, including those in developing countries; ensure dissemination of the good practices of European enterprises.

⁹⁵ Page 10.

⁹⁶ Page 8.

⁹⁷ “The interest in benchmarks has resulted in an increase of guidelines, principles and codes during the last decade. Not all of these tools are comparable in scope, intent, implementation or applicability to particular businesses, sectors or industries. They do not meet the need for transparency about business social and environmental performance”. Paragraph 5, page 13.

With respect to these statements contained in the 2002 Communication, the impression was that the Commission wanted in some way to follow up the observations of the social partners and the European Parliament: CSR conceived as a system of regulation of the entrepreneurial activity based on voluntary initiatives, incentive, and soft law mechanisms, but at the same time consistent with specific and univocal guidelines at the social, environmental, etc., levels.

Instead, the truth is that the Commission made no decision and took no stance. It limited itself to entrusting to the social partners, united in a multilateral (multistakeholder) forum, with the task of considering the effectiveness and credibility of the existing codes of conduct and of analysing the possibilities of promoting the convergence at the European level, well aware how these parties are in open and profound disagreement with one another.

This decision by the Commission, not completely clearing up its role as a European public authority, would lead the social partners to an inconclusive debate.

The European Multistakeholder Forum

The European Multistakeholder Forum was originally conceived to promote the transparency of the CSR practices and instruments and the exchange of experiences and good practices among the various actors at the EU level. It also aimed at bringing together the initiatives within the Union, seeking to establish a common European method and guiding principles as a basis for international dialogue and dialogue with third countries. Its task was, lastly, that of identifying and exploring areas in which supplementary action at the European level would have been necessary.

As mentioned earlier, the original idea of this Forum came from the Parliament, but while the April 2002 report contained explicit proposals for establishing European standards in the drafting and evaluation of the codes of conduct, of mandatory annual reports, and the meeting of a sort of group

of experts with different competencies for the impartial evaluation⁹⁸, the resolution⁹⁹ that was later passed in May 2002 no longer contained any reference to this type of obligatory nature; the same applies to the Commission's communication.

Although it was officially launched in October 2002, the Forum had actually already been set up on an experimental basis after the first reactions to the 2001 Green Paper, requesting greater dialogue among the parties concerned. Three preliminary updating Round Tables were held with all the participants on the recent global developments, with experts and the presentation of CSR cases.

But in reality the meetings were the occasion for starting a dialogue on the Forum's *mandate* itself. At the time of its official launch in October 2002, its mandate¹⁰⁰ consisted of *“Improving knowledge about the relationship between CSR and sustainable development (including its impact on competitiveness, social cohesion and environmental protection) by facilitating the exchange of experience and good practices and bringing together existing CSR instruments and initiatives, with a special emphasis on SME specific aspects; exploring the appropriateness of establishing common guiding principles for CSR practices and instruments, taking into*

⁹⁸ As, moreover, rapporteur Howitt had already requested at the time of the report drafted in 1999, EU standards for European enterprises operating in developing countries: towards a European code of conduct, EP doc. A4-0505/98, OJC 104 of 14/4/1999, p. 180.

⁹⁹ European Parliament's Resolution on EU standards for European enterprises operating in developing countries: towards a European Code of Conduct" COM(2001) 366 C5-0161/2002 /2069(COS), 30 May 2002.

¹⁰⁰

http://circa.europa.eu/irc/empl/csr_eu_multi_stakeholder_forum/info/data/en/CSR%20Forum%20Rules.htm

account existing EU initiatives and legislation and internationally agreed instruments... ”¹⁰¹

The Forum is conceived as a discussion platform for various stakeholders *seeking consent on the possible necessity (or non-necessity) of new initiatives at the European level* on the subject of CSR, and if – and only if – needed, of what kind. Not even the monitoring dimension of the Forum is part of this picture anymore.

Following the entrepreneurial interventions during the experimental phase¹⁰², at the time of the official launch of the Forum, even the reference to the new areas where a new action by the Union might be necessary had been eliminated; therefore, according to the mandate, there was no longer the possibility to envisage the formulation of recommendations for future

¹⁰¹ Such as OECD Guidelines for multinational enterprises, Council of Europe Social Charter, ILO core labour standards and the International Bill of Human Rights.

¹⁰² After having openly expressed his concern (Letter from Philippe de Buck to the Members of the European Parliament, 20 March 2002, online at <http://www.businesseurope.eu/content/default.asp?pageid=426> like all BusinessEurope-related documents) over the report and the resolution being discussed in the European Parliament in March 2002, at the official opening of the Forum in October, UNICE declares that “it would however be inappropriate to conceive the Forum as a place where the participants are expected to negotiate or define guidelines or guiding principles. Businesses should be encouraged and not hindered in their attempts to find dynamic and innovative solutions. Challenges facing business such as calls for convergence, transparency and accountability of their CSR practices will be taken up by business itself. Whereas it is useful to have a debate about these challenges, they will and have to be addressed through market-driven responses. There is no room at this stage for regulatory or prescriptive approaches. A balanced composition of the Forum and particularly its Round Tables is an important factor for the Forum’s success. Ensuring an appropriate involvement of employer and business organisations is crucial, as is the involvement of ‘CSR practitioners’ (companies). It would be a fundamental error to disregard the fact that CSR is essentially a company management issue, and therefore companies have a main role to play in informing the debate.” For the European Round Table of Industrialists, it was thus not advisable to endanger the socially responsible practices already applied with a specific standardised system for Europe, which would frustrate the competitiveness of the European enterprises, which would find themselves at a disadvantage with respect to those operating in other regions.

legislative actions, even solely to ensure the transparency and consistency of the voluntary initiatives.

At this point the situation within the Forum was extremely tense, almost paradoxical: on the one hand the non-governmental organizations and the European Trade Union Confederation, which felt that the Commission had been clear in assigning the Forum the task of finding solutions of greater convergence and transparency¹⁰³ (codes of conduct, management schemes, the obligation of reporting, labelling, and socially responsible investments); on the other, the entrepreneurial group, which claimed the leadership of the Forum and maintained that making proposals for Community actions went beyond the mandate itself.

The Forum worked for around two years, and officially presented its conclusions on 29 June 2004. But in reality, no consent was ever reached: the final report, which carries the items discussed and approved during the proceedings, contains a note of several NGOs stating their intention to promote further internal discussions on the same items.

Once the Forum was over, the day of the presentation of its conclusions, in a letter to the Commission and the Parliament¹⁰⁴ the NGOs themselves called attention to several crucial points that had to necessarily be dealt with so that two years of discussions could be translated into action and thus be significant. Debunking the “false idea” (that the ETUC calls “*the illusions*”) that the growing voluntary commitment of several enterprises might be sufficient without a frame of reference consisting of unitary policies that create a suitable environment and ensure the responsibility of all enterprises, the NGOs clearly specify that *the true challenge of the Forum is, in reality, political* and aimed at the public authorities to convince them to pass from moderate dialogue to developing policies, setting standards and, if necessary, imposing them. It is thus concretely

¹⁰³ Anne Sophie Parents for the NGOs of the Social Platform: “The Forum must formulate strong recommendations on how to create a convergence of standards in terms of CSR, to promote credible and verifiable reporting and auditing systems”, the first high-level meeting of the Forum.

¹⁰⁴ 29 June 2004,
www.foeeurope.org/corporates/NGO%20CSR%20open%20letter%20290604.pdf

asked of the Commission, the Council, and the Parliament, neutral or absent from the Forum, to undertake a role in the development of a real European CSR framework.

The ETUC¹⁰⁵, while acknowledging the steps made forward (for example, with regard to the participation of trade unions, the role of collective bargaining, the Charter of Fundamental Rights, and the relationship between social dialogue and CSR), maintains¹⁰⁶ that the Forum sought to clear up some of the uncertainties regarding the nature of CSR, but in order for it not to remain a pure “philanthropic approach or an exercise in public relations”, it is necessary to establish unitary standards to which enterprises must conform, standards to be applied on the global dimension, in order to avoid the exploitation of the weakest communities. Concretely, enterprises should be required to present an annual report on their CSR activities; transparency and quality should be guaranteed for the production chain also and should cover subcontracting situations; to promote CSR a policy should be designed for the use of European funds, just as it would be necessary to have a certification system to verify the legitimacy of claimed CSR practices. Lastly, it is also suggested that a European standards monitoring body be set up, with the task of publishing annual reports measuring progress on CSR.

The Forum proceedings were followed by two years of silence on the topic, which the trade unions and NGOs¹⁰⁷ interpreted as the desire to deal with the matter no more. When the publication of a new communication was announced, the ETUC expressed the fear of a break among the various stakeholders involved and a decrease in the role of the organisations representing the social partners. The ETUC said it was concerned over an

¹⁰⁵ See stance: <http://www.etuc.org/a/418>

¹⁰⁶ <http://www.etuc.org/a/453> , <http://www.etuc.org/a/248>

¹⁰⁷ See the joint letter of 9 March 2006, signed by ETUC, Social Platform, and Amnesty International:
<http://www.socialplatform.org/module/FileLib/CSRjointdeclarationmarch2006.pdf>

unbalanced and unilateral evolution of the debate, influenced only by the entrepreneurial standpoint¹⁰⁸.

The Commission's second communication. *Implementing the partnership for growth and jobs: Making Europe a pole of excellence on CSR.*¹⁰⁹

Two years after the end of the Forum and in this climate, the Commission presented, on 22 March 2006, its last communication on CSR. This delay and the fact that the publication had been initially announced for spring 2005, are the result of the intense debate on this point within the Commission. In the meantime the mid-term evaluation of the Lisbon Strategy had taken place, reasserting the goals of growth and job creation under the aegis of the Lisbon partnership for growth and work. The idea of building a regulatory framework for CSR in Europe, which the entrepreneurial organisations had already managed to avoid almost entirely during the Forum proceedings, returned to the fore with this communication. What is more, laying itself open to considerable criticism.

The heart of the 2006 communication is clearly expressed in the opening passage: *“Because CSR is fundamentally about voluntary business behaviour, an approach involving additional obligations and administrative requirements for business risks being counter-productive and would be contrary to the principles of better regulation. Acknowledging that enterprises are the primary actors in CSR, the Commission has decided that it can best achieve its objectives by working more closely with European business (...)”*.

¹⁰⁸ <http://www.etuc.org/a/2190>

¹⁰⁹ Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee: Implementing the partnership for growth and jobs: making Europe a pole of excellence on corporate social responsibility, Brussels, 22/3/2006 COM(2006) 136 final eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2006:0136:FIN:EN:PDF

Further on, it states that, in spite of the fact that, “*Social dialogue, especially at the sectoral level, has been an effective means for promoting CSR initiatives, and European Works Councils have also played a constructive role in the development of best practice on CSR. (...) The role of employees, their representatives and their trade unions in the development and implementation of CSR practices should be further enhanced*”.

This assertion caused quite a few perplexities, especially considering that Parliament, in 2003¹¹⁰, had intervened, in addition to supporting the requests of the trade unions and the representatives of civil society¹¹¹, considering, “*that voluntary measures relating to corporate social responsibility must come from the firms themselves, but stresses that workers, their representatives, consumers and investors must nevertheless be involved in devising the concrete form such measures are to take and in their monitoring and enforcement.*”¹¹²

Also in the introduction, the Commission “*announces backing for the launch of a European alliance on CSR, a concept drawn up on the basis of contributions from business active in the promotion of CSR.*”.

The establishment of the alliance conceived as a new forum open to the participation, on a purely voluntary basis, of enterprises alone, had a particularly ambiguous political effect.

¹¹⁰ Resolution of the European Parliament on the Commission communication concerning Corporate Social Responsibility: A Business Contribution to Sustainable Development (COM(2002) 347 — 2002/2261(INI)), 30 May 2003, <http://eur-lex.europa.eu/LexUriServ/site/en/oj/2004/ce067/ce06720040317en00730079.pdf>

¹¹¹ The European Parliament (...) emphasises that companies should be required to contribute to a cleaner environment by law rather than solely on a voluntary basis (point 3); (...) calls also for the Forum to seek to address potential confusion arising from the proliferation of different CSR tools and instruments (point 5).

¹¹² Point 8.

First of all, setting up the European Alliance, instead of pursuing and developing the dialogue among more stakeholders, the Commission actually established a relationship of privilege with a category, that of the enterprises, relegating trade unions and NGOs to the background, and thus breaking the at least formal fairness given by its intermediate position between these parties, thus as it had been kept during the Forum proceedings. The ETUC and the organisations of civil society saw their fears confirmed, feeling cut out of the alliance that unites only the Commission and the enterprise; the NGOs took the initiative of creating a coalition of their own, which brings together all the signatories of the joint end-of-Forum letter in 2004, but also a certain number of NGOs at the national level.

And it does not matter very much that at the last moment the Commission added, moreover after intervention of the ETUC, that it recognised *“that without the active support and constructive criticism of nonbusiness stakeholders, CSR will not flourish. The Commission’s backing of the Alliance is not a substitute for further dialogue with all stakeholders. The Commission remains committed to facilitating such dialogue, including through regular review meetings of the Multistakeholder Forum.”*¹¹³

The implied message is that CSR is presented as a mechanism guided exclusively by the market, without any necessity for a regulatory framework that ensures its adequate functioning: CSR’s necessities seem to bow down to the necessity to create an environment that is totally “business-friendly”.¹¹⁴ As expressed in an internal memo of the UNICE, the communication thus represented a true victory for the business world.¹¹⁵

The impression received is also that, in spite of all the talk about the economic convenience of enterprises undertaking a responsible approach, there are nonetheless real tensions between the promotion of CSR and competitiveness.

¹¹³ Communication, page 6, last paragraph of point 4.

¹¹⁴ Page 4 and page 13 of the Communication.

¹¹⁵ According to a press release from MPE Richard Howitt, source: Olivier de Shutter, www.fidh.org/IMG/pdf/corporate_odeschutter2006a.pdf

In stating that CSR “would take care of itself” (or, more appropriately, that it would be taken care of by business), while suggesting that any intervention to promote it would be economically counterproductive, the Commission seems to have definitively introduced an aspect of ambiguity that actually undermines the credibility of its attention to this matter.

Recent events: the last act of the Multistakeholder Forum, the intervention of the European Parliament and the Economic and Social Committee

The Multistakeholder Forum was relaunched in December 2006. In reality the reference to multiplicity and multilaterality of the stakeholders was, on this occasion, inappropriate, considering the non-participation of many of the NGOs in protest, and the fact that the problems and objections raised during the previous session remained open, without any effort being made to clear up the situation.

The ETUC took part in the meeting, to attempt one last time to assert the necessity for a more balanced approach, by both business and the institutions, and to seek to relaunch the European intervention on the subject of certification, of the creation of a common centre of competence over CSR, and to organize regular meetings among the political groups.

But the Commission’s interest was mostly focused on the Alliance, and the Forum’s last act had no follow-up.

The political void left by the Commission, reticent about taking a clear stance, ended up spreading – and perhaps establishing – the impression of being business-oriented, closer to one social partner than to the other, that is, more favourable to the entrepreneurs, stronger because of those power relationships ETUC and the NGOs referred to; an impression further reinforced by the recognition that CRS was the exclusive prerogative of businesses and that no regulatory intervention was needed.

But “companies should not be considered a substitute for public authorities when these fail to exercise control over compliance with social and environmental standards”¹¹⁶, scolds the European Parliament.

It “notes the concerns expressed by some key stakeholders about the lack of transparency and balance of the consultation procedure undertaken before adoption” and “believes that the credibility of voluntary CSR initiatives is further dependent (...) on a multi-stakeholder approach (...), as well as on the application of independent monitoring and verification.” The European Parliament continues to maintain that “CSR policies should be promoted on their own merits and should represent neither a substitute for appropriate regulation in relevant fields, nor a covert approach to introducing such legislation”; believes that “emphasis should be shifted from 'processes' to 'outcomes', leading to a measurable and transparent contribution from business in combating social exclusion and environmental degradation in Europe and around the world.”

Lastly, the Parliament “Recognises that a debate remains open among different stakeholder groups on an appropriate definition of CSR and that the concept of 'beyond compliance' may enable some companies to claim social responsibility while at the same time not respecting local or international laws; believes that EU assistance to the governments of third countries in implementing social and environmental regulation consistent with international conventions, together with effective inspection regimes, are a necessary complement to advancing the CSR of European business worldwide.”

Despite the fact that, predictably enough, the Parliament’s intervention did not meet with the approval of businesses, especially medium-sized and small enterprises¹¹⁷, it is evident that the criticism was not aimed only at the business world, but at the Commission, at that European public authority in charge of watching over, regulating, guaranteeing, and harmonising and

¹¹⁶ European Parliament resolution of 13 March 2007 on corporate social responsibility: a new partnership (2006/2133(INI)).

¹¹⁷ See letter:

http://www.ueapme.com/docs/pos_papers/2007/070306_press_briefing_CSR.pdf

which, instead, seems to have delegated to a partial actor, a role that can only belong to the institution.

CSR between voluntariness and regulation: a role for the market and one for the public authority and *responsible competitiveness*.

As things stand, we might wonder what meaning should be attributed today to corporate social responsibility.

The trade unions and non-governmental organisations have always insisted on a concept of CSR as having to do with the social role the enterprise must play, albeit within a voluntary framework, with precise duties toward all stakeholders such as investors, customers, workers, and communities in which the business operates. From this concept derives, as a result, a clear role for the public authorities, in this case at the European level, whereby they must guarantee the fulfilment of those duties with regulations and legal obligations, as with a primary public interest that is not entirely satisfied by the binding regulations. In this framework the use of heteronomous and sanctioning instruments is not ruled out, where necessary, in the name of a higher social interest than profit.

Another view, on the other hand, is that of CSR as an alternative to all types of regulation, like a formula which, through guaranteed voluntariness, somehow makes the market the spur and the keeper of the implementation of principles that elsewhere might probably be the subject of stringent regulations and laws. This, at least in part, is the view of the businesses, especially SMEs, which is from a certain standpoint consistent with the needs for competitiveness and pricing.

An intermediate concept might, on the other hand, envisage the shifting of the imposition of heteronomous rules and sanctions toward a system regulating business activity based on soft law mechanisms, incentives, and Community initiatives, to orient the business activities so as to maximise the positive impacts and minimise the negative ones on the community. And if possible, also through the support of social dialogue, meant as a

framework of reference within which CSR can develop thanks to the contributions from all the social partners.

In reality we could have expected such a stance from the Commission which, instead, seems to have withdrawn from the political scene, leaving the business world a central role.

And, in fact, it cannot be said that the European Alliance is the terrain for innovative approaches by business: with the Commission as mediator, her members include several entrepreneurial and employer organisations at the national and European level¹¹⁸ and just 130 European businesses, a very limited number, after all. But, of the good practices presented up to now, two thirds concern forms of involvement of all stakeholders: this emphasises the gap existing between real practices and the current European political level of maturation and involvement with respect to the concept of CSR.

The other parties, trade unions and NGOs, while recognising the voluntary nature of CSR, insist on the necessity for a legal framework (directive) and/or one negotiated among the social partners, thus of a more incisive intervention by the institutional political authority, so as to give a boost to a true dialogue, to a constructive exchange.

But we still wonder if such an institutional intervention – purely regulatory or supporting social dialogue – is actually necessary: might the market not be sufficient to nourish the CSR practices, to encourage economic actors to adopt them?

There are various arguments put forward in favour of this approach. In the internal dimension, the work environment would be better, because the workers are led to increase their loyalty to the company and, as a result, reduce the turnover costs and loss of skilled human resources. A responsible conduct toward the environment avoids wasting resources, and is an incentive toward using them more efficiently. The dialogue with all

¹¹⁸ AA.VV., *Benchmarking Working Europe 2007*, published by ETUI-REHS, Brussels, pp. 102-113.

the stakeholders, workers, and members of the civil society may create a stable relationship with the local community, in which the business operates, and bring more affection and support in the long term. Furthermore, in terms of external relations a good reputation among consumers surely benefits the company's image and contributes to winning favour with investors.

Nevertheless, making the undertaking of a commitment on CSR depend on the promise of an economic benefit, risks proving to be too fragile an argument, and having bad consequences. Would it mean that where there's no profit there should be no implementation of the principles of CSR?

Should businesses evaluate CSR in terms of convenience, like any other type of investment? In that way the businesses would be "doing their job": applying, if not obliged to do otherwise, the market rules and looking out for the interests of the shareholders more than those of the other stakeholders.

Thus the economic argument alone may prove dangerous if, as happens in reality, it is not possible to foresee the orientations and reasons of the consumers and the public authorities, and thus the behaviours that reward good responsibility practices and those that penalise the bad ones.

The truth is that a socially responsible behaviour does not always pay.¹¹⁹ The idea that CSR can bring benefits to the business is not the same as saying that responsible behaviour may be naturally fed by the market, without the need for intervention from the outside or from public authorities. CSR cannot take care of itself, nor can the market, if abandoned to its own rules.

¹¹⁹ S. Zadek, P. Reynard, C. Oliveira, *Responsible Competitiveness Report, Reshaping Global Markets through Responsible Business Practices, Accountability in association with Fundação Dom Cabral*, December 2005.

The lesson can be learned easily from the experience (almost non-existent) of CSR in the new Member States, where the culture of social responsibility is even less developed than in Western Europe.¹²⁰

There is a need for a regulatory framework, not necessarily in contradiction with the voluntary nature of CSR, which eliminates the limits of self-referentiality. The solution would lie in creating a system of “*responsible competitiveness*”, i.e. the creation of a market in which business is systematically and effectively rewarded for its responsible practices and penalised otherwise. Only the public authority can contribute to the creation of such a market, also being able to guarantee the proper levels of incentives and penalties so as to encourage responsible behaviour even in the smallest businesses which otherwise would be obliged to sacrifice their aspirations of a social nature on the altar of market competitiveness.

The role of the public authority would also be played effectively in ensuring that consumers’ choices actually constitute an incentive for businesses: standardising codes of conduct, creating a univocal framework of reference would mean thinning out the mass of contradictory messages and would aid the orientation of consumers toward the products of a certain company; also, it would contribute to lowering the costs of monitoring, labelling, and evaluation, activities which could, moreover, also be managed by the governments as public services.

The reasons why such a public intervention is supported more at the European level than at the national level are evident. In the first place, the transnational dimension of the enterprises, increasingly located throughout the entire Union, is a characteristic of both multinationals and, more and more, small and medium-sized enterprises. Having to compete on an international scale, if the idea is to spur them to adopt a code of conduct, it

¹²⁰ O. De Schutter proposes various causes: because of lower wages, the massive waves of privatizations, a system of tax incentives of various kinds, and the fact of building new markets, these new territories attracted investments that brought growth and wealth. Now they are reluctant to impose limitations on investors, and excessive regulations on the economic activity, which would call to mind a recolonisation of the market by politics; also, in general, lacking rules, the investors themselves are less spurred to act “ethically”.

must be just one, both because it would offer more guarantees in terms of return on image, and because the evaluation procedures and costs would be lower. Moreover, the awareness-raising campaigns targeting consumers, who purchase more and more on an international market, toward a certain guaranteed EU label are more easily fundable at the European than the national level. A rule that applies on the European model would be more exportable on the international level, where the implementation of the ILO and UN codes cannot be taken for granted.

In light of these considerations, Europe's role should be one of providing references that point out the tie between CSR and social legislation, so as to orient the internal market toward a social economy. The answer to, how to spur businesses to act beyond their legal obligations, contributing voluntarily to environmental protection and a greater social cohesion can be given, at the European level, only by the Commission: the European public authority could create an effective and globally exportable framework of reference that guarantees true entrepreneurial interest. Up to now, by refusing to be actively involved in the definition of such a framework, it has remained hostage to an economic market approach tied only to partial objectives among those identified in Lisbon, privileging – starting from 2005 – economic and employment growth over sustainable development and social cohesion, and has also made it possible for businesses to maintain a hegemonic role that belongs to the public institution.

The Implementation of the Path CRS: Operating Procedures

Luca Nannini

1.1 The Desired Path

This text is aimed at broadening the implementation of the corporate social responsibility as an operating system. Our reference point is the action plan established by the Copenhagen Chart.

It takes into consideration the environment of corporate awareness in which we are operating. ¹²¹The first four main “macro-phases” of the corporate social responsibility development plan might be summarized as follows:

- awareness/opportunity of implementing the same path and further internal organization
- identification and analysis of the stakeholder
- tools and managerial indicators, closely monitored
- performance review and collection of feedback

1.2 Entrepreneurial values: Corporate Social Responsibility

A company can choose whether to embark on a path of social responsibility inspired by the role in society the company wishes to fill.

The starting point is linked, on one hand to the analysis of the opportunity/need to adopt social objectives that are integrated with the

economic ones and on the other hand, to how profoundly the values of the social system permeate the company's culture.

Generally speaking, the path is often implemented involuntarily; sometimes it might be a moral obligation reacting to public opinion.

In other words, the company must adapt to competitive forces and normative rules. This may include some important authors who own a sort of operational license or the idea of implementing a sustainable business.

Whatever presumption, it is often based on the idea of a "tension between business and society" instead of a true awareness of the possibility of building a business while encouraging social responsibility.

Establishing a cohesive relationship with the public is an integral part of a successful business plan and can provide an opportunity for the company to set itself apart and achieve a competitive advantage. This business model allows the company to act as an example to other organizations across industry lines. It provides for a growing awareness of corporate social responsibility. The final two statements, "strategic" and "civil" require profound interpretation. The social maturity of the area in which the company operates will also affect the tension between the public and the company. Should the company stakeholders wish to affect a social or environmental change; the result will be the creation of a minor strategic advantage and also the obligation to address the concerns of the public and to comply with normative rules. If the expectations of the stakeholders go far beyond the established corporate culture, further tension will be created and in extreme cases, hostility towards the company. This might have a negative impact on financial results and damage the image and reputation of the company.

Therefore, it can be said that the corporation's appreciation of the environment and adherence to a strategic vision is capable of molding future obligations. Other companies may be inspired to follow a similar path when it becomes clear that it can provide a competitive advantage. However, if no advantage is perceived, such a path will not be followed and the desired outcome would be to maintain current normative values.

Analysis should focus on the impact that business has on society, or rather on the pressure created between the two.

In the first case, analysis might point to questions of morality or reputation, which would have a noticeable affect on the value chain (or “operation”). Ultimately, what is most important is what provides for the greatest competitive or strategic impact.

In the internal-external analysis, the managerial organization of the company should be included. It might be useful here to recall the concept of “diamond”. The undertaking of this path inevitably will reflect on the company’s mission, values and corporate vision which would be recognized in the philosophy, managerial system and statements such as the ethical and behavioural codes and service papers, etc. The managerial awareness of the need to adopt such processes must be promoted from within the company to allow it to permeate the organization’s culture.

From this point of view, the critical elements are represented by credibility of the initiative, by the commitment and by the means used to spread such awareness. The factors related to the credibility are connected to the values of the company, to its culture and sensitivity and to the principles of social responsibility. On the same terms, the competence of the human resources will need to be evaluated to ensure they can meet the scope of the challenge before them.

The second point depends on the resources available (human and financial), but most of all it is important to have a common vision within the organization. In periods of great change, severe disconnect can result between the management, the associates and the technological structure.

The third point indicates the need of intervention on the organizational structure in order to create new functions that are able to better react to stakeholders’ requests. It is also necessary to use organizational communication tools taking into consideration informative feedback from every level of the organization and to evaluate methods and reward systems that favor change.

Through this process the documents cited above (ethical and behavioral codes, service documents, etc) should become effective and enacted into internal law.

1.3 Which Stakeholders?

The path to social responsibility is characterized by the willingness of volunteers and the dialogue held with various interested parties, making them aware of the results achieved.

First of all, who are the stakeholders? They represent any group or entity which might be influenced by a corporation. In other words, anyone that might contribute to a company's success, contribute to the creation of value and are interested in being involved in corporate decisions. The decision to involve stakeholders can be interpreted as an opportunistic move in order to maximize the company's economic competitiveness or ethic which involves a potential revision of the role of the company in the economical context.

These two aspects can be summarized in a different way by the "function objective" of the company. In the first case, the responsibility towards the stakeholder is paramount in the everyday operations of management; and the second is an integral part of it. In the long run, the second vision will see success and is the only one that can be pursued to ensure a widespread consensus.

The relationship with the stakeholders is articulated into two main phases, their mapping (with the identification of their importance) and the activation of a dialogue.

The first step is the identification of the stakeholder and the classification of their role and their influence on the management of the corporate value. The classification might be considered as a making into a hierarchy of the subjects compared with an operational need to focus on the communicative

efforts towards the subjects or groups. Their importance must be evaluated based on their capability to negotiate for the benefit of the company.

This allows us to become sensitive to the evolving interests of the stakeholders. The identification of and communication with the stakeholder may have some impact on the company. Negotiation power might be influenced and characterized by the relationship between the stakeholders and the company and on their future expectations. The importance given to the subjects/groups might reflect on daily operations of the company.

Once we have identified and classified the stakeholders, the next step requires the consideration of communication which is a circular process where information is dispersed through the company and received as operational feedback.

Several tools which might be used in the communication process include questionnaires or interview, meetings, forums, multilateral dialogue or the activation of a stakeholder network.

The purpose of this process is to establish a path of social responsibility which will involve the stakeholders in the achieved results.

The process has value only if the public understands what the company is trying to transmit, if the public believes that the organization is true to its values and if managerial efforts are high. In other words, the communication methods chosen by the company must be in balance with the trust the public has bestowed in it.

1. 4 Managerial Tools

The social strategy does not ignore the achievement of satisfying financial performances. The KPI are represented by the qualitative and quantitative results of an organization's behaviour and can be used to measure achievement.

Specifically, they are related to the measurement of expected social performances, which might be absolute, based on the judgment of some stakeholders. In the most evolved management structures, the stakeholders might be directly involved in the establishment of KPI.

The opportunity for stakeholder involvement creates sustainability and credibility, and opens a channel of transparent communication that all stakeholders desire.

Over time multiple indicators are selected which can be used by the company as monitoring tools and would impact accounting.

The Balanced Scorecard is part of a complex monitoring system whose primary role is to establish “social regulations”. As previously noted, the Balanced Scorecard represents a critical aspect on which the company might focus in order to increase and/or maintain resources that could be translated into a competitive advantage.

1.5 Accounting and Measuring Results

The last phase is the accounting of the developed path, which might be considered a managerial task. Voluntary documentation is defined as social, environmental or sustainable in relation to the path. It also represents a communication tool for the stakeholders to review results achieved and address desired improvements. The document might then touch on at least one aspect of daily operations by the elicitation of economical, environmental and social results, therefore showing the expected improvement.

Therefore, the account is aimed at “showing the stakeholder the agreed objectives as a definition of the reciprocal obligations”. The document considers the results achieved by the stakeholder as well.

Therefore, the most important elements are the ones previously described.

- The integration of the “function objective” with the social consensus is an integral part of the business plan.
- The communicative process with the stakeholder is one that allows for the definition of measurable qualitative and quantitative objectives.
- The daily management of the environmental and social commitment takes into consideration the "tension towards the economist".

Methods do not exist for an appropriate redaction of some models which are already well-known, but there are some processes and guidelines which might be used more than others :

Some principles regarding redaction and accounting structures are needed. There are some general rules in place for operating budgets and social accounting which might be tangible or might refer to managerial vision. Due to the voluntary nature of the initiative and the given rules, the doctrine principles become the main reference source. These principles are required for the preparation of an accounting document which is represented by social balance.

The functions which cover the principles are normative and not operative and guarantee the informative process and the information in the accounting document.

There is a certain lack of a reference to the accounting principles of account balance redaction with some results which might appear as redundant and excessive. For instance, below are some redaction principles:

GRI	GRI	GBS	AA1000
1. Transparency	X	X	X
2. Inclusion	X	X	X
3. Completeness	X	X	X
4. Significance and Relevance	X	X	X
5. Neutrality	X	X	
6. Verifiable Information	X	X	
7. Reliability and True Representation		X	
8. External auditing			X
9. Competence		X	
10. Caution		X	

The following table conveys the contents of some of the standards, divided into three categories: sustainable accounting (GRI), social balance (GBS) and processing standard (AA1000).

Contents	GRI	GBS	AA1000
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Vision and Strategy/Corporate Identity	X	X	X
Mission/Vision	X	X	X
Values	X	X	X
Strategies and Policies	X	X	X
CEO's Declaration	X	X	
Profile	X	X	
Organizational profile	X	X	X
Scale of Report	X		X
Report profile	X		
Government structure and management system /Social relationship	X	X	
Structure and government	X	X	X
Stakeholder Involvement	X	X	X
Managerial policies and systems	X	X	X
Benchmarks		X	X
Planning			
Process planning			X
Production and distribution of Surplus		X	
Table of Contents	X		
Performance indicators	X	X	X

As it is shown in the chart, the report is a summary of the socially responsible program adopted which starting from its strategy, measures and evaluates indicators of organization and management. In a way, the document should address all the critical parts highlighted previously; the awareness of the strategic importance of the process, the organizational efforts in the initiative and in the end, the relevance, the monitoring, and the data analysis followed by improvement efforts for future years.

1.6 Conclusion

This short document evaluated the implementation path of social responsibility, starting with the Copenhagen Chart.

It is important for the success of this process, that the entire management and organizational structure of the company realize that social and environmental issues must not be addressed in a superficial manner, but that they should be included in the role of the company within society.

It is obvious that the company would be obliged towards anyone who has an interest in it and the next challenge would be to open communication with these subjects, first to define the obligations and then to share the results and plan improvements. The criticisms that are usually associated with the social responsibility process are represented by a narrow strategic vision and by a lack of involvement of the people concerned. Besides the cost of the resources (and we underline 'cost'), we don't consider the strategic importance of involving the stakeholders who represent one of the primary sources of value for the company. We do believe that the strategic vision of the path and the involvement of the stakeholder might represent a competitive advantage for the company and protection of the intangibles, which are, without any doubt, the main assets in a modern company.

Moral mazes: the world of corporate managers. An interview with Robert Jackall

Hervé Laroche

1. What is it that corporate managers do? Although managers' specific tasks vary depending on the industries in which they work, managers are always administrative experts whose essential functions are to coordinate substantive experts whose knowledge and skills create value and to direct interpretive experts whose expertise with symbols makes that value publicly known, both inside and outside an organization.

2. You study occupational communities. In addition to this book on managers, you've written about men and women in advertising and public relations; police detectives; public prosecutors and judges. Why did you choose to study managers and what's particularly important about their world? All of my studies are part of a larger project. This is a long-term examination of the social, institutional, cultural, moral, and epistemological foundations of modern American society, seen through ethnographic studies of occupations and professions. Each study focuses on a different piece of the larger puzzle. The study of managers explores how bureaucracy shapes moral consciousness by examining corporate managers' occupational moral rules-in-use, that is, their occupational ethics. Managers constitute the quintessential bureaucratic work group in modern society because they both create bureaucratic rules and are bound by them. To the extent that bureaucracy is a key organizational form of modernity, to that extent managerial work yields insights into today's experience of human affairs in general.

3. What is the "managerial ethos?" What are the key forces within the corporation that form it? By "managerial ethos," I mean the particular habits of mind and accompanying social behavior that corporate bureaucracies foster by placing premiums on some attitudes and actions, and not on others. Corporations want men and women who are smart, quick-witted, well-dressed, cool under pressure, ambitious, team players

willing to subordinate themselves to their bosses' judgments, capable of discerning 'what has to be done' in particular situations, adroit enough to avoid trouble or to extricate themselves from it quickly, and morally flexible, able and willing to live with constant ambiguity. Corporations generally get lots of those kinds of people precisely because of how they are structured, that is, as hierarchical, but interlinked, layers of men and women bound to each other through personal and social ties, common work experiences, and political alliances. In corporations, people look up and they look around for cues on what to think and how to behave. If you don't do that, you don't get very far and, generally, you don't last very long. It's important to note that this is an entirely voluntary process. People submit themselves to such a regimen and internalize the managerial ethos because they want to get ahead and reap the rewards that come with that.

4. You say that the "world of corporate managers" is marked by, among other traits, "self rationalization, emotional aridity, psychic asceticism, and narcissism." Can you comment on the development of such traits? This follows on the remarks I just made. Self-rationalization, Karl Mannheim's conceptual extension of Max Weber's larger treatment of rationalization as the key process of modern society, means simply self-streamlining. One looks for, recognizes, and internalizes the premiums stressed in a given organization or situation. Then one moulds one's public face, external behaviour, and projection of attitudes, all to fit the expectations embedded in those premiums in the hopes of garnering the rewards promised. Not everybody wants to or can do this. Some drop out entirely or accept a fixed role in an organization that doesn't require this kind of relentless subjection of self to others' expectations. But there are always some people who do respond to organizational premiums for self-rationalization and they make themselves into the men and women that their organizations desire and require. It's my observation that those who persevere in such self-rationalization are generally highly self-conscious men and women who are used to guarding their emotions and expressions of sentiment. Generally speaking, they shield themselves from others. And they see themselves as lead actors in a drama, even as they simultaneously watch that drama from front-row seats.

5. Would you see the Enron case or similar scandals as a consequence of the moral mazes that managers get lost in? I gave a talk at the University of

Notre Dame right after the Enron story broke. The talk was entitled “Take the Money En Ron”. There are a few key recurring observations in Moral Mazes that speak of what happened at Enron and at many other corporations caught up in public scandals. First, corporations foster in their managers a short-term mentality, best characterized by the old joke among salesmen: “I know what you did for me yesterday, but what have you done for me lately?” Or, as one manager said to me, “Our horizon is today’s lunch.” There’s no mystery to this. People think in the short term because their bosses expect short-term, immediate results. Second, there is no tracking system for credit or blame in the big corporation, none whatsoever. Credit or blame depends on where one happens to be located when something good or bad happens. So one has the phenomenon of “being in the right place at the right time” or, it’s sad opposite, of “being in the wrong place at the wrong time.” Third, when there is short-term pressure and no measurable accountability for one’s actions, one might as well “take the money and run” when money is there to be taken. So, with few exceptions, one doesn’t think of the long-run needs of the organization or, even less, of the world outside of the organization that might be affected by one’s actions. One comes to focus on the here and now. Within such a framework, even smart, well meaning people lose track of things. Looking closely at the Enron catastrophe, one can argue that anyone with any inside knowledge of the corporation’s operations either knew or should have known that something was terribly wrong. Instead, it took a young journalist, Bethany McLean, a 1992 alumna of Williams College, to say after a quick review: “Wait, the numbers simply don’t add up.” How could so many smart, talented people preside for so long over what was in the end an elaborate Ponzi scheme? Well, if people are judged only by quick returns, if they are not held accountable for the long-run consequences of their actions, then “take the money and run” becomes an occupational virtue.

6. Today’s organizations are highly preoccupied with ethics. What do you think of the efforts they make and widely advertise? Ethics Incorporated, as I call it, became big business in the aftermath of the 1980s’ Wall Street scandals. The ethics industry provides a lot of work for underemployed moral philosophers and for some lawyers with a philosophical bent. One whole wing of Ethics Incorporated specializes in writing codes of ethics for corporations. Another wing specializes in giving ethics seminars and courses to ombudsmen or compliance officers in corporations. Still another wing works closely with established business advocacy groups such as the Business Roundtable to institute simultaneously “ethical standards” for

different sectors of the business community and, of course, to convince lawmakers, regulators, United States attorneys, and other major players in the business world that business is regulating itself and needs no help from outside authorities. It's important to note that Enron, along with virtually every other major corporation, had an elaborate and well publicized "code of ethics" long before the company fell apart. Such corporate codes of ethics can demonstrate how skilled the corporation's advisers or public relations personnel are. But there's no necessary connection between a corporation's public pronouncements of its virtuousness and the day-to-day moral rules-in-use of its executives and managers.

7. You described the modern corporation as a hybrid bureaucracy – that is, a combination of rationalized structures and personalized ties. It is often taken for granted that business organizations have changed a lot in the last 20 years: decentralized, flattened, downsized, reengineered, streamlined, computerized, outsourced. What do you think about these transformations and to what extent have they actually affected the nature of the corporation?

My primary field sites—a major chemical company that was a subsidiary of an industrial conglomerate, a major United States textile firm, and a major public relations firm—all exemplified the kind of "patrimonial bureaucracy" that I describe. By this term, I mean a hierarchical structure permeated by close personal ties. The most important of these was shared occupational experiences in the same organization. Cohorts of managers who came up through the same divisions in an organization and who shared similar views of what the organization was and should become constituted the primary networks of affiliation that determined organizational fates. If one member of a particular cohort prevailed in the struggle for ascendancy in a corporation, he— and these organizations had almost entirely male managerial hierarchies—almost always reached back to the cohort from which he came for colleagues in the new order that he established. The saying was: "He feels comfortable with these guys." Members of other cohorts were expendable, especially in a time of upheaval and cutbacks. I've not done extensive fieldwork in newly decentralized organizations. So it's an empirical question to be investigated as to whether occupationally shaped personal ties are as salient in decentralized organizations as those I observed in hierarchical organizations. But on the basis of many conversations with men and women in such decentralized organizations, I'd say that personal ties might be even more important than they are in big hierarchies. It's also important to note that "decentralization" may be more apparent than real. I am a close observer of one supposedly decentralized,

self-governing organization whose workforce consists almost entirely of highly trained professionals. There the CEO continually launches new initiatives in response to needs articulated by some faction in the organization. He establishes elaborate new committees to carry out those initiatives. Those committees work long and hard to produce reports and recommendations. The CEO receives these with acclaim and appreciation, and then promptly moves on to address new crises with yet new committees. The years pass by and the reports on different subjects pile up into small mountains. The recommendations are passed on to still other committees for consultation. Most recommendations die quietly and in a few years become distant memories. The constant turmoil of committee work makes outsiders, and most newcomers to the organization, think that the organization is actually democratic and decentralized. In fact, the “decentralization” cloaks the CEO’s and his coterie’s centralized direction of the organization.

8. Do you think that female managers are different or do they behave differently? We don’t have a lot of data about female managers in large industrial corporations so this too remains an empirical question to be investigated. But some businesses, in particular publishing, public relations, and increasingly advertising, are now thoroughly feminized. On the basis of my own close observation of those worlds, women’s behaviour there is no different from the behaviour described in *Moral Mazes*. Moreover, one need look no further than American colleges and universities, all now as thoroughly bureaucratized as the corporations, to explore in depth the question of how female managers/professionals behave in organizations. Because women were largely excluded from the upper levels of corporations until fairly recently, they entered the academy in great numbers and became a powerful force there, especially in the humanities and social sciences divisions and in various deans’ offices. What does one find in the academy? One sees identical patterns to those described in *Moral Mazes*. Particularly apt examples are internal political struggles involving, say, gender or sexual orientation study programs or promotion of colleagues who specialize in these matters. In such cases, one can readily observe: cronyism based on personal affinities and shared perspectives; the consequent abandonment of universalistic criteria for judging the work of colleagues, including the approbation of specious scholarship provided that it conforms to requisite “progressive” norms; the mobilizing of bloc voting to enforce one’s group’s will and destroy perceived enemies; adeptness at inconsistency, particularly the use of moralistic rhetoric to keep opponents off balance and on the defensive; and, of course, the

requisite ruthlessness necessary to triumph in organizational struggles. The behaviour of managers/professionals does not turn on gender or, for that matter, sexual orientation, race, or ethnicity. Instead, it turns on the extent to which managers/professionals, driven by personal ambitions, subject themselves to the exigencies of their particular organizations. Such ambitious people are always alert to the precariousness of organizational life and they surround themselves with others who, they think, will support them, especially when things go awry.

9. In *Moral Mazes*, you write that “managerial moralities are always situational, always relative.” Isn’t this a more general characteristic of modern societies? Corporate managers are the true revolutionaries of our age, despite their modest, well-mannered, well-dressed, outwardly conservative demeanours and quietly expressed views. They are the shapers, harbingers, and principal carriers of the situational, relativistic moral ethos that defines the modern epoch.

The Changing Work Ethic

Giuseppe Fortuna

Premise

The aim of this essay is to speculate about the changing work ethic. It is divided in two synthetic parts. In Part One, I will discuss the changing workplace. In Part Two, I will speculate about the changing work ethic hoping to stimulate further discussions. Lately, society is changing very fast and in social science, we are having a hard time to cope with all these sudden and drastic changes.

Part One: The Workplace in a Historical Context

In describing some aspects of the life in medieval cities, Mumford emphasized the intimate union of domestic life and working life. The plan of the house varied with the region and the century, yet certain features remained common. A shop was on the ground floor connected by an open gallery with the kitchen and a bedroom in the rear. Going downward in the economic scale, arrangements were less differentiated and space more constricted. Unfortunately, space has always been a luxury that poor people have had a hard time to afford. We can say that lower the social status, the smaller the size of the house. The major function of the medieval house was a place to sleep and work. It was at, the same time, a habitation and workshop. It seems that domestic life and working life were not yet separated in both space and function; they showed an organic relationship (Mumford). The house served as the physical center of the economy.

In short, the medieval house was characterized by a general absence of functionally differentiated space, combining private life with productive life, creating a lifestyle, perhaps less complicated than today, where often, most of the city dwellers are forced to long commuting hours or bumper to bumper driving. Thanks to our digital technology, the house is returning to a dual function; a place to sleep and to work. Is this new situation recommendable? Is such new form of work taking time from family interaction? Is it weakening the formal interaction with colleagues, based on a daily face to face meetings and conversations? Will it create problems of isolation? (Dell'Agata). Will it affect union solidarity? These are important questions that social science should investigate more. Later on, I will briefly return to these questions.

Between the XV and XVIII centuries, a new complex of cultural traits took shape in Europe. Gradually a new economy of commercial capitalism and a new political framework of centralized despotism or oligarchy emerged, causing the breakdown of the medieval order. The consolidation of power in the capital city was accompanied by a loss of power in smaller cities. National prestige meant the death of local municipal freedom. The capital city grew at the expense of provincial cities facing stagnation and mass migration to the capital city. New forces favored expansion in every direction creating new industries. Industrial capitalism represented all these new forces; with its mechanical and technological invention, it increased a large scale industrialization altering the whole balance of power (Mumford).

It began the stage of industrial accumulation of capital. Small enterprises like mushrooms spread everywhere and city dwellers commuted to their workplace. The cycle of production was characterized by alternating stages of mechanical processing in which, a form of artisan work still prevailed. Entrepreneurs, in the management of their enterprise, depended exclusively on the judgment, experience and personal intuition of the craftsmen. At the beginning of the XX century, industrial technology was affected by major changes and an increase of productivity. The factory provided a new order of work. The secret of this industrial order laid in its precise routines and

endless mechanical repetitions. Enterprises started to get big and structured with defined tasks and duties and a high degree of rationalization.

We can say that the thoughts of Weber, Taylor and Ford have monopolized for a long time, the working life in modern capitalism. They created working models as integral parts of a rational system which has been investigated in the administrative and bureaucratic apparatus by Weber. It has been implemented in the organization of work by Taylor and it has been applied in the structure of the enterprise by Ford. According to Taylor, by using timing and pacing of work, productivity could be increased and, at the same time, the cost of work could be reduced.

Thousands of pages have been written about Taylorism and Fordism. They focus on the evolution from an intensive social regulation of work followed by an extensive social regulation (up to the first decades of the XX century) and replaced by a fragmented or flexible regulation of work which is a major characteristic of today (Borghi). Mass production suggested by Taylorism and Fordism has been replaced by flexible production and new organizational forms called networks and team works. This has created a new capitalistic culture with a new work ethic where uncertainty, paradox, diversity and isolation prevail. These new emerging forms may jeopardize the future of organized trade unions. These new forms, thanks to the digital technology of the workplace, are bringing back a return to the medieval function of the house as a place to work and to sleep, which may or may not be the right solution to the complexities of today's workplace.

In other words, I will synthetically try to analyze the variety of working situations in today's workplace. It is no longer appropriate to talk of the "sociology of work", but we have to face the changing workplace by analyzing the "sociology of works" just because of the plurality of forms and meaning, that work is assuming today. Concepts such as "flexibility", "globalization", "internet", "new economy" and "net economy" have been and are still part of scientific researches, media discussions and daily common discussions. These concepts have contributed to overcome traditional forms of full time jobs determining a new series of working

situations defined by many as “atypical works”, “subordinated works” or “autonomous new works”(La Rosa).

The workplace is certainly confronted with a new reality that is causing the dissipation of traditional forms of full time dependent jobs that have provided a sense of security and a peace of mind. These new forms of specializations and professions are not yet well defined in the division of labor and therefore are not yet providing a sense of security or peace of mind.

We then have to make clear, what are these new trades, professions and specializations and how they can be reinforced as professional formations and, above all, how are their new guarantees different from traditional form of labor. It seems that they are unable to provide security and peace of mind and it also seems that there is a lot of discontent. Maybe it is time that we again roll up our sleeves in social science and investigate more, the reality and contradictions in the work place. We should find out how working people react to this new situation. Are they more contented or discontented than before? We should revisit the work of Bell, Blaumer and Goldthorpe and ask once again the same question we have asked in the 70's. Can the new workers constitute the new working class? Can they be radicalized and make an alliance with the rest of the work force? (Bell, Blaumer, Goldthorpe, Aronowitz).

We have to try to understand the real role of these new working situations in our society and the ethic of work they are reinforcing. Only then we can eventually suggest new lines and directions of a probable scenario in which to build potential future actions. Unfortunately, as automated production has replaced the older factory we have faced a shift in the structure of the labor force, with a decline of blue collar jobs and a growth of better paid service, professional and white collar jobs. Education has played an important role in the workplace. It has reduced wage differences and has created a new middle class income and a middle class culture and lifestyle, with an increased homogeneity in the patterns of consumption replacing a distinct working class culture (Kerr). The working class has faced a stage of decomposition through its own “embourgeoisement”.

According to some social scientists, the rising income of certain strata of the working class has produced important qualitative changes. But despite these changes, the advanced capitalism of the XX century as a social system had not altered its fundamental characteristics. Large segments of the labor force were more integrated and less radical but remained discontent of the disparity between their higher educational and skill attainments on the one hand and their lack of power in the enterprise. Their discontent had a potential for revolutionary actions (Touraine, Mallet, Gorz, Denitch). It can also be implied, according to Marcuse, that the technological changes and, in particular, the growth of labor productivity has reduced class conflict but not decreased alienation which remained and was extended to all spheres of life. We have faced a new situation, a manipulation of workers as both producers and consumers. The traditional working class could no longer be expected to provide the revolutionary initiative against capitalism. This type of action was more likely to come from the impoverished masses. Only those groups outside the “one dimensional” universe could offer an effective opposition (Marcuse).

It seems that in today’s flexible capitalism, the embourgeoisement of the working class has prevailed over its proletarianization. It can be implied that the rise of income has changed the worker’s consumption patterns of life styles. Consumption can be seen as a response to alienation at work. The worker’s attitude towards work springs from the importance that he assigns to consumption. The French sociologist Gorz, a long time ago, made clear that alienated labor produces the “false needs”. The worker is a manipulated consumer escaping from work. In paraphrasing Marx, he sustained that the work is external to the worker; consequently he does not fulfill himself in his work but denies himself. The worker feels himself only during his leisure time (Gorz). Consumption can be then a form of escape from the worker’s condition as a producer. The alienated producer becomes the manipulated consumer.

In today’s flexible capitalism, perhaps, the “*embourgeoisement*” of the working class can be accepted. However, we should not concentrate our attention only on the worker’s consumption and domestic life by developing an empirical sociology of consumption and neglect entirely the

worker's condition as a producer. It is more appropriate to focus on the relationship between production and consumption.

Part Two: The Changing Work Ethic

I have so far described in a synthetic way, the work place during Taylorism, Fordism, the advanced capitalism of the late XX Century and today's flexible capitalism. In this section I will focus synthetically on the changing work ethic.

It seems that the old work ethic is failing and there is no consensus whether this is for the better or worse. The image of bored and alienated factory workers has spread to a white collar world of dull, monotonous and unchallenging jobs. Workers' discontent today, is still enormous. Often the unions are emphasizing job quality even more than pay increases in their bargaining with the corporation to minimize the workers' discontent. It seems that a new work ethic is steaming out of this discontent among young workers. They expect more personal satisfaction from their working life. They show a certain rejection of hard work being its own reward. The media and opinion polls often remind us that job dissatisfaction is increasing. The myth of a happy worker is still just that. The old Weberian protestant ethic that, hard work is a virtue and a duty taken for granted by the old worker is not applicable to younger workers.

It seems that there are little differences in pay or responsibility from job to job, from year to year. The Worker is aware that it does not pay to work hard to get somewhere, for often, there is no place to go. There is not enough gratification in today's flexible workplace and the worker looks for gratification outside his workplace. After all, the flexible workplace provides the worker a lot of free time through reduced working hours. Such free time provides off hours for recreational activities where the worker may satisfy his needs of self-realization through his hobbies. Only the worker who is left behind will take on a second job. Leisure increases consumption and, eventually, an economic balance between productivity and consumption.

The old ethic has glorified work as a good in its own right for so long that it has become part of his psyche. Freud has sustained that work is necessary for the normal function of a human being. Man felt “guilty” unless he worked hard. President Nixon, in a speech in 1972, sustained that “the work ethic holds that labor is good in itself... that a man or woman at work not only makes a contribution to his fellow man but becomes a better person, by virtue of the act of working” (Deans 1973). The old work ethic remained implemented in the individual consciousness. However, for many, work remained a series of boring and repetitive routines. The alienation and boredom of the old assembly line worker has spread to the white collar jobs of today’s high technological workplace. There is fear that the worker’s alienation may undermine the social and economic structure of our flexible capitalism.

Alienation from work has been reported since Fordism (Blaumer); nevertheless, work was seen as a duty and a virtue, not so much today, where a new attitude has emerged. It does not make sense to work hard in today’s flexible workplace. The worker is often subjected to move year after year, from job to job, from teamwork to teamwork, to get nowhere. The worker needs are fulfilled outside of the workplace in his leisure time as a consumer. It seems that today, it is more important just to have a job, some way to earn a salary to satisfy one’s need outside the workplace, rather than to have a job to fulfill one’s abilities, interests and aspirations. In today’s flexible workplace, the word “experience” is a “meaningless word”. In a few years or months, a new way of doing things is developed, so if one knows the old way and not the new one, he is not an expert.

Since we have a lot of “free time” we have to learn how to spend it. We have to learn how to have a “good time” in our leisure time. It seems that today we are all members of the so called “leisure class”, that in a sarcastic and ironic way has been theorized by Veblen. The question is how to spend leisure. Maybe in social science we should dedicate more attention to leisure with its active and passive recreations, as after all, consumption is related to productivity. There are thousands of workers that receive a salary to serve the needs of the new emerging “leisure class”. Logically there are differences in leisure among different social strata of the leisure class.

Veblen's theory of the "leisure class" updated to today's society can fit well the culture of our flexible capitalism. Since he was writing, the leisure class has become an institution in itself.

The conspicuous consumptions, a major characteristic of wealthy families, are often part of working class extravagance. They may be less conspicuous and more parsimonious consumptions; nevertheless, they represent an important slice of the leisure class of which the worker is a part. Since flextime gives more free time for leisure and consumption, we should make sure to create conspicuous production of consumptions to create new jobs (I am borrowing this concept from Reisman, even though I am attaching to it a new meaning). Conspicuous production of consumptions is a new industry of our flexible capitalism's ability to create new jobs and salaries.

Lately corporations have sought to remove layers of bureaucracy to become more flexible organizations. The hierarchical management of the past is now a loose network structure based on a decomposable work team rather than on clear, fixed rules. Networks and work teams are constantly redefining their structure. This new order corrodes trust, loyalty and mutual commitment. The team moves from task to task and workers do not bond together, therefore their ties are weak with little social bonds. In a structure like this, workers are asked to adapt quickly, to be open to change on short notice and to take risks continually to become less dependent on rigid form of bureaucratic regulation (Sennett).

In such a structure, the worker does pieces of work and lumps of labor over the course of his working life. He has to be very flexible in this new way of organizing time, particularly the working time that affects the worker's emotional life outside the workplace. He is prepared to change jobs and skills several times during the working life. His working life is to experiment a varied schedule of time called "flextime" instead of fixed shifts, months after months. His working day consists of different individualized schedules, compressed work schedules and he can do a full week's work in four days or work at home via intranets. Such a structure is marked by short term flexibility and flux, not necessarily on loyalty and commitment, which are long term in nature (Sennett).

Today, corporations break up or merge together, jobs appear and disappear and the worker is constrained to navigate in a turbulent sea of opportunities and possibilities. This structure then creates a flexible behavior as an “ego defense” against the complexities of our flexible capitalism. He has to assume the Simmel’s “cynical, blasé attitude”, a kind of epicurean attitude or the “Carpe Diem” attitude, to think day by day how to survive in this turbulent sea of opportunities hoping to land in some island of a fragile archipelago. He is free to break out of the routine work of the past, a major characteristic of Fordism.

Routine work has not allowed the worker to develop his own personality, on the other hand, it has been documented that it has created a lot of discontent in the workplace (Bell). Unfortunately, discontent in the workplace still exists in our flexible capitalism and it becomes manifest through alienation, creating a new attitude where work is seen as a means to satisfy the worker’s needs outside his workplace during his leisure time. The new language of flexibility implies that routine work is almost dead but not totally dead because the use of the computer involves, often, a routine task like data entry. Society is searching for new ways to destroy the evils of routine by creating more flexible institutions. Sennett has suggested three possibilities:

- a) Discontinuous reinvention of institutions - This possibility seeks to reinvent institutions so that the present becomes discontinuous from the past. It is believed that loose networks are more open to reinvention than pyramidal hierarchies of Fordism. Team works and networks are trying to achieve greater efficiency where at the same time workers motivation can drop sharply. The worker is like a bird flying from team to team, trying to adapt himself to a variety of circumstances.
- b) Flexible specialization of production - This possibility tries to get quickly more varied products to the market, searching for temporary and not permanent market niches. It is focused on islands of specialized production requiring quick decision. It fits well to the small work group, the team work.

- c) Concentration without centralization - This possibility of concentration of power, without centralization of power, gives people in the low ranks of the organization more control over their own activities. It creates a sense of false personal freedom. The work is reorganized into fragments and nodes (Masi). The worker positions oneself in a work of possibilities with fewer responsibilities. Rather than paralyzing oneself in a particular job with a lot of responsibilities, he works on many different fronts at the same time (Sennett). He is part of the team, often irresponsible for his own mistakes which can be attributed to the team. The personal qualities of being a good worker are harder to define.

The worker has, undoubtedly, some technical qualifications; however, it is the machine, the computer that possesses skills. Such variety of possibilities encourages indifference and a weak work identity. The worker comes and goes irregularly. Only the machine, the computer is the real standard of order. The worker moves from one position to another in a loose network of possibilities and opportunities. The old hierarchical organizations have then been replaced by loose networks and the worker's opportunities can be increased more by moving around rather than through promotion within. If the worker is not happy, he is more likely to quit rather than fight within. His action is personal not collective and he is not part of the unions and collective bargaining. He is always searching and looking for new possibilities and rewards in order to satisfy his needs outside the workplace. Unfortunately, the rewards are sometimes a rarity. After all, this search of possibilities alters the chemistry of the workplace. The worker has proved, in the old routine work, his own worth through his hard work, self-discipline and the value of delayed gratification. In today's flexible team work, it becomes more difficult to work hard for a corporation predisposed to moving, merging and downsizing. The worker's motivation drops sharply encouraging a new attitude towards work.

The old ethic of hard work, delayed gratification, saving rather than spending and neglect of pleasure has been replaced by immediate gratification, spending and a predisposition for pleasure through

consumption and leisure. The old Weberian ethic sustaining that the worker's moral worth was achieved through hard work, his willingness to save rather than to spend as an act of self-discipline and self-denial, is no longer in the workplace. The modern forms of teamwork are different from the old Weberian work ethic. Time is flexible, oriented towards short-term tasks, immediate performance and gratification, rather than the old attitude of waiting and withholding from pleasure. The worker is interested in jobs, especially, well paid jobs to satisfy his needs outside his workplace as a consumer. Consumption then becomes an important aspect of today's society and a substantial slice of today's workplace.

Consumption is a major characteristic of the service industry where thousands of workers make a livelihood. It is a solid part of productivity and of the economy. We should dedicate more attention to this phenomenon as a major characteristic of today's working class as "the leisure class".

The increased affluence and mobility of today working families, along with the increased amount of leisure time available to them, create serious problem of overcrowding in recreational public areas. The combination of affluence and leisure has encouraged the need of a second car, a second home or a vacation retreat in the mountains, at the lake or at the seashore. As leisure time increases, environmentalists are ringing the alarm that the superabundance of recreational activities is polluting the air, clogging the highways, littering the wildness and destroying the serenity if not the ecology (Deans). The natural scenery tends to disappear under the weight of a second home's development. On the other hand, we can say that an increased time for leisure would lead to a revival in arts and crafts. We must then learn how to master our free time otherwise the problem of the leisure class may be similar to those found in today's retirement communities, where residents complain of boredom, lack of purpose and a feeling of uselessness. Retirement communities can be seen as the prototype of the leisure class. People are bored although they are surrounded by an availability of many activities and amusements to fill the hours. On the other hand, we have to recognize that leisure is consumable and consumption is productive because it has stimulated demand for travel

agents, bus drivers, waiters, barmaids, etc. We can't deny the "embourgeoisement" of today's working class; unions are then forced to develop new strategies to mobilize workers of the 'leisure class' to prevent a further erosion of membership. The unions have to find new ways to contrast such decline. It was easier to increase membership in the old workplace based on standardized jobs and social identity, what Marx called "collective conscience". Today such identity becomes difficult, always less homogeneous, always more fragmented and weakened by the new atypical works and professions (Minguzzi).

Conclusion

I have tried, in a synthetic way, to emphasize how the work and its ethic are changing. Today, more than before, there is a need to invent new ways to cohabitate with these changes. Unfortunately, very often, corporations are not well predisposed to social responsibility. They are at the center of globalization and they are accused of good and bad things. We should find a better way to minimize the bad things and increase the good ones; such a task is not an easy one. Many scholars have dedicated attention to corporate social responsibility (La Rosa and Radi) and many managers sustain that the corporation's only responsibility is towards stock holders, although they recognize that it should go beyond this attitude. The social responsibility should be, at the same time, moral and economic. According to De Rita, the drama of our modern world can be attributed to a lack of elaborating collective decisions ethically participated. A collective decision is ethically very difficult to be achieved. We may be able to perceive a clear participation of collective interests but rarely, we do succeed to decide in collective way. Collective interest requires some collective behaviors that unfortunately, we are unable to create. We should not forget that the economy can be enriched, giving major attention to the ethic and the study of ethic can benefit from a strict contact with the economy. The ethic needs the economy and conversely the economy can't neglect the ethic. Indeed, the human behavior, as a pin of the economic system, depends on ethic

values tied to a group or a community, which are at the same time, local, universal and different (Radi).

Today, technology with its proliferations of new works and professions has allowed the new worker to work from home. He is able to control the location of labor but he does not gain greater control over the labor process itself. He has exchanged one form of submission to power, face to face, for an electronic one. This new freedom is deceptive and it does not free the worker from restraint (Sennett). He is then forced to look for a new freedom, outside the workplace, in his leisure time. Today's worker, part of networks and team works, has no sense of real commitment and his ties to others are weak. He shares a temporary common motivation with members of the team but his cooperativeness is superficial. He has no sense of collective conscience and no strong union solidarity. It becomes extremely difficult for the unions to attract this type of a worker. They are forced to reinvent a strategy able to rekindle, not so much class consciousness, but at least individual solidarity. Unions are having a hard time to increase worker's membership although they have already tried to create new unions "ad hoc" for a variety of new atypical works and professions. Today's workplace is very flexible. The worker is adapting himself to this new situation and he is not really interested in working in the same place until retirement. He has incorporated a new attitude, a flexible one in moving and searching for greater, better paid opportunities which will allow him a new freedom to express in his leisure time through consumptions.

We know that an ideal corporation does not exist, but we do know that an efficient one is possible, one that is able to elaborate and translate, in practice, strategies of success in various changing complexes. One that should build satisfying working conditions and opportunities for motivated people to succeed within the corporation rather than look for success in other places (Salvetti); such a corporation will undoubtedly stimulate the individual towards a new ethic. It seems that flexibility and autonomy are a dynamic part of today's workplace and unions should not neglect these important novelties.

It has been emphasized that the principle of individuality is very important in today's workplace. Such a principle should be put side by side to the traditional unions' system of protection by formulating a new statute of working people rights rather than an added statute for the new atypical works. Such a statute should emphasize individual contracts and be able to protect minimum rights for all (Minguzzi). It is no longer sufficient to expand the old classic union but we need a deep reform (Altieri-Carrieri).

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The strength of the young and the wisdom of the old: a cliché or a new prospect for companies?

Silvia Battisti

1. The new elderly and the old young

By now we have abandoned the definition of “seniority”, “third age”, “old age” and “pensionable age” in accordance with the criteria of registered age, efficiency, state of health, physical integrity, and psycho-physiological functions. But still we have not created a new definition for this status. That which we call “old age”, in terms of registered age, has been forcefully pushed forwards over the years. If until today, by general consensus we referred to old people as those of over 60 years of age, today, the needle has moved forwards by about ten years and maybe even more - to the threshold of 75 years and more. This current condition of the elderly is dictated also to be an enormous change in terms of lifestyle; almost everyone has a driver’s licence, computer and a mobile phone. They have technological knowledge that also comes from years of TV, wellbeing and stable consumption. They have hobbies, they are curious, they study, move around and explore the territory. If we think that just 20 years ago, our 45-year old fathers were already almost at the end of their working life with an established family, an economic position that was at the very apex of his position... Today, it is no longer like that. Today we feel a real disconnection from the registered age of the “elderly person” as we have been brought up to understand it and the relative perceived and self-perceived image in a social sense, in relationship with institutions, in the economic world, in relationships, in their interests, ambitions, choices, as well as in the aesthetic and personal image sense.

In such a context a multidisciplinary approach becomes necessary, both in the “reading” phase of the phenomenon as well as in that relating to the possible interventions in the work sphere, acting in a clear and comprehensive way and with the correct delicateness on the person and his ageing - a process that by now is strictly personal. Regarding such new scenarios, Seitzamo (2007 - in Colasanto and Marcaletti 2007) notes that “in the sphere of social sciences, the said active ageing process evokes a

contradiction between the subjective sense of internal youth felt by the majority of individuals and the inevitable – however contrasted – exterior process of biological ageing. For these reasons also, we confirm with an increasing insistence that the registered age constitutes a factor that alone is unable to determine ageing nor is it able to explain it”. Taking these considerations as a starting point, it is evident how difficult it is to define the elderly today. “Elderly worker”, “mature worker”, “senior worker”, or even the more figurative “grey workers”; these are but a few of the terms that we can find, both in various documents produced on the Community level, as well as in scientific or international texts on the theme of active ageing - in advertising, cinema, newspapers and in magazines. They are terms that refer to definitions based on age and are often interchangeable. We find the equivalent in other languages as well; in English “older workers”, in French “vailleurs agés”, or even “mature workers” or “ageing workers” and many others that we find used indifferently that are becoming increasingly insufficient in describing this new sector of people.

But how can we define with just one word a configuration of life that is taking such complex and articulated forms, characterised by a long weaning, by a youth of preparation that is much longer than in the past, by a lengthening of the adult life that eventually leads to, without too many changes, the real old age that is also potentially active?

Today we are trying to find new terms - “new elderly”¹²², over 40s or 45s or 50s or even more and then “first generation” or “generation 50” or even “aged” and still unable to find the most fitting term without resorting to generalisations. Autonomy, vitality and more presence at work; the company of today has to/should have to aim at growth in these very aspects - the individual, his behaviour, his experience, his know-how and the sharing of different knowledge in a logic of integration that preserves and safeguards experience, as a unique “cure” for the company to remain “young”. The deciding factors of a company’s success, its affirmation on the market will be, without a doubt, the variables connected to people, or rather immaterial levers such as talent, ability, motivation, self-esteem,

¹²² Another term that is used today to define the young 40s that are already retired is “young-older people”.

relationships between the persons and the groups. Terms such as cooperation, integration, sharing and trust, these will be the true keywords.

2. People in the first place

Here is another cliché that is increasingly becoming a reality and a necessity which companies are slowly realising, even if still with some difficulty. In fact, in some companies it seems that more the mature aged population grows, the less the organisational procedures seem to realise this, creating a sort of connivance with the interested parties in which the level of required performance is lowered in exchange of low conflicts (Rebora, Lacci, Soro, Trabucchi 2005). In this way, the period that should be considered as full biological, cultural and intellectual maturity is prematurely eliminated by the companies that are always searching for very young talents that lack, completely or nearly, any experience in the sector and paradoxically this happens often in the very moment in which this is most necessary. In many companies it is still like this, but in many others we are witnessing a return of the values of experience through the analysis and respect of the fundamental rules of management based on experience rather than management innovation.

One example is the recent boom of *coaching*, also in South Europe, which is a new training procedure that strengthens the use of a trainer for managers in growth, independent of their age. So now we are slowly starting to realise that “de-ageing” a company does not just mean the issuing of new young resources, but rather favouring the dynamic of the existing resources where the sharing of information and the exchange of knowledge is beyond ages, together with the differences between gender, social origin, culture, etc. In this way diversity and pluralism become the true wealth, the true cognitive resource, but also the true stimulation to search for alternatives to avoid becoming fossilised in univocal choices such as the following type of questions - should we favour the potential of the young or the experience of the old? The concept is another - from an either/or point of view we should pass to a both/as well as one, ensuring

that the combining of different backgrounds, experiences and skills becomes the sensational and innovative element. Memory is a precious resource; it becomes useful, efficient and practical when it is put to work in the present. It is not a static and historical archive; it has a dynamic function and it operates in the “here and now” as a tool for knowledgeable connection to past experience. It does not present automatism unless in situations of great psychological unease. It is the present that gives the past shape, organising, rebuilding and interpreting its legacies. Overlooking all of this in favour of a continual push to change, to forced adaptation to new situations, can mean, not realising that any change deprived of the attempt to think it, plan it and enrich it with elements of experience falls into dust, leaving Man alone with the experience of nothing.

The use of tools and services that reduce space, quicken time, favour the product and the reaching of objectives in increasingly short times in reality, deprives Man of the space to ask questions, have doubts, explore, cancelling the rules about how things were done until the other day. This brings with it the risk of seeing Man deprived of every anticipatory possibility and therefore of the responsibility and control that derives from the ability to explore, create, imagine and predict tomorrow; the true vital energy for a company.

3. Giving worth to experience in organisations - the Age Management project and other best practices in Italy and the world

If we ask an “over-45” if he wants to learn how to draw, he will probably say that though he would like to, he is past the learning age. Another of today’s clichés is that the older we are, the more we lose our mental faculties. This is false and unproductively limiting.

The main theories about learning - despite their different assumptions¹²³ - agree that age is the last factor that can create problems in learning. J.

¹²³ Operating in the training field - basic training, professional or continual training - the main theories of learning and their application to teaching and training, both

Piaget (1967) hypothesised that “psychic development proceeds step-by-step with the organism’s development, from the moment of birth to the end of the mature age in a process that tends to place the individual, both from a biological point of view as well as from a mental one, in a stable balance with the environment that surrounds him - though a more or less rapid physical decline does not correspond with an equally rapid mental decline”. It is certainly necessary to overcome ancient cultural obstacles both in those companies that still invest little in training their older resources as well as in the individual who tends to convince himself that, by now, it is impossible for him to learn new things. We also shouldn’t underestimate the other two barriers that in many cases make full use of the mature resource more difficult, the technological innovation and foreign language learning. Without these two universal skills, professional development and qualified reappointments in the case of inter-company movement are increasingly difficult.

In brief, the phenomenon of the population’s ageing is destined to be a challenge for organisations for the next few decades and will require action on work policies, welfare¹²⁴ and work market levels. The EU member countries, and more generally almost all developed countries will have to confront a fundamental challenge that will impose an articulated strategy that, on one hand, encourages older people to continue to commit themselves in the work sphere and social life, and on the other, guarantees the perfect conditions for this to happen. Therefore it is about having to substantially intervene on two levels; macro and micro, policies on one side and those actions involving companies and employers on the other in directions of increased sensitivity to this phenomenon as well as towards a

onsite and long-distance, must be kept in consideration. The theories of different approaches mentioned are behaviour, cognitive psychology, constructivism – for further information, we invite you to consult the literature stated below.

¹²⁴ Welfare is a word that is by now a part of today’s language indicating the unit of public interventions of a social nature. It is the set of policies aimed at the support and well being of the citizens and should guarantee fundamental rights - health, education and work. In the ambit of the right to work, the main involvement is income support for those working in companies hit by the crisis (social security cushions) or in growth and still insufficient, and interventions aimed at combating unemployment.

major opening to the exploration and experimentation of new training tools that favour people's integration in the company, boosting the individual resources.

A recent initiative working in this sense is the Equal project¹²⁵ financed by the European Social Fund which is one of the most important in the theme of active aging. Its objective is the promotion of new tools to combat all forms of discrimination and inequality in the work market through transnational collaboration. Such an initiative represents a laboratory of new ideas for the European Employment Strategy¹²⁶ and for the process of social inclusion. Among the solutions proposed in a European ambit, particular emphasis is given to training as a means for motivating older workers, supplying them with new notions (*life long learning*) and a tool for transmitting the corporate culture to the youngest (*trans-generational learning*), as well as helping the small and medium companies to generate human resource management practices that confront the themes of age in their work force that favour the sharing of tacit knowledge between young and old. Such solutions are considered the most efficient also by employers. In this macro frame, an ambit that today is studying and identifying tools for the management of the age factor in public and private

¹²⁵ The Equal Project has identified 4 thematic sectors: adaptability, entrepreneurship, employability and equal opportunities. A high percentage of the projects presented by the various member states for the adaptability axis, has identified older workers as a priority target group in the struggle against discrimination in the work market. In particular, the adaptability axis consists of two areas/objectives - promoting permanent professional training and integrative procedures, encouraging the employment and job maintenance of those that suffer discrimination and inequality of treatment in the work market; favouring the companies' and workers' ability to adapt to economic and structural changes, as well as the use of information technology and other new technologies (European Commission 2005, www.ec.europa.eu).

¹²⁶ Following the insertion of the new "Employment" chapter in the EU treaty in 1997, the heads of State and of Government set up the European Employment Strategy (SEO) during the European summit on employment in Luxemburg, in order to coordinate national policies in the matter of employment. The SEO constitutes a frame of multilateral surveillance that urges the Member States to put some more effective policies in this sector into effect. This acts particularly on the ability of professional insertion, entrepreneurship, the ability to adapt and equal opportunities in the European work market.

Italian organisations which is the Equal “Age Management” project¹²⁷ promoted by the Veneto region. This is characterised by the strong innovative value on a national level, for coherence with the European objectives and for the out-and-out will of the same Region to actively manage, with proposals, the phenomenon of the age factor management, an expression that unites an obligation and a need. It is a basic strategy that, acting in the various dimensions of individual and environmental work, favours the conservation and the (re)integration of the so-called mature force, impeding or slowing the anticipated expulsion mechanisms.

Equal have put forward many proposals, some have been short-term pilot projects but ones that have opened the door to a new way of seeing the “older worker” and they are to be considered as stimuli for future interventions rather than conclusive facts.

In Italy, a series of Over-40 branches have been activated in Lazio¹²⁸ and in Lombardy. In Lazio, two Associations have opened with the aim of encouraging institutions to do more for older workers and in Lombardy, a Self-Entrepreneurs project¹²⁹ aimed especially at the “aged” that are

¹²⁷ The Community’s Equal initiative, born in the ambit of the European Employment Strategy and co-financed by the European Social Fund for the period 2000-2006, promotes the experimentation of innovative approaches and policies to contrast the phenomenon of discrimination and inequality in the work market. For Italy, the Management Authority that is responsible for the Initiative is the Ministry of Work and Social Security – DG for the Policies of Orientation and Training. Some management activities have been delegated to the Autonomous Regions and Provinces (Intermediary Bodies). The Initiative finances geographical Development Partnerships (PS), which are managed by the Autonomous Regions/Provinces and sector ones are managed by the Ministry of Work and Social Security.

¹²⁸ The two associations are Atdal Associazione in the protection of rights of over-40 work and workers. The ALL’s (Lazio Work Agency) “Outplacement” office now also manages a database with the names of the unemployed ejected from the companies, facilitating the meeting between demand and offer of work called the XVII Municipal Branch (www.lavoro-over-40.it).

¹²⁹ Self-entrepreneurship is at the ChiamaMilano structure, right in the city centre. It is an initiative of the Lavoro Over-40 association (www.lavoro-over40.it) that

looking for new directions. In line with these actions in Emilia Romagna, branches have been activated for “women over 45” promoting interventions of support to the maintenance of their professional skills/experience. The project aims at creating and promoting new support services for workers over 45 years of age with - *Laboratories* of sensitisation and involvement of the *social parts, focus groups* with experts in research/development/corporate innovation to identify the strategic skills on which to orientate the regional training offer, *skills analysis* tools of the senior workers and *training and orientation consultancy* of support for the construction of an individual project of skills development and updating *seminars* for workers operating in automation and *specialist* skills sectors.

The Over-45 branches have also been activated in Veneto, Equal’s pilot region, to experiment a new way of giving information to and listening to the needs of the Over-45s. Active in many provinces of the Veneto, they are information, orientation, support and consultancy counters that are also available online structured in various areas of interest; on one hand the workers and on the other the companies. The experience which ended in 2005 allowed analysis of an entire series of aspects that will be studied to “adjust the aim” of re-accomplishment in the near future (publication “*Age management*” – EQUAL Community Initiative in the Veneto Region 2006).

The innovative and winning element is in the very “sartorial” approach; modelled and negotiated directly with the protagonist companies of these experiments, passing from a moment of “communal planning” (in which the modus operandi of general structure and the aspects of micro-planning have been decided), passing through a phase in which two “inter-company workshops” have been activated (reserved for the protagonist companies of this experiment in order to ease their communication) and a “monitoring” phase in a benchmarking viewpoint. Another interesting initiative in the Veneto was to facilitate a transferral of experience between generations. In different companies, work and knowledge-exchange groups were formed using different tools to avoid ineffective standardisations of the methods to

integrates the support course, divided into - Welcome Counter, Self-Support Courses, Skills Evaluation and Self-Entrepreneurship Laboratory.

the advantage of “made-to-measure” interventions while listening fully to the “older” people. The consultants were “facilitators” or “coaches” to make the group play as large a role as possible in the project itself. In all of this, the approach used was that of “*Action Learning*” - an active method of maximum involvement and responsibility. This is a winning result as, to activate courses of effective learning, it is important to actively engage the role players making them feel relaxed in a familiar place in which it is possible to freely express themselves and contribute towards defining what they really need.

In Europe, it is useful to present the practical case of two companies advanced in innovation and management style, who with the Equal project were able to improve and strengthen their choices regarding a course of change in their organisation structure.

This is the case in Germany, of the German Deutsche Bank Group that has for a while carried out staff policies that are effectively aimed at keeping their more mature professionals at work. Such actions come into the widest strategy carried out by the DB Group in *Diversity Management*, to be intended as “management of the diversity” present in the company and therefore as a corporate management strategy of human resources aimed at giving value to the diversity between colleagues –cultural, linguistic, professional and also age diversities that can be found in the company.¹³⁰

The other case is that of one of Austria’s major industrial agencies in the steel sector, the Voestalpine AG with around 25,000 employees which in December 2001 developed a corporate programme called “LIFE” that consists of a reorganisation of the human resources management system supported by the management and the workers focussing on the older

¹³⁰ The DB Group was able to show how such a management model is effectively able to grow potential internal know-how, giving worth to and motivating even the oldest sector of workers. For the Group, in fact, the concept of Diversity Management applied to age implies the full integration of older workers in the various initiatives engaged by the company, such as, for example, the sharing of experience through the forming of intergenerational teams, periods of tandem know-how (collaboration between old/young workers) and mobility between offices and divisions of the company to favour the exchange and learning of experiences. In substance, the same concept of “diversity” becomes an element of competition for the company (Age management 2006).

workers, from ergonomic-type changes to their fullest involvement in staff policies¹³¹.

In conclusion, by now we are certain that the abilities, skills and productivity of older workers are not compromised by age, but rather by obsolete skills and qualifications, the improvement of which is possible thanks to training and “made-to-measure” interventions and methods. Coaching, mentoring, tutoring and constant support now possible with long-distance communication and training will be the true innovative tools for this type of people exactly, because they are based on the individual relationship – one of trust and partnership. They create responsibility, autonomy of management with maximum freedom of choice of objectives and times; used both to improve and mobilise resources, ability and motivation as well as to check one’s own state of wellbeing and the balance between oneself and the environment. Mentoring in particular, emphasises especially in a working context, both the informal aspect of the relationship between learning and change as well as the control over performance and the aspect of consultancy. Helping the person therefore, not only on the level of behaviour and abilities, but also guiding him to evolve and strengthen his values and convictions, is to give a more general and evolving sense back to his profession.

Perhaps we have arrived at understanding the “normality” of the older person and how it is possible to finally favour the possibilities of learning and training in all ages of the working life just as the need to live different

¹³¹ The main actions of said Programme are centred on the transferral of know-how between human resources and on continual professional training in the company with initiatives aimed at all workers including the older ones who are often excluded from actions of this type. Some measures provided for by the Programme were specifically aimed at older workers, regarding the following aspects: flexibly managed and personalised pension plans; health/fitness- medical check-ups for older workers and offices studied according to ergonomic designs; know-how tandems; the involvement of older workers in the management of staff policies with corporate interviews to better understand their age-connected needs at work and flexible management of working hours – part-time (Age Management 2006).

working experiences that enrich and stimulate people to explore different opportunities and objectives. In the past, a frequent catchphrase was “make way for the young”; today, to be more significant, this saying could be changed to “make way for the young....at heart”.

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Corporate ethics and social responsibility: a challenge for capitalism?

Anne Salmon

The formalization of ethical needs or of work conduct rules in business literature is not *per se* a new phenomenon. Already in the 19th century, factory owners tried to arrogate a moral duty over their workers, through the publication of workshop regulations. In a far more abstract way and in many different aspects, the ethical statements published by multinationals in the last twenty years have introduced a new debate.

The workshop regulations of the late 19th century and the ethical statements neither sanction nor give value to the behaviour in question. Furthermore, they are not expressly addressed to the personnel, but each in its own way defines a certain kind of moral obligation. Of all the modifications to note, we can already highlight one. The expression of the company as a place of tension and conflict in the 19th century gives way, through current day ethical statements, to a new version of the company as a place where the individual fully expresses himself in the workplace, where everything happens as if it were a consensual space that is a bearer of meaning.

The aim of this contribution is to propose a number of reflections and hypotheses regarding these transformations. This is why we are starting from the situations closest to us, contextualizing the ethical approaches of companies in a broader ensemble of initiatives that are testimony to structured policies. So doing, we may later note some characteristic traits of the transformations related to the relationship between ethics and capitalism. We will analyse three historical moments: the Protestant Ethic of the divine order in the first phase of economic rationalization; the progressive ethic and the evolutionary order during the rationalization phase of collective work; finally, the company ethic particularly dealt with from the perspective of a comparison between workshop regulations and current day ethical statements.

1. Company “ethics”

Ethics, social responsibility and sustainable development are terms that are found in various documents produced by companies today. The distinction between these different concepts is nevertheless not diminished and can translate into the flowcharts and the constitution of clearly identified departments, which are significant of the theme’s centrality in relation to others and with strategic inflections. Some companies put the accent on sustainable development and from this perspective, they deal with all the themes related to social responsibility, professional deontology or company ethics.

For others, ethics is an omni-comprehensive term and social responsibility or sustainable development are considered possible declensions of the

ethical statement of a company. In any case, there are more or less explicit links between the moralization of life in companies and the moralization of a company's acts in regards to its own environment.

1.1 “*Social responsibility*” and “*company ethics*”

The nineties showed a clear orientation for the policies of some large international companies. Especially through the notion of social responsibility, these companies increasingly and systematically placed their participation closer to the common good, beyond the creation of the material goods. Here, for example, is a recent definition of social responsibility proposed by a French group in the finance sector: "Creators of great wealth and strong resource consumers, companies are called to use all their energy to fully contribute to sustainable development alongside public institutions. Their contribution translates into a commitment to take into consideration the economic, social and environmental impact of their activities, in order to made them compatible with the aims of sustainable development. This is what is defined as social responsibility of a company” (*Introduction to company social responsibility*, June 2002).

For some years now, public powers, international institutions (UN, ILO, OECD, etc), but also trade unions have quite seriously started to consider this new dimension of the company, which in fact concerns all those now considered by the big groups as “interested parties”. Internally, it is particularly a matter of the workers and externally, it is a matter of clients, suppliers and shareholders, but also local associations or NGOs.

The social responsibility theme is not isolated, but is integrated in policies that are often structured around numerous main axes. "Company ethics", which is spreading through ethical statements, value codes and deontology recalls the social responsibility theme often associated to sustainable development. This diversity must not hide a comprehensive orientation, which consists in affirming that companies no longer have the exclusive vocation to produce wealth, leaving the issue of the social harmony in the hands of the public institutions. They are also the bearers of a project that puts them in the inescapable position of economic and social regulation (Giroux, 2001) (externally) and of social relations regulation (internally). From this point of view, social responsibility and the "internal ethic" belong to a mutual consolidation attempt at legitimizing the direct and voluntary participation of companies for the common good and general interest, with the general agreement of the public institutions.

1.2 The tools and structures

Such policies are at the origin of more or less complicated links in the areas of social inclusion, aid for underprivileged districts and support for disaster struck populations. To these policies, we add support initiatives for worldwide child protection (action against child labour or improving schooling access) saving the environment and also socially responsible investments and so on. Such approaches are organized within a setting of new structures (services, management and committees) specialized in these issues.

Therefore, recalling the example of the group in the services sector whose ethical statement we mentioned before, the policy being followed for many years does not only concern the internal or external communication service. In this case, the company created a "Committee for ethics, the environment and sustainable development" within the board of administration, while each company in the group has to create similar committees composed of managers or administrators. Several deontologists are in charge of consolidating this tool and guaranteeing its monitoring in the various companies.

This group, like a great many companies interested in such aspects, focuses on adhesion and commitment to the initiatives of various international organizations:

- support for the UN's Global Compact under Kofi Annan's guidance
- implementation of internal procedures considering the OECD convention on the “Fight against the corruption of foreign public agents in commercial and international transactions”
- application of the main OECD directives addressed to multinational companies
- respect for the three-way declaration on multinational principles and the policy written by the International Labour Organization.

In addition, numerous documents wish to fix and formalize the ethical principles that must direct practices within the group and before the society:

- value statements
- group ethics statements
- environmental statements
- Social international statements
- organization and conduct rules of the group's companies

To these ,we can add the professional deontology declarations belonging to each profession, as well as company codes of conduct.

As can be seen from this example, it is difficult to separate the outward-gearred initiatives from the mobilization of workers on ethical principles and values. Company social responsibility far from holds a formal relationship with the internal codes and the ethical values proposed to employees. One can be presented as the extension of the other.

Below we read from the report of a pharmaceutical group:

“We will only be able to find a balance between commercial interests, social considerations and environmental matters in a global context, if all the people working in the company personally commit themselves to it. Our workers have the keys to success. For this reason, I wish to thank them for their efficiency, their sense of responsibility and their commitment to

these shared values, which are the basis of our health, security and environment results” (Innovation and responsibility, 2000 Report on Health, Security and Environment: sustainable development and the UN world contract - drawn up by a pharmaceutical group).

1.3 The challenges

The involvement of employees and the renewal of loyalty in the workplace are part of the explicit challenges of this essay. The flood of dismissals and new, distinctive managerial techniques have actually had consequences on the individual or collective involvement of the workers. New managerial orientations: psychic mobilization of excellent management (body and soul commitment), participatory movements (commitment to new groups focused on company objectives), introduction of market logic within the organizations themselves (everybody must consider themselves small profit centres) and individualization (competition, valorization of accounting results) have joined the subsequent waves of dismissals, work deregulation and the result redistribution of a growth that is visibly removed from the power of citizens, to the sole advantage of the share holders. This tendency, which constantly demands more work and commitment, even if these efforts are not a vector for social progress, put the workers in an endlessly changing perspective that has had the effect of increasing suffering in the workplace, isolation and perhaps ethical anxiety.

Therefore the eighties, marked by certain forms of infatuation for business values, was followed by a disillusionment phase, which management finally took into consideration. The formulation of an ethic was one of

management's answers to the disaffection problem also feared amongst clerks. Meaning, rules and references were assigned to increasingly formalized documents, which put companies in the position of privileged emergency ground for a kind of ethics that was assumed to have a regulation value for employees, and not only.

This multinational policy direction was, all things considered, an answer to the loss of confidence associated to the financial scandals, which ruined company reputations. It was also an answer to the strong pressure of social movements, which are often integrated to the criticism of the effects of economic globalization on the society. Nevertheless, this movement unquestionably seems more "offensive" than it was conceived, which perhaps explains its now massive diffusion.

The economic ethic that seems to be delineating itself on the basis of business initiatives might try to establish itself as a new normative framework of the globalized economy.

This movement in fact generates serious issues. Is the direct and voluntary participation of companies in general interest and in common agreement with public organisms legitimate? Can a company produce or recreate an economic ethic that is not purely instrumental or adaptive? Can a form of ethics produced by companies really involve the workers?

2. Ethics and Capitalism

The fact that capitalism has entrusted itself to moral legitimization is not in itself a new phenomenon. In the past, the Protestant and progressive ethic

in fact ended up functioning as legitimizing elements and as support for capitalist rationalization, as well as a mobilization of workers, which benefited its development.

Alongside the company and business ethic movement, we seem to be witnessing a new phenomenon, which would lead us to think of an economization of ethics. Ideal motives are no longer drawn from religious or cultural spheres. Their production seems to occur in the economic sphere, particularly in companies, which constitute the main vector of its spread.

The historical perspective, which will now analyse, has the aim of detecting and clarifying some features of the current phenomenon, in relation to other forms of ethics valorization on behalf of capitalism

2.1. The Protestant Ethic and the divine order

According to Max Weber (1993 [1905]), the development of the capitalistic system demands not only particular forms of organization, but also behavioural models apt for the increasing rationalization of the economy (based on calculation and predictability). The adventuring spirit, which rejects every kind of ethical limitation, is too anchored to tradition. So long as it remains dominant, it determines a pre-capitalistic period where “the rational use of capital in a permanent company and the rational capitalistic organization of labour” do not yet structure the ensemble of economic activity. Here, not only is the pursuit of gain far from finding itself in a religious or cultural norm framework, but in a sense, it escapes this, as it opposes the most widespread moral feelings: "Of all the merchants - we

read in the 12th century code of canon law - the most damned is the usurer, as he/she sells that which is given by God" (Le Goff, 1986, p. 30).

According to Weber, the Protestant Ethic provided an "idea setting", which contributed to justifying the devotion to the "money earning vocation" and to work, and to establishing them as regular and rational activities, all the while stressing calculation and prediction. However, he underlines the "non intentional" feature of the consequences derived at the hands of the reformers. For him, the historical efficacy of ideal motives is due to the fact that they are on a completely different dimension to economics. They point towards another goal: the salvation of the soul. It is because the "ethical purposes" and the practical manifestations of reformers' doctrines were originally purely religious, that their encounter with capitalism had this very particular efficacy. Therefore, it is not at all possible to conceive the Protestant Ethic as a mere tool produced to sustain capitalism.

As Weber shows us of Calvinism, an ethical system is not only a simple inventory of values and precepts, but also a psychic mobilization that delineates a particular form of adhesion. It is this set of values, together with its relation to values, that constitutes a complete ethical system. The efficacy of the Protestant Ethic does not solely derive from the ideals proposed by reason, but also from the predestination doctrine and from the anxiety about the uncertainty of salvation that it provokes in the believer.

The efficacy of this moral originates from a strengthening irrational anxiety regarding divine decrees, which are eternally beyond human understanding. The confirmation of salvation is therefore a perpetual pursuit for the believer, who can find his own election in his ability to work for the glory of God in this world.

This kind of anguish partly determines a respect for values and permanently impedes not respecting them. Inexorable effort and its result (personal, social or economic success) can become the sign for election and the confirmation of 'Salvation'.

In this kind of asceticism, not only is "always working harder" appreciated by God and does it become a moral duty, but such behaviour is "performed by God" and must be rational. The economic actor, guided by an ascetic ethic is considered, in his action, as a tool of God and this is so each time that he/she performs his/her duty. Economic activity found an actual, real foundation that it did not have in the past. It was previously reduced to the futility of necessary and ephemeral things, with no relation to greatness or human liberty.

Supported by Puritan asceticism, Weber reminds us, the spirit of capitalism, which shapes the world according to its own image, took flight and was freed from specific references to the protestant religion. From the 18th century onwards, religion as tool to support motivations suffered such erosion that capitalists soon avoided any reference to it.

This weakening, which was partly linked to the focus on the progressive exploitation of ethics, was reinforced by the sweeping emancipation movement of the Enlightenment away from religious dogmas. This should not however hide the tensions which arose between this system of justification founded on the religious order and the new economic order, which had been defining itself since the apparition of trades, and even more so, of factories in the 19th century. The religious ethic, in the extent to which it became the vector through which material life (work, accumulation) and the affirmation of self (before God and all people) were

linked, could in fact openly oppose itself to the new separation established by industry, given that in the latter, work lost "all appearance of an implementation of itself" (Marx, 1970 [1867], p. 1120).

2.2 The progressive ethic and the evolutionary order

In the 13th century, the triumph of reason was that of science over tradition and the pre-established order. Man can and must imagine what he might become, if, when left to himself, reason were his only guide. Happiness on earth is the aim, this time intra-worldly, that man has the right to aspire to. Rousseau and also the encyclopaedists had the tendency to rationalize social phenomena, that is to say the correlation of human and social purposes that science and politics could teach without any reference to God.

As Jürgen Habermas highlighted, "the evolutionary theories of the 19th century, which culminated in Spencer, function as a decisive revision in relation to the way in which the philosophy of history [particularly Enlightenment history] conceived the rationalization theme. They interpreted the progress of civilization as a development of organic systems in Darwinist terms. It is no longer the theoretical progress of science [such as for example in Condorcet], but the natural evolution of the species that provides the paradigm for interpreting the cumulative transformations" (Habermas, 1983, p. 167).

Automatic and linear progress establishes then a succession in time, like a continuous chain with a goal, where every phase is necessarily linked to the following one. The optimistic version of history, which is oriented towards

attainable human and social ends in the world, has the following counterpart: a pushing away of an end to the struggle, pushed further and further away, and a form of deprivation of humanity in relation to its own future.

The cult of progress, which supports a new asceticism, places each generation in a position of sacrifice for future generations and in debt to past generations. In this way, the incapacity of building one's own present happiness is justified. On this basis, it establishes a work ethic that favours an exit from the individualist area obsessed with the religious ethic and justifies work with its collective and social values, in agreement with the new forms of cooperation implemented in large industries.

The cult of progress and the ethic that accompanied it were generalized in the 19th century, or rather, when labour was undergoing a formidable metamorphosis. In fact, it no longer occurred in the production area, of large industries, as the result of the activity of isolated workers who were competing with each other. In the "automatic factories" the motor beat out the work pace of a constantly increasing number of workers, contrary to trades where the basis still remained traditional. It was "socially organized labour on a large scale" (Marx, 1970 [1867], p. 995), which was fundamentally heteronomous and guided from the outside, from the moment that the motor, which was the central working force of automatic machines, got collective workers moving.

In the end, it was by abandoning the desire for fulfilling all of humanity in oneself that one contributed to the fulfilment of humanity. It was by sacrificing one's own perfectibility that humanity was perfected. So it was at this price that everyone participated in the progress of humanity, a slow

march towards a better world, an abstract horizon of social evolution. Being useful then did not mean fulfilling oneself like a work of art, but rather by abandoning the desire of being at the origin of the production and remaining humble, docile and obedient, participating in the only great thing possible for the individual: achieving a collective work. This abandonment of the self became moral and systematically reminds us of the workshop rules of the 19th century factories. This ethic, which according to Michel Foucault (1976) derived from "detailed utilitarian rationalization" and from "moral accounting", contributed to redefining the way in which each person participated in collective work.

Here efficiency was based on methods that are at least apparently more rational. The growth in work productivity according to the model imposed by industrial society was the necessary condition for a happier human existence. This collective happiness was constantly postponed and it demanded and justified daily individual sacrifices and the acceptance of a rationality which exists outside of the self, in the organization of things in the rhythm of machines. But even in this case, while the progressive ethic helped the development of capitalism, it only did so because it found part of its origin outside the economic sphere.

2.3 From transcendent ethics to the company "ethic"

The capitalistic system drew "ideal motivations" from these ethical systems (the Protestant Ethic and the progressive ethic). In other words, the motivations for actions which, articulated according to an order of things (first providential, then evolutionist), acquired an authority and sufficient

strength to justify what each expects. The strength of capitalism anchored its legitimacy to the capacity to demonstrate being at the service of a superior reason (God, humanity), which in appearance consolidated it. "Work pleases God" and developing productive forces ensures the emancipation of man from natural forces. These ethical systems, however, could limit the development of economic rationality by their transcendence and provide its main detractors with weapons to channel or fight it, should it have gone beyond the area of reasons that it professed being subject to.

On their part, critics have updated their tendency to exploit religious and cultural spheres on behalf of capitalism and the related corrosive effects on these value systems. In actual fact, when human goals visibly become the means towards achieving other goals, they end up by undergoing erosion. Erosion phenomena and also tensions are susceptible to reciprocal reinforcement, to the point where capitalism, far from trying to revive these sense systems, might be tempted to attract new ones with the aim of stimulating the voluntary participation of economic actors.

Is capitalism able, however, to produce an ethic and to spread it as if it were a publicity campaign? This one of the questions asked today by the varied *bricolage* of multiple, religious, cultural and philosophical references, which are at the service of a project for worker mobilization or for "putting into practice human aspirations" that is happening in companies.

The values of honesty, integrity, responsibility, care for one's work, autonomy and solidarity are systematically spread within companies through newspapers, statements, codes and training. Ethical committees are being created, professional deontologists are being recruited, consultants are specializing themselves, schools are opening ethics departments and

offering courses for their students and scientific works are being published. This all seems to guarantee longevity to the movement, a longevity that was difficult to foresee due to the aura of publicity it had hidden behind. So ethics, more than a fashion is lining itself up as a challenge for companies.

The “ethical offer” of companies seems to be structured into two tendencies. On one hand, it is a matter of re-establishing conduct rules that now seem lacking. In this way, they can control “the war of one against all” caused by new managerial practices. On the other, it is a matter of lessening the feeling of having lost meaning at a time when work sees itself losing an emancipating aspect and no longer aims at the fulfilment of common purposes.

Ethical statements published by companies put a range of values on show, which, one could say, reflects the image of companies that tend to free subjects from the disciplinary limitations and from the moral dogma that the subjects themselves were previously trapped in.

“Authenticity”, “care for oneself and for others”, “creativity”, “transparency”, “visibility”, “informality”, “tolerance”, “honesty”, “willingness to communicate”, “sharing knowledge”, “curiosity”...These are the values that must guide worker conduct.

These messages are reiterated by human resources and communication heads. It is certainly difficult to detach oneself from these positive values (how can one not agree with mutual respect?). They are mobilized in statements as representations of what is desirable and they are offered to all those willing to fulfil themselves and to form a “acting whole”. Yes instead of no, self-affirmation instead of abnegation and positivism instead of

constraint structure this new ethic that recalls the growth and valorization of the individual.

However behind values offered by the company ethic, a more insidious power game is at play where diverging interests are systematically disguised. On one hand the antagonists, the actors who oblige and on the other, those who are obliged, the authority figures. How can one say no? To whom should one say no? Whom should one say no with?

Looking back at the comparison between the workshop regulations spread throughout the 19th century, up until the 20th century, we can highlight a certain number of challenges to this particular form of communication. We can also question the energy used attract adhesion.

The workshop regulations drawn up by company owners, which imposed rules and conduct that they themselves were not obliged to follow, quite clearly contributed to recalling on a daily basis the existence of two impermeable worlds. On one hand, the managers had the aim of maintaining order, imposing discipline and moralizing workers. On the other, the working mass had to recognize an organizing principle located outside of itself.

Thus sanctions were applied in this way:

“Art. 4. Any worker who sings or shouts in the workshop will be fined 25 cents. If it is not possible to identify the worker who has shouted, but it is possible to identify where the shouting came from, all the workers in those sectors will be fined, unless the man who shouted reveals his identity ” (Roubaix textile factory, 1863).

Setting aside the prohibitions, we must recover the description and the identity of the working class as defined by the owners, in the workshop regulations. An identity thus created legitimized the owner's authority. The prohibitions stated in the workshop regulations characterized the world of the factory worker, which became an irrational mass. Was this perhaps the main vocation of the regulations? Saying that a worker could sing, play or shout in the workshop meant justifying and legitimising a limitation of this childish (or even animal-like) behaviour on behalf of this authority, which represented rational order in relation to the irrationality of the masses.

The regulations were clearly addressed to the workers and only to them, by an owner or a team of managers, who were not subjected to these rules. An "us", the owner and his/her allies, could be distinguished from a "them", the workers. In other words, whereas the workshop regulations established a dividing line between those who had to obey the rules and those who were not submitted to them in any way, ethical statements, which are addressed to all the personnel, can contribute to muddling this separation. The imputation system, far more than the values proposed by these ethics, presumably has the effect of softening the "us" founded on other kinds of relationships and more precisely, of belonging to a social class.

Here is an example of what a general manager, who is personally committed to following the "action principles" of the group directed by him wrote:

“ Why action principles?

The more we decentralize, the more we need to know and state what we have in common. [...] I will personally act according to these principles. I expect the same from each one of you.

We all want to make a contribution to the [group's] success. I hope that these action principles will strengthen our dynamism and our commitment" (1993).

The "us" here is highlighted and made up of "personal *mes*", who separate themselves from the places and concrete roles occupied by each person. An individual person is addressing other individual people, who "together" make a communitarian "us" live. This is made up of linguistic techniques more than the real situations. The latter are in fact systematically hidden. This imputation system of ethical statements seems, as do the expressions of participating management, to make its own contribution to this "gigantic shaping task, this re-modelling of collective identities (which are sources of action and mobilization) according to the economy's needs"(Borzeix and Linhart, 1990).

The shared vision of the company is based on the negation of conflict. This concealment of power relations is strengthened by another aspect, which is just as important as these statements. It is no longer necessary, as it was in the workshop regulations, to announce a series of prohibitions:

"Singing, dancing, sewing, quarrelling, fighting and knitting in the workshop are strictly prohibited, as are having an attitude or allowing oneself actions that are contrary to good behaviour"(G. de Lamarzelle printing house rules, 1850).

Rather it is necessary to express a desirable "must be".

“It is our set of values that forges the personality and culture of the group [...] Our mission: to make all people grow, live well and to satisfy them by bringing to them better food, with different flavours and healthier pleasures every day, all over the world. Our key values: openness, enthusiasm and humanism” (a French food group statement, 1998).

Ethical statements and internally spread deontological codes try hard to promote the image of a company to the outside world, which is founded on ethical values that it can count on to consolidate its image of legitimate institution of social solidarity, bearer of a certain concept of common good. As a matter of fact, this “us together, moved by the same values”, which is the basis of ethical statements, is also one of the cardinal points of a communication that instils a consensual vision of social relations and latently implies that companies themselves represent a group, that of the workers. The internal ethic and the presumed adhesion of personnel would in this sense be the basis for the justification of "socially responsible company" actions.

This set of company discussions and initiatives in fact ends up being condensed and becomes the foundation for building an argument aimed at convincing people of the ability of capitalism to mobilize economic actors on the need for self-discipline and self-control, which is able to prevent and correct holes in the market much more efficiently than public institutions. This orientation is clear in some French business ideologists. Here is what one of them wrote.

The French company movement (MEDEF) has the impression that the battle for the legitimacy of “capitalism is being played on the moral field. [...] What remains is moral criticism, led especially by plural left-wing parties and by the so called “social movement” association nebula, which in the name of equality, solidarity and inclusion, justifies the call for all kinds of “regulations”. The moral field is undoubtedly one of the fields on which the new economy must win the battle. As Fernand Braudel teaches us, capitalism only develops where it creates society” (Ewald, 2000, p. 72).

The challenge for the economic ethic is therefore highly political. The “battle” for legitimacy “which business owners are perpetually constrained by” can, according to Ewald, take on two different forms:

i) Either capitalism manages to show that it is really at the service of values and that its goals can be located in the field of "an eternal morality", of a transcendent ethic: “capitalism must justify the fact that society is not perfect: there is unemployment, inequality and suffering”. But for the author, "on the field of the eternal moral, even capitalism finds itself obliged to accept the ideological domination of its adversaries (*ibid*)

ii) Or it produces values and goals, imposing itself on the whole society. So we read, “The battle can be carried out differently, more offensively. It is not necessary to observe capitalism with the eyes of morality, as capitalism itself is a moral, a system of individual and collective values. It is what distinguishes the company with its ideas of risk, freedom and responsibility, which characterize companies. The problem is not to know if morality must dominate capitalism, but rather to understand which value system must dominate society” (*ibid*).

From this point of view, capitalism can try to strengthen its hegemony posing itself as the possible source for a new system of values, references and rules, led by the institution that companies have become.

3. Conclusion

The tendency to found oneself on company initiatives in order to follow a direction which many observers now see the dangers of is strong. Added to the risk of state control exclusion, is that of removing from citizens the faculty of choice regarding desirable forms of articulation on what is economic and what is social.

On the monitoring level, the lack of transparency which has been denounced for some time now, has far from dissipated. Externally, independence problems and the problems of certification agency transparency on ethical criteria have frequently been highlighted. But this issue is also an internal matter, since it deals with:

- unilateral decision-making from general management on these aspects
- poor information for the social parties
- a debasement of the debates on objectives and especially on means

These elements are testimony to the reticence of management to build an authentic space for negotiations and an opening on collective commitment

agreements where workers and their representatives are actually one of the parties . After all, companies do not forget to take a lot of formal precautions regarding their commitments, as we can see for example in the conclusion of the "Organization rules and behaviour of companies" of the group whose ethical path we have briefly traced. The group “reserves the right to modify, if necessary, the present document, regarding its own ethical statement”.

Nevertheless, the importance of the questions related to qualitative and quantitative evaluation and of company performance must not hide the need to reflect on the elaboration procedures of decisions of general interest. When private companies take on matters of common interest , according to Corrine Gendron (2001, p. 320), the problem of citizen participation in decisions concerning them at the highest levels is raised.

The situation is even more worrying because it is part of a context where traditional regulation decision-bodies are becoming fragile, being linked to the economic globalization process and to new international cooperation distributions. This context is the stage for imbalance between political decision-bodies of the state-nations and economic actors organized on a global scale. However as Christian Deblock pointed out, "Nothing is clear at the moment, except for the fact that firstly, the current processes have made the national regulation space explode and secondly, the competition is not only being played between companies but also between the states and between states and companies” (Deblock, Brunelle and Rioux, 2001).

According to this economist, there are at least two kinds of approach, deriving from different traditions, which will be decisive for future forms of economic re-embedding, "as long as we act by giving priority to the common interest and to the law or, on the contrary, to actor autonomy and to private or public codes of conduct". This means trying to build an international economic space based on a new compromise established by the law, or aiming to limit the risk and the holes in the market with a call to moderation of the actors, guided by codes of conduct and governance.

The debate has only just begun and is far from a stable conclusion. The self-controlled and private solidarity so bitterly defended by companies, far from imposing itself inescapably as a new normative framework for the global economy, compares itself with other forms of solidarity: "collective forms of solidarity" issuing from social and civil parties (local associations, NGOs) and the "compulsory forms of solidarity", which come from public powers. Therefore different concepts of the common good and different institutional forms of market embeddness are the focus of the modern debate.

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Ethical Issues in the Social Research Industry: the Enemy Within?

Roger Penn

A: GENERAL ISSUES

There is an accelerating tendency to introduce 'ethical' issues into all areas of the social research industry¹. This is exemplified by the recent decision of the Economic and Social Research Council [ESRC] in Britain to require all their funded research to be approved by appropriate University-based Research Ethics Committees (2005). This has prompted British universities to institutionalize such RECs in response. I consider this to be a misguided and misplaced development. Indeed, I believe this 'ethical' agenda is a deliberate attempt to neuter proper social research and is part of a process of wider de-professionalization of the industry in the UK.

It is not my argument that the social research industry has no ethical dimension. I consider social research to be inherently ethical and political. However, this means that the social research industry is a contested terrain. There is no consensus amongst social researchers about appropriate theories, methods, techniques, styles of analyses or even what counts as a significant question. Every conference bears testimony to the institutionalized dissensus amongst social researchers.

The new 'ethics' movement is premised upon the opposite. Inherent to its evolution is the notion that a bureaucratic, codified, regimented set of rules can be imposed upon the social research industry. This involves a systemic de-professionalization and the substitution of low-trust relations² for the previous high-trust model of professional autonomy³. Research is no longer to be based upon individual professional judgements; rather it must be subject to external, bureaucratic controls.

Why has this emerged now? Interestingly, there is very little external, lay concern about the ethical behaviour of social researchers in Britain. There have been no obvious scandals such as the Milgram (1963 and 1974) experiments in the USA during the 1960s, nor any books like the Tearoom Trade (1970) or Pygmalion in the Classroom (1968). The ESRC itself recently stated that 'almost without exception, social research in the UK has been carried out to high ethical standards' (ESRC 2005:1). Indeed the exact opposite is much closer to reality. The social research industry is making little critical impact upon the social world in ways that would upset those in power in contemporary Britain.

What lies behind this 'ethical turn' within the social research industry in Britain? I consider this to be the result of three underlying forces: American hegemony, New Labour authoritarianism and the resurgence of an exclusive natural science paradigm to encompass all research activities within the industry.

A powerful element in the new 'ethical' movement within the bureaucratic control structures of the British social research industry is a conscious emulation of US templates. All US universities have, as a Federal legal requirement, Institutional Review Boards (IRBs) that scrutinize all social research proposals, whether by academics or by students, that involve human subjects. No academic social research can be undertaken without the explicit and formal agreement of these IRBs. This has led US social researchers increasingly to adopt a 'safety-first' approach with risk aversion highest amongst their concerns. Researchers are discouraged strongly from collecting primary data and academics themselves tend to favour analyses of safe secondary data like the US Census or the General Household Survey. This American template has already come to dominate social research in Canada and Australia and clearly Britain would appear to be the next target. This is part of a globalization of McEthics; social research that is bland, easy to digest and instantly forgettable!

New Labour has greatly extended the research arm of Government, particularly in areas concerned with education, employment, health, welfare and immigration. However, despite an initial enthusiasm amongst many

social researchers for the 'Third Way' (Giddens, 1998), it soon became apparent that 'he who pays the piper calls the tune'. Government Departments closely control the output of social researchers to ensure that they remain 'on message' as part of their routine manipulation of information flows. During my own participation in the Skills Task Force between 1998 and 2000, it became clear how political considerations determined a great deal of the research agenda and the delivery of results. Researchers were often chosen on the basis of what they would conclude before they conducted the research allocated. Results that somehow managed to filter through, which were 'off message' were re-edited and/or sidelined (see Penn, 1999a and 1999b for a discussion of this process). Social research in the fields of health, education, welfare and employment now follows a safe 'ethical' path; one central plank of such new 'ethical' protocols now being that sponsors should not be 'upset'!

Lurking behind much of the new 'ethicalization' of research is the natural science 'medical model'. In health, all prospective research must be examined by an appropriate research ethics committee. In an early example of the globalization of such practices, the US template became enshrined in the World Medical Association's 'Declaration of Helsinki' in 1964 and this is now 'de rigueur' across most of the planet. In 2005, the UK's Chief Scientific Adviser convened a working group that developed a 'Universal Ethical Code for Scientists' under the auspices of the Council for Science and Technology. This made two clear assumptions. The first was that one ethical coat should fit all sciences and the second was that the natural science paradigm was that coat. However, there is strong and growing evidence that the medical model is not the solution to the ethical issues in social research. It was set up mainly to deal with issues specific to medical trials. These centre primarily on the use of patients in 'double-blind' experiments where neither the patient nor the researcher knows who is taking the trial drug or the placebo. Such ethical controls derive from the need to test drugs on humans and the concomitant need to protect vulnerable patients.

The erection of these bureaucratic hoops within the medical sphere has led to a series of negative consequences that should cause alarm bells to ring

within the social research industry. The forms to be completed are voluminous, confusing and off-putting. They are designed to restrict research opportunities to 'insiders' which, in practice, means the medical practitioners who dominate these ethics' committees. They involve a requirement that applicants should have the written approval of a 'statistician' for all prospective research irrespective of the actual use of statistics⁴. These are generally medical statisticians and their definitions of appropriate statistical methods are both narrow and conservative. Their understanding and sympathy towards non-statistical research is almost nil.

Recent developments in the health service have laid considerable emphasis on the need for patient care to be 'evidence-based'. However, in reality any attempt to develop new 'evidence-based' practice has to receive prior approval of the appropriate Ethics and also R&D Governance Committees. There is a great deal of confusion both between and within these committees as to what is 'ethical' and what is 'scientific'. Often issues of research design are subsumed under the aegis of 'ethics'.

The net effect of these contradictory developments has been to deter many non-medical health practitioners from proposing any research at all. It has also pushed much health research with a social angle underground. Many health researchers now follow an 'audit' route that avoids the aggravation of dealing with ethics' committees. The pharmaceutical companies also provide grants to fund small research projects that can also evade scrutiny.

I consider the medical model to be an inappropriate template for the social research industry. There is evidence that innovation is stifled (see, Langer, 2005). Ethical issues are conflated with questions of research design and there is a development of an 'insider' culture designed to suppress creativity. There is a powerful assumption that the natural science paradigm – 'double-blind' experiments, randomization and conventional parametric statistics – is the only legitimate approach to research.

Worst of all is the powerful tendency nowadays to convert social research 'respondents' into 'patients'. I am particularly concerned with this last development. Most social research involves asking respondents to participate in a 'questioning' milieu. This is voluntary and confidentiality is

routinely guaranteed. However, the relationship is essentially egalitarian; the social researcher is interested in the opinions and/or behaviour of his/her respondent in an open, democratic and non-judgmental context. This is very different from a situation where a patient (who is both sick and vulnerable) is asked if he/she wishes to take part in an experiment that might bring health benefits. Reducing the former to the latter is both a category error and a misplaced concern.

B: THE NEW SOCIAL RESEARCH 'ETHICS' EXAMINED

There are a series of precepts to be found within the recent ethical codes for the social research industry that underpin the recent 'ethical turn'. The ESRC, for instance, announced that 'research should not cause distress or annoyance'. There was no reason given for this pronouncement but I suspect that this is camouflage for a desire for 'safe' research that will not 'rock the boat'. In fact there are a range of circumstances where the results of research may well annoy funders or respondents. Indeed, I would go further and argue that social research should have an 'annoying' component to be worthwhile.

The example of the author's experience with the New Labour- appointed Skills Task Force clearly illustrates this point. Penn (1999a and 1999b) concluded that skill shortages were an inevitable and desirable feature of advanced economies. Indeed, few outside the narrow world of labour economics would wish to live in a society where individuals made decisions about training and educational tracks based upon the need to optimize future societal returns to human capital formation! Rather than blaming the population for 'failing' to read the 'signals' from the economy, Penn argued that much more effort should be expended on improving rates of pay for most of the jobs where employers claimed there were 'skills shortages'.

This analysis upset the Department of Employment who tried to suppress Penn's Report. Subsequently they tried to air-brush it out of existence by omitting it from their list of Skills Task Force Reports. The Report also

annoyed those 'research' Centres in universities that had, and continue to have, a cosy and symbiotic relationship with the Department and New Labour in terms of a cycle of grants and anodyne Reports. It also angered those consultancy firms who endlessly concluded that every new Government initiative had been a great success.

Was the research therefore unethical? According to the current ethical regulations it should indeed have been suppressed and probably never written in the first place! However, my view is that these reactions indicated that there was something important to be debated and that they also vindicate the importance of a critical stance to the central nodes of political power in contemporary Britain. It was this consideration that led Penn to publish an unexpurgated version of his Report in a subsequent article in *Sociology*, again to the annoyance of the powers that be! I regarded this as a professional duty and an essential element of citizenship in a (still just) free society.

The British Sociological Association's [BSA] section on 'Professional Integrity' in its 'Statement of Ethical Practice' (2002) argues that social research contributes to the well-being of society'. This gets to the heart of the matter. Who is to say what this might be? Clearly not social researchers exclusively themselves; this would be akin to Plato's famous injunction that 'philosophers should rule' and would be both elitist and anti-democratic. It is evident that ethical debate and disagreement are central both to everyday and social research industry discourses. Indeed, given the reliance of the latter upon the former it could not be otherwise. People in general and social researchers in particular disagree because they hold different ethical principles (see Hawthorn, 1976). The central weakness of all these ethical codes is that they assume that a bureaucratic set of rules can regulate and resolve these fundamental disagreements. In my view they cannot and they should not be allowed to develop.

This line of reasoning reached an apogee in Lancaster University's vacuous 'ethical' principles that 'all proposed research should be worthwhile' and that 'techniques should be appropriate'. Where have they been over recent years? There is enormous dissension within the social research industry

over both of these principles. Furthermore, most older social researchers (who tend to monopolize these positions as gatekeepers by sitting on such 'ethics' committees) simply do not know much about the enormous proliferation of research techniques over recent decades. Most are stuck in the narrow groove determined by the particular techniques that they were taught twenty or more years ago. Put in a nutshell, who is to say what is 'worthwhile' and who can possibly lay claim to know what techniques are 'appropriate'? These issues are central to debate within the social research industry and should not (and cannot) be resolved by bureaucratic fiat.

The new ethical codes get themselves completely tied in knots when they attempt to deal with a range of practical issues. Lancaster University's 'ethical' guidelines demand that researchers give a 'full explanation of the study'. This is obviously impossible. If one could do that, there would be no need to conduct the research in the first place. More critically, it is also highly undesirable for reasons well known since the classic Hawthorne experiment (1939). There is a very strong danger that respondents will try and tell social researchers what respondents think they want to hear and/or that respondents will behave in ways affected by what they have been told by the researchers.

To avoid such response-biases, the BSA has provided a 'nicer' compromise. They stated that respondents should receive 'appropriate details' about prospective research. This Orwellian language must be designed to give ethics' committees something to pontificate upon, otherwise, even a moment's reflection would reveal, that as a principle, it is pure nonsense! In practice these issues are matters for individual professional judgment and cannot be codified or bureaucratized.

Covert research is generally proscribed within these codes except when it is not! Reading these earnest, 'po-faced' axioms is to arrive at the core of the 'Alice in Wonderland' world of the 'ethics' industry. In my view covert, social research is a matter for individual professional judgment. Indeed, one of the authors used covert tape-recordings when researching recruitment policies of major UK supermarket companies. To have provided either a 'full' explanation or an 'appropriate' description would

have nullified the research. Covert research was justified in terms of the research hypotheses and, in our opinion, this was sufficient.

Strangely, none of the ethical codes deal explicitly with issues of the legality of research. However, there is no doubt that they would not approve of research that broke the law. This must be rejected as an axiom. This should be considered as a matter for individual professional judgment. When the author was undertaking research comparing the behaviour of spectators in British and Italian football stadia⁵ he photographed the policing of fans at games in both countries (Penn, 2005). This is a criminal offence in Italy and so he did it from a distance to avoid arrest and the confiscation of his camera! This was justified in terms of both the research hypotheses and the visual techniques used to provide evidence for the analysis. Once again I would argue that social researchers should be aware of the legal ramifications of their research. However, it is a matter for individual professional judgment as to how this should be dealt with⁶.

C: CONCLUSIONS

The issues discussed in this paper are important and crucial to the development of a critically informed social research industry in Britain over the next decade. The de-professionalization of that social research industry and its replacement by a bureaucratically-massaged, anodyne form of social inquiry has many strands. The ethicalization of all aspects of the research process represents the cornerstone of this counter-revolution in the production of social research knowledge. The conclusion of this paper is that such ethicalization is both dangerous and should be met with the utmost resistance by those engaged in the social research industry.

FOOTNOTES

1. The social research industry comprises both public Universities and private market-based organizations involved in the production of social research data. The latter include market research, advertising and consultancy firms (see Penn, 2000, for an extensive analysis of these three sectors).
2. The distinction between systems of 'high-trust' control and 'low-trust' ones derives from industrial relations' literature. (See, A. Fox Beyond Contract)
3. Models of professionalization have an extensive literature. (See, for example, Leicht and Fennel Professional Work : A Sociological Approach and Friedson Professionalism Reborn).
4. This used to be a formal obligation. However, research that we have conducted in the north west of England confirms that it is still required.
5. The research was initially presented via the internet. This was primarily because the core evidence was in the form of colour photographs and no social science journal currently would contemplate publishing such research on grounds of cost. Subsequently the text was published in an orthodox journal with an internet link to the photographs (Penn, 2005). The advantage of the internet route was revealed when the organisers in Munich of the World Cup Exhibition 'One Game: Many Worlds' chose four of the pictures as exhibits
6. The very same point was made by Howard Becker in his contribution to the American Sociological Review in 1964.

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Responsible business: voluntary or obligatory?

Enzo Argante

Project SMILE (Sustainable Model in Lighting Everywhere) - is a crank-powered rechargeable portable lantern equipped with an LED illumination system. Launched as a pilot product in India, it seems to have a very promising future.

Killer stoves - Every day millions of people prepare food using traditional stoves which fill their homes with various pollutants. This is a true "killer in the kitchen" and poses great risk to a person's health. In fact, pollution at home kills more than 1.6 million people every year. It represents 2.7 % of the global causes for lungs illness. Women and children who are traditionally in charge of food preparation, breathe in the equivalent of smoke from two packs of cigarettes daily and also suffer eye problems as well as chronic respiratory illness. Philips' "Woodstove" – a smoke free, electrically efficient stove may propose a radical improvement to the situation. This innovative system produces a "clean flame" which drastically reduces smoke emission by more than 80%. Philips is developing and involving a network of micro companies in working as an integral part of this new innovation.

There are two quite obvious examples of what an enterprise's social responsibility really means. This is conceived not only as referring to a feeling of general benevolence and solidarity within the corporation, rather, it is a definition of a model of corporate social responsibility which draws a universe of responsibility within the business and not just with regards to charity.

There are many examples, mostly *case studies* which are very important, in that, they predict the company's overall status and may have a social and cultural impact. One may look at Illy, a company, which in the process of

making better quality coffee found itself redeveloping entire Brazilian plantations, and not only in an environmental sense. In order to produce better coffee, Illy required more and better skilled workers. Therefore, services were made available to millions of employees both within the work training contexts and in daily life. For instance, kindergartens, schools, hospitals and even “Coffee University” were built.

One may also look at Granarolo, described in detail in another part of this book by one of its associates; the famous 360,000 per year monitoring on all products sold at Carrefour, not to mention the long standing relationship with food providers which make a conscious effort to provide customers with foods of exceedingly high quality and flavour.

On the other hand, there is no doubt that when a company places a high emphasis on profit, makes its image more ambiguous and allows “penalization” of the customer opening possibilities for boycotts. Chiquita (together with the world's most important banana producers) and the plantations in Costa Rica have been accused with causing incurable stomach illness on a worldwide record setting level.

The ever-challenged Nestlè was charged for child labour abuses, the political ambiguity surrounding Coca Cola South America, the pharmaceutical industries in various African countries and boycotts against Nike or Benetton. It is impossible not to make reference to the historical lack of transparency from the chemical and petrol industries, or banks, which indirectly or otherwise support weapons trafficking. So it is not possible not to quote the historical lack of confidence towards the chemical and petrol industries or towards some banks which support the weapon trafficking, along with the central Norwegian banks where the Finmeccanica is amongst the multinationals allegedly involved in atomic weapon production...

At the same time it is important to avoid being mesmerized by the products and projects focused on exalting the company and its brand image. The truth is that corporate responsibility can be measured within the whole context of product production, be it distribution or communication and

within relationships with consumers. Herein lie, all the aspects of corporate responsibility related to solidarity.

Here is the real crux of the matter - being responsible is not an end unto itself, it is not a proverbial happy island but is a wedge in the mosaic of sustainability. Therefore if we are well aware of the definitive processes in corporate sustainability, we are aware that being responsible is no longer a choice, but an obligation and is the first necessity in order for a company to survive. Therefore it is necessary to be responsible “by force.”

As such, the concept of sustainable development is considered key in the moment in which an enterprise chooses to be responsible. It is within this field that the corporation must find its reason for being.

KEY TERMS IN SUSTAINABILITY

The keyword for sustainability within corporate processes involves the entire social and economic system. At the dawn of the third millennium we recognized certain criticalities within all walks of life. Such critical needs impose regeneration processes of contexts and values we use to define sustainability. Let us describe this concept synthetically; in every field of the civil living, impose the activation of the regeneration process of the contexts and values which we define sustainability.

Environment, mobility, energy

The issue of the environment, to some extent of the green house effect and all other environmental catastrophes can be tackled from different points of view. Essentially the main questions are:

- Mobility : People and merchandise which might be moved and therefore may be polluted

- Energy : Based on gas, petrol and other raw material which pollute to a great extent

Sustainability processes generically indicate the path that weighs upon certain critical phenomena:

- New cars with pollution-free technology
- Promotion of public transport (possibly by rail) and all that is involved concerning urban restructuring
- Promotion of collective and/or alternative systems (*car sharing, car pooling*)
- New policies in the transport of merchandise
- Promotion of the production process of removable energy (photovoltaic, Aeolian) and in general, more attention to private and public consumers
- Implementation of a culture base on energy saving

Security, participation, work

The theme of citizens' security can be analysed as under within a horizontal perspective.

In order to stick to themes related to sustainability, we will limit ourselves to discussing the question of multicultural integration, not neglecting the fact that in a healthy work creating society there is a drastic reduction in phenomena related to criminality. Italian society is irreversibly converting into a multicultural society along with all its problems related to religions, cultural backgrounds and lifestyles.

Sustainable cities

The urban environment has reached saturated levels in many fields for decades. Beyond means of sustainable public transportation, it is the same concept of living in the city that is critical towards maintaining tolerability and efficiency criteria. It is sufficient to look at the hordes of commuters, frenetically moving in order to get to work, or to the usability of our historical and architectural patrimony, as well as our picturesque landscapes and green initiatives. But also look at:

- The modification of the commercial system into one of great distribution with a consequent upsetting of mobility criteria
- Crumbling or missing structures for public sport
- Absence of green areas
- The difficult issue of the health care system
- Diversified waste collection and disposal
- The care of children and the feeble

Artistic Heritage

All the initiatives (be they events, communications or structures) which value our artistic heritage take place within environments of sustainability. The same can be said for the care of children and the feeble.

Solidarity

All the initiatives (be they events, communication or structures) which are geared towards the care of those most needy can be attributed to the use of sustainability criteria.

Culture

Generally speaking all the initiatives which directly involve citizens with regards to education and the civil sector (from school to driving education, to the defence of the right to a healthy life, to nutritious food, diversity, equal opportunities, religious tolerance, etc., to the respect for the diversity, a fair opportunity, tolerance within the religious, etc.).

Responsible tourism

There is an increasing move towards the so called responsible tourism. It is a type of tourism which:

- does not invade the territory and local ethnic groups
- is not invasive to indigenous styles of life
- respects local naturalistic and architectural heritage

More and more, we see an increase in the offering of brochures promoting cultural, gastronomic, naturalistic and healthy itineraries that are easily fitting in within a culture of sustainability.

Transparent Finance

An ethical investment consists in the selection and the management of shares, obligations and loans. It is influenced by the society's particular moral and social criteria. Ethical investment is a concept defined by the expressions “socially responsible investment” used in the United States and simply “ethical investment” in Great Britain. The ethical investor is one who is not only interested in the unique return of their share, but at the same time, he or she wants to know the basis of the factors and reasons which contribute to these yields, the products' characteristics, the localization of the company and the verification of the enterprise's specific practices.

Public administration

Public administration is called upon to develop an important role in the sustainable process. It must guide business practices towards this direction, “performing” the administration of the whole enterprise. Public administration guides the whole corporation, in all its forms and directions, according to the principles of sustainability. It must encourage and sustain such principles on an administrative and financial basis.

Information and communication

The media systems (information media, mobile phones, advertisements, internet, online games, electronic games and cinema) dominate the collective image. Therefore, they are able to influence both the lifestyle and the characteristics and degrees of one's own perception of reality. The issue

is that the main themes are based on special effects thanks to the management system of an audience that glorifies only quantitative aspects. Violence, perversion and scandals all belong to our daily life. Interactive and the *WIFI* systems and the frenetic technological evolution in general, leave our horizons ever increasingly hazy.

Sustainable development aims at recuperating both, men and women as well as tolerance and peace. In other words, sustainable development zeroes in on the true value of a civilization. To do so, this requires a commitment to responsible communication by all people involved in the media sector.

If it is true that these factors on one hand can be considered critical, it stands to reason that on the other, they represent the new frontier for exploring company business practices. It is clear why and how enterprises must move toward socially responsible attitudes, providing a real contribution to sustainable development and affirming themselves in the central roles of their companies.

Corporate Social Responsibility

Cesare Romiti

There is the widespread opinion in Italy that economic and business concerns continue to represent a minor position in the national culture. Although the main protagonists of productive sectors have always been aware of their important social and civil role, which is essential for the country's development and which has duties that are far more significant than mere mercantile ones, this conviction still has a prevalently self-referential value.

The lack of more widespread acknowledgement and appreciation is a constant, though anomalous, fact. Particularly when considering that every market activity has historically been perceived by the public community in other national European and world contexts in general, from the United States to the Far East. It is not worthwhile explaining this substantial rejection with just a presumed, scarce common view of country destinies or participation of business owners in public life. The difference also lies in the public, in the other words, in the attitude of the society towards them, which might thus simultaneously be considered the cause and effect of this different perception. As has been noted by historians and economists, the businessperson in Italy seems to represent a kind of spurious gene, considering the wealth of Italy's DNA, made up of art and trades, creativity and initiative. In allowing the businessperson enjoy opportunities to gain money and the potential to accrue profit, the community expects income and jobs from this person, just market "sentiments" and not a concept of the world, a moral idea or an exemplary message. These things must necessarily come from other facets, from recognized powers, voices of the past and different sources. The same industrialization process of the country continued in these conditions for a long time and even today it

partly appears as an anomalous artifice compared to the assets and values of traditional society.

In a culture, which for numerous reasons (not last of which are religious and ideological led to considering the power of some over capital and work as the bad luck of all the others, company activities were generally considered autonomous, a sort of free area where the purpose always justified the means, being a territory exclusively dedicated to business and the production of goods, merchandise and profit.

1. The Law as a Virtuous Cornerstone

This separation as a lone-standing social body, particularly from a moral and cultural point of view, does not find analogous situations abroad. Moreover, we can observe that in Italy, the productive system has absorbed a lot of influences from the Anglo-Saxon world (in other words, from a recognized structurally more evolved apparatus) and has changed countless practices. It has continued to do so by assimilating tools more than principles. From organizational matrixes to managerial codes, from management techniques to up-to-date strategy policies for business growth on the market and consequently in public relations with the public: clients, potential consumers and therefore the whole society.

Business in Italy has never conformed to the same, ingrained notion of business ethic, nor has it tried to imitate so-called best practices, except for partially. The only hypothetical trace of a reference was held by State law for more than a century, in line with the strong and long-lasting charm of “the law” in the country, which eventually coincided with the concept of “justice” and for a pleasing effect, also with “virtue”.

State law, as everybody knows, is a duty and not a choice. This is enough to explain why it is so difficult, as well as objectively wrong, to transfer moral and ethical principles to the body and norms of the law. As all jurists teach us, the permanent difficulty of identifying definite ethical rules in all fields exists, starting from the economic field (both productive and

financial). This is because society changes continuously and with it changes the reference parameters. Time is a great legalizer and therefore this is true on legal code grounds also. It can justify what was previously rejected (for example speculation) and it can reject what was previously accepted and less tolerated (for example unscrupulousness).

2. A Purely Individual Perspective

In Italy, there was a basic lack of motivations and conditions that might have led public opinion to hold a different idea of what company activity is. One of these, for example, is represented by the Calvinist doctrine, which is considered as being in harmony with middle-class businesses and with the development of technical, business, commercial and financial skills. Recalling the austerity of life and customs in fact links the exaltation of responsibility, initiative and personal fulfilment to the professional field as well.

Another justification, which we can define as lay, stems from the Dutch humanist Erasmus of Rotterdam's theory in his *Praise of Folly*: "public interest prevails over private sentiment. Even if by seeing to the former, one's own fortune is also favoured". This is, as a matter of fact, what the Scottish economist and philosopher Adam Smith expressed three centuries later, by codifying that selfish behaviour leads to a more desirable collective result, that is, the efficient use of resources. I think that many will remember his famous rhetorical question, "Between a dishonest, hard-working man who cultivates his fields and a good, lazy man who leaves the land untilled, who should reap a harvest?"

We must nevertheless note that in all these views, the individual aspect prevails. Honest behaviour in fact accompanies the attainment of personal wellbeing, while the good of others (common growth) actually remains in the background, as a derived potential effect.

Thanks to the theoretical contribution of the so-called "invisible hand" of the market, many great thinkers of the following eras were able to bring

economic liberalism closer to solidarity ideals. They did this first by contesting the identification of the market economy with an exclusive utilitarian interest and then by opposing themselves to the indissoluble utilitarian relationship which linked capitalism to absolute dominion over the market. In other words, the willingness to let the sole and pure strength of the market act by itself, as if it were a sort of natural selection, where survival only rewards the fittest.

3. State Participation as Catalyst

In addition to being virtually isolated from the Protestant and Calvinist context, Italy wanted to provide a different answer to the social responsibility demands and expectations, which liberalists assign to the economic system and that arise when the activity of producers generates resources for creating social policies, governing the redistribution of income and actually putting into practice solidarity principles.

It is suffice to remember that in Italy, the application and implementation of a mixed economic system was so pervasive (in the control of political institutions, the proliferation of public economic organizations and companies with state-held shares) that it had few equals in other democratic countries.

By catalyzing collective interests and their representation in the so-called process of “IRI-zation”¹³², a purely nominal (and thus formal) transfer was begun concerning every social meaning of company action towards the economy and the companies defined as public. In this way, the private sector of business was expropriated of any kind of sensitization and contextually and implicitly absolved from any expectation of responsibility.

¹³² Translator’s note: Institute for Industrial Reconstruction (Istituto per la Ricostruzione Industriale; IRI), set up in 1933 and closed in 2000, was a holding company that regulated public industries and banking (<http://www.britannica.com/EBchecked/topic/297474/Italy/27757/World-War-I-and-fascism#ref=ref319049>)

From this springs that species of constitutional imprinting, which in the last few decades has qualified the productive structure. This structure is unresponsive to the many signals and impulses that have arisen from economic matters concerning corporate responsibility.

4. The First Trend Reversals

Only recently has this trend seemingly taken a comforting, though gradual, reverse direction in Italy. The phenomenon is certainly not completely endogenous. It was provoked by three factors and for the most part, concerns elements that are part of the “circuit” of Italian companies.

- The first one is a direct reference to the evolution of the general concept of the economy and the very concept of business. Thanks to the extraordinary drive and innovation of communication technology in the last quarter of the century, the progressive internationalization and interdependence of the markets has imposed itself. Increasing globalization has in turn made clear (and thus more detectable) how economic growth is a vital condition for development, for every country and in every area: social, civil, cultural and political. Therefore the central role held by business structures and makeup within the economic system also has emerged, as the primary sources of labour and resources.
- The second element in practice constitutes the negative pole of the same situation. Thanks to the free circulation of people, merchandise and capital that has consolidated itself, industry, finance and commerce have overcome many boundaries and have multiplied their connections, which are increasingly less domestic and more global. For the better, but also for the worse.

With the amplification of every reference scale has come the opportunity to note how in many cases of bad management (both bad/wrong or knowingly fraudulent), the echo and especially the material repercussions provoked, have now assumed unheard of seriousness, depth and extension, compared

to the past. Even these experiences have thus exemplified (by making almost tangible) the form and the substance of the authentic social dimension involved in business action and in all of its implications. This is has always been the case, but is perhaps more so now.

- Finally, the third factor is linked to the commitment and initiative of a few forerunners (few and isolated, but essential), who directly contributed to making the functions and values of business in the society and life of the country intelligible. I am referring to the businesspeople who first decided to open up their experiences and those of their companies to ongoing dialogues and actions with the community they belong to (in all its parts). I am also referring to those people of culture, who are representations of political and civil society, who have understood the complex nature of the economic process and the true proactive identity of the strictly productive process and have become their interpreters. The forerunners in this sense were undoubtedly Luigi Einaudi and Adriano Olivetti, who exactly fifty years ago declared: "Companies that are responsible today will be successful tomorrow".

5. Imitation and Application on a Reduced Scale

From the moment that we acknowledge that evolution is proceeding, we must confirm that the steps taken cover only the first part of the path. In terms of relations with respective consumer markets, production companies had developed a great number of operative or at best strategic, marketing techniques and tools: from traditional promotion, advertising and public relations campaigns to maintaining clients, post-sales and customer satisfaction.

On the correct management side, the focus was more on following basic rules (in the sense of the lowest common denominator) and on the current needs of the administrative government, rather than on the actual pursuit of transparency and respect for all interests.

Then we started to metabolize principles of corporate governance (on various levels and in almost every sector), followed by values of social responsibility and sustainability, together with solidarity and welfare. Although the first forms adopted were not very precise.

It is quite clear that from the start of the assimilation process, it was more the result of imitation than of autonomous and conscious initiatives of adherence to concepts of social responsibility. The long series of (sometimes truly sickening) beneficent actions, is clear evidence of the support for cultural events and communication projects, which compromise the authenticity of their declared "content" by their rhetoric.

As a matter of fact, the imitational factor is in itself a positive diffusion mechanism and a strong "co-optation" tool, even when it is limited to improving company image and reputation, which are simply aimed at acquiring greater visibility and therefore more competitiveness. The discussion becomes significant especially from the point of view of a productive structure like Italy's, which is mainly made up of small and medium-sized companies and institutionally has a tendency to more easily conform to a simplified framework of values and functions. The congenial meaning of the company goals and ambitions legitimately seems to be more circumscribed.

It nevertheless remains certain that within these boundaries we cannot yet talk about actual social involvement of companies. It is more appropriate to refer to the field that academics define as social capital, that is, a more evolved use of persuasion techniques and a more advantageous way of increasing the credibility of a company and therefore the level of mutual trust with the public.

6. Why the Economy is the Quality of Life

Clear steps ahead have been noticed where operators have shown themselves to be more concerned with the content that goes beyond their productive organizations. According to these organizations the success of

their commitment can be considered as public, as it carries collective benefits. A long term affirmation depends on the ability to act according to community interests and according to its values. In this way, pursuing profit assumes an ethical dimension, in that it solidifies the virtuous pair that guarantees not only a company's welfare, but also that of whole society.

It is on this path that we might find a sufficiently definitive response to the partial marginalization of economic thought and the meanings of the productive activity in Italy. This is because it is business resources that give investments in scientific research value and substance that make education and professional training vital and ensure progress through continuous technological innovation and work the vehicle for social promotion and integration.

Every company initiative in fact refers to the creation of the entire society's development conditions, because only through economic and productive growth is new employment created, are welfare state programmes sustained and can general interventions be promoted. As the American Nobel prize winner Lawrence Klein said, "the economy is the quality of life".

7. What kind of Company Responsibility?

From the moment that the affirmation of these values by producers means more favourable conditions for businesses and their expansion, it obliges these same operators to respect and take care of interlocutors and stakeholders. These are shareholders (be they controlling, minority, institutional investors or simple savers) and management, employees and the trade union representatives of workers, suppliers, clients and consumers, together with the society, the community, administrators and everything that represents the territory and the surroundings in terms of the environment, health, security and the abidance of laws and regulations.

Corporate social responsibility includes all the items relating to social capital, governance, sustainability and solidarity. It basically occurs

through the two-path interaction between companies and the society, which structures the relationships and experiences. It does constitute the communication channels both for thought and action between private interests and the public, as well as the elements that stimulate them on an operative and institutional level.

As far as the political dimension and the authentic social role are concerned, the international and Italian company system is signalling numerous construction sites, a lot of work is in progress and is making more declarations of intent and commitment than producing actual results. With the exception of a few seriously committed groups, who are convinced and aware and thus avant-garde. Much progress has been made regarding elaboration and planning. This process itself is already positive for the signs of change and renewal it traces, especially for the future. But there is still a long path to cover to verify its consolidation and put it into practice.

The challenge to achieve a stable form of corporate (social responsibility), amongst opportunities and problems, deserves to be analyzed from two perspectives: objective and subjective.

8. Four Opposing Factors

The first relates to some exogenous factors, which from a certain point of view are more or less in strong opposition to the full respect of the rights and duties of others by business owners.

There seem to be mainly four important factors:

1. To bring back a balance to free individual initiatives with a system of guarantee for everyone. Finding a new balance between guarantees and freedom is historically one of the main problems of the market economy. In the past, the inclusion of social objectives in management criteria did not produce satisfying results. The difficulty in identifying a path became clear, as external compatibilities are never permanent. They vary, change and

influence the competitive processes on which companies base their strategic choices on. Whether or not they want to, companies are the main protagonists of the renewal phases (just as those of the last century), with changes in pace that oblige them to revise not only their own operating systems, but in many cases also to modify the foundations they had always based their choices on. The race towards a more intense use of market mechanisms usually constitutes the first option. It is progressive and conforms to the “animal spirits” of capitalism - the basis of the current economic system. It often willingly takes on a more borderline shape than that of right and proper conduct.

2. Today even economics does not escape the temptation of modernism. The idea that there are now many right ways of organizing companies and economic systems on the basis of universal and scientific principles is deeply rooted. Appropriate and evolved management and control techniques are the basis for the good functioning of every industry, bank or tertiary company. And I do not have any doubts on the possibility of identifying right formulas for different contexts, even in regards to responsibility and I think every search for a solution to this is necessary.

I am instead quite doubtful on the possibility of identifying a recipe or a well-defined model of behaviour. I am always quite surprised, for instance, at the studies and inquiries dedicated to the best performances of industry and finance companies with a strong ethical basis. That is, they pay a lot of attention to the social dimension and to what they represent locally or for an entire economy. They are aware of the environmental risks. They are open to solidarity initiatives. They are fully aware of the effects that problems and relationships with employees and trade union representatives have on productivity. In analyses of the sort, there is almost always the tendency to indicate a specific way of doing business, lending money and offering services as the first and main reason behind success. But it is not quite so. The line of thought theoretically seems right, but in practice, it is misleading. There are no techniques, models or processes (specific ethical matrixes) able to guarantee greater earnings.

Anybody could and should instead deduce that the basis for better results is represented by people. Ethics belongs to the best people and makes them more capable. Company managers and excellent resources know how to get companies to the top level. And if they guide structures with a strong ethical matrix, it is because they themselves belong to this value system, to that particular cultural identity and company image, which makes them able to attract and be chosen by the workers. Context therefore is not a direct factor of production. It is formed over time and through the people who formulate strategies, objectives and investment choices that cultivate and develop a scale of reference values.

3. Since the nineties, the so-called “politically correct” ideology gained ground and professionals in every field equipped themselves with their own deontological code, a set of specific rules. In time, these rules (often written, but sometime made up of unwritten rules) broke up what were once considered whole bodies of law or universal canons. They progressively specialized themselves and gradually lost their *ergo omnes* character. Nowadays we talk about the “right to paper”. One of the ultra-liberal myths challenged by recent events is peer pressure, in other words the actions of people who, having the same job, monitor and stop colleagues making mistakes, because they would be directly damaged by wrong conduct.

The fact is that in most cases, instead of curing the actual nature of the behaviour, each category tends to certify the formal abidance to self-determined laws and the procedures followed. This was shown in the most recent financial scandals. They clearly demonstrated how opportunist behaviour (involving other protagonists such as auditors, financial brokers, investment banks and consultants) can all add up and destroy the basis of markets themselves, including the real estate market which is now within the global reach.

4. The ethical justification for the successful pursuit of profit and its progressive increment, meets a further objective limitation in the de-centralized choice mechanisms regulated by the markets themselves. For instance, the increasing focus on the performance

of the stock exchange, as during positive cycles the premium abundantly surpasses, that recognized by share lists in the way of real achieved results. We have seen how under this pressure, company policy has changed to the point of subverting the traditional investment-innovation-development chain and adding the final foundation, the so-called creation of value. This ring broke the balance, as it led some companies to participate in the alteration of market values and also their shareholders' and managers' interests (property, partners and investors).

It is not just a case of contradiction in terms, where the pursuit of profit has an ethical dimension, but this is inversely proportional to their...speculative dimension. In actual fact, if the creation of value becomes open to moral judgement, the future of corporate social responsibility as a natural component of company culture will be at risk.

9. The Distance between Demand and Supply

The second field of observation concerns a phenomenon that is totally endogenous to the productive world. If we look at the different sectors, it is quite easy to detect the great importance that the debate on social responsibility holds for some of them. Most sectors are quite sensitive, especially to certain aspects: for example, environment protection for the chemical and petrol-chemistry industry, safety for transport builders and transport companies, working conditions for mines, upright sales methods for organized distributors, environment protection for leather factories.

But there are other sectors where the ethical dimension is being developed along all possible coordinates and to the maximum degree. This is the case with pharmaceutical companies, food producers, and people working in waste disposal, savings management groups and financial brokers, health workers, weapons and arms constructors. The responsibility and sustainability policies in these fields lie outside the general contest for progressive adaptation and updating. They lag further behind and are in a permanent state of permeability when dealing with interlocutors, calls for

more open relationships with the outside world and the need for overall transparency. The most significant and representative case is the communication and information sector (which is so significant to be considered a paradigm and quintessence), where sustainability and responsibility values seem to be left at the bottom of company heritage.

10. An Example for all: The Media

There is the widespread the opinion that the media (as the word itself says) is simply a means to something. Another traditional concept is: the correctness of the media depends solely on its use. As a matter of fact, no form of media alone is just a tool or a technical phenomenon. The telephone, press, radio, television and the Internet connect us with every part of the world, through their descriptions and representations of facts, which happen or which they decide to tell us. They are not however simple means. Instead, they produce (starting from the television) modifications and model their users.

Therefore, for the media, this is exactly where the equation between rights and duties arises, where every ethical issue is solved and which is formed by two determining variables. One is political duty, which commits the media to the community and so to respect all people. The other is social rights, which oblige the media to various components of society and so to individual people, as unique people and autonomous figures.

Nevertheless no publisher in Italy presently has social responsibility initiatives in fact, except for Rcs Mediagroup, which created a staff role for this purpose. The quoted groups (with a few breaches, however) conformed to the rules of corporate governance set by the stock exchange and three of them wrote up their own code of ethics.

As a public company and in the context of the service contract that places it under parliamentary and government control through the Ministry of Communication, the RAI instead (Italian television broadcaster) underwrote rules and codes for discipline in communication, in 15 areas of

a specifically humanitarian nature. No newspaper or network had so far written social balances or sustainability balances, nor have they signed information regulation protocols. The latter (like the Charter of journalist duties and the Charter of Treviso for children or on the correctness of the advertisements) were only adopted by the Order of journalists and they therefore commit professionals on an individual level.

The common feature, which is the background to this inertia, is that of not recognizing the society's richness and expression and of ignoring the needs and rights of many social subjects: from minors to women, from the disabled to immigrants. All the main means are lacking in the tools for discussion and debate (even in the view of reciprocal protection) with the public of readers and users, as well as with different social components. The operators are asked to "act well", where "well" means in relation to the system. In this way, the individual operator is only responsible for the way he/she works, not for the aims of his/her work. He/she answers in terms of the objectives received and the results expected, rather than the overall results achieved at the end of the line and the results derived from the whole structure. Yet, as the writer Claudio Magris says, information contributes to the culture or non-culture of a country, even in the smallest details, even in an adjective that unconsciously or willingly escapes in a subtitle, or in an incoherent pairing up of text and images on any page, from legal news to the sports pages, business or culture.

The fact is that conduct problems in the use of means remain primarily self-referential themes and are instead tending to become more and more corporative, reserved to the workers, with analyses and debates that are not very open to external contributions. This closed attitude of basic indifference to the values of corporate social responsibility in the end remains schematic and evasive. It is based on the individual sensitivity that each individual operator must cultivate and should guarantee in the sphere of his/her specific activity. No importance is given to the overall relationship between political duty and social rights and to the intrinsic relationship between truth equality, as if the means and especially their use were naturally neutral.

Regarding the political, civic and cultural importance that the fourth power holds in the society, there should not be any alternatives to the declaration of the English philosopher Isaiah Berlin: "The sole fact of talking about the media in this world means that we are talking about responsibility and that we are, in fact, engaged in an ethical inquiry", the deepest meaning of the often spoken of (but too often neglected) common moral heritage.

In other words, the quality of every community and the life of everyone is more and more linked to the social responsibility of every one of us, be he/she a private or public operator; the quality, which the English liberal politician Herbert L. Samuel defined as, being the only one able to pose "a problem for every solution". It testifies to operating with particular sensitivity, on one hand and with rationality and pragmatism equal to the aims of efficiency and effectiveness expected, on the other. This, basically, is exactly the opposite of what Samuel declared as a solution for every problem.

The innocent trick is an appropriate definition for describing the different pathological phenomenon of the communication and information system. But why is it an innocent trick? Not because it is performed in good faith or because it doesn't damage anyone, on the contrary. It is simply because it is legalized and especially because it is socially accepted.

Every society that has the tendency to expel what is "*arduums et difficile*" (according to Tommaso D'Aquino's definition) from its horizons, cannot certainly be considered a democratic and refined society.

I would like to end by quoting the philosopher Bertrand Russell, who in *Authority and the Individual*, one of his most well-known works, said; "Without civic morality, communities die; without private morality, their survival is worthless".

Corporate responsibility: social or political?

Piero Bassetti

The European Commission's "Green book" (July 2001) states – "Corporate Social Responsibility means the voluntary integration of social and environmental concerns in commercial company dealings and in their relationships with the parties concerned".

Just a few years ago, this kind of declaration would have raised the eyebrows of most economists and business academics, especially the moralists. Not anymore. In fact, discussing corporate social responsibility today is undeniably fashionable.

Why is this so?

The aim of these few pages is to try to answer this question without necessarily being conformist. To get closer to the aim I have set myself, a preliminary need presents itself which is to remove an entire series of misunderstandings, which in my opinion are an obstacle to the debate on so-called CSR.

The first misunderstanding begs to be noticed. What is the meaning of the expression "commercial dealings"? Does it mean exchange, production or innovation? Can a theme such as responsibility, which is also social, indiscriminately place itself before such different acts and actions?

What's more, are the environmental and social concerns "of the concerned parties" looked at in the current or short term? Or do they concern *future consequences*? If so, are they foreseen, foreseeable or unforeseeable?

In other words, is the "social responsibility" attributed to corporations limited to the "social and environmental concerns" of the "concerned parties" for the normal production and exchange activities that companies perform in a given market (in a society that is basically static)? Or does it extend to a more committed type of responsibility that the business-owner

assumes every time he/she proposes a "creative destruction" through innovation and in so doing bestows upon him/herself the faculty of modifying the frame of existing social relationships?

If the first interpretation is right, then what kind of responsibility does innovation involve? To which "concerned parties", given that they can only be determined in the future? Here, innovation is correctly conceived not as a discovery or as something new, but as the agent of a new situation. In the past, it came about thanks to a combination of knowledge and power, understanding and capital and as such its coming about was unlikely and therefore a source for change.

Faced with the undeniable shortcomings of the nevertheless official definition mentioned above, our first concern is to try to compare it to possible alternative definitions.

It was not difficult to find others, even if they do not always agree with each other. Because of its sources (The Chamber of Commerce of Milan and "*Il Sole 24 Ore*") and their sources of information (small and medium-sized companies), the first definition I thought must be quoted, is one taken from Chamber publication "*La responsabilità sociale nelle piccole e medie imprese*" ("Social responsibility in small and medium-sized companies"). On page IX of the introduction, Federico Montelli wrote, "In the last decade we have witnessed a growing interest for initiatives that have legitimized companies in the eyes of society. *They are company actions which, through the adoption of practices and business models, tend to integrate the economic value chain and the social value chain.* (...) The strategies implemented by these companies are different; social balance, ethical codes, SA 8000 certification. (...) Every company can find its own social responsibility model *by redirecting its traditional practices so as to include social objectives as well* (author's italics)".

Further analysing the subject, this time referring to large companies, the *Quaderno*'s contribution proved to be of particular interest. *POLITEIA – rivista di etica e scelte pubbliche* (a magazine on ethics and public choice) published this contribution more or less in the same period, with the title "*La responsabilità sociale d'impresa: teorie, strumenti, casi*" ("Corporate

social responsibility: theories, tools and case studies”). In this article we find the following statement, “the term ‘responsibility’ expresses a normative concept, as it implies an obligation to somebody. But why do companies have social responsibility? What is the moral basis of this responsibility? To this regard, supporters of CSR have not come up with a clear and accepted moral principle that makes companies obliged to act in favour of social improvement”.

Alongside this statement, another two attracted our attention. The first one is by Joseph McGuire and the second is by William Frederick. “The idea of social responsibility presumes that corporations do not only have economic and legal obligations, but also responsibilities towards the society that go beyond these obligations” (J. W. McGuire, *Business and society*, McGraw Hill, N.Y. 1963, p. 144). Frederick’s affirmation is a consequence of the author’s conviction that from the late seventies onwards, an attempt to escape the unresolved normative issues generated by the previous debate on CSR began to develop. Therefore he proposed to substitute the term of *responsibility* with *responsiveness*. He declares, “Corporate social responsiveness concerns a company’s ability to answer to social pressures. The act of responding to, or achieving a responsive attitude towards the society is of centre interest” (W.C. Frederick in “A Companion to Business Ethics”, Blackwell, Oxford, 1999, p. 303).

Cristina Balostro, still on the topic of CSR and in the same magazine, added (*ibid.* p. 271) that “in order to evaluate the positive or negative impact of corporate action, it is necessary to consider all three dimensions of sustainability - i) economic sustainability : as the ability to create income, profit and work, ii) social sustainability : as the ability to guarantee conditions of wellbeing and the opportunity for equally distributed growth and as the ability to respect human rights and labour rights and iii) environmental sustainability : as the ability to safeguard natural resources and the possibility of the ecosystem to absorb and tolerate its impact” (*ibid.* p. 271).

I nevertheless have no doubts on the fact that an especially wide-ranging and interesting contribution to this debate is made by Emilio D’Orazio. I

would like to take up his penetrating observations here, even at the cost of embarking on a series of long quotes. D’Orazio in fact specifies, "*One way to determine what a socially responsible company is, is to ask oneself what the purpose of companies is nowadays (ibid. p. 4). (...) Despite the great number of definitions proposed by various authors, there was one important issue that remained unresolved in the CSR debate, from the fifties to the seventies, i.e. to find the moral basis of the notion itself. The term ‘responsibility’ expresses a normative concept as it implies an obligation to somebody. But why do companies have a social responsibility? What is the moral basis of this responsibility? To this regard, supporters of CSR did not produce any clear and accepted moral principle that would oblige companies to act in favour of social improvement. (...) Therefore we went from a debate on an ethical notion, social responsibility, to a more technical and morally neutral notion - social responsiveness. The issue is no longer moral. In other words, it is no longer a matter of whether a company must respond to social problems according to a sense of social responsibility. Rather it is pragmatic, which means dealing with a company’s ability to respond to changes that are necessary, in order for it to respond efficiently” (ibid. p. 7/8, author’s italics).*

Following this interesting clarification, D’Orazio continues his reflections by introducing a series of references to Milton Friedman’s thoughts, who “in his version of the stock holder view, rejects the CSR doctrine as ‘essentially subversive’ to the fundamental values of a free society” where, according to Friedman, “there is only one corporate social responsibility; to use its resources and to dedicate itself to activities aimed at increasing profit, as long as it remains within the rules of the game” (*ibid. p. 9*).

D’Orazio distances himself from these references however when he introduces the following affirmation – “There seems to be no solid basis to the thesis that the only obligation of management is to guarantee profit to shareholders. Of course managers may have this obligation, but it does not mean they are exempt from other moral responsibilities. Obligations more important than the sole one, recognized by Friedman, can exist for managers, including the obligations to consumers, employees, surrounding community and future generations” (*ibid. p. 11*).

It is clear that here D'Orazio is referring to the conclusions drawn by William Evan and Edward Freeman, according to whom, (I quote D'Orazio again) "the doctrine that states that the only responsibility of managers is exclusively to shareholders, [must] be substituted by one stating that managers have a "trust-based relationship" with a broad network of company stakeholders. By this term we mean "suppliers, clients, employees, shareholders and the local community, as well as management in its role of agent of these groups". In other words, the individuals or groups "have a legitimate interest or a legitimate claim to the company", having invested time and resources in it. This version of the theory finds its moral basis in the Kantian principle of respect for people. According to this principle, people must be treated as ends in themselves and not merely as means to achieve a purpose. (...) To conclude, Evan and Freeman's theoretical proposal redefines the aim of corporations, which ends up being that of 'means for coordinating the interests of the stakeholders' (*ibid.* pp. 13/14).

However, D'Orazio's reasoning does not end here. It is followed by another interesting comment. "Management's ethical basis (and its departure from the paradox) consists in understanding that the conscience of the company is a moral and logical extension of its managers' conscience and not an extension of its manager list, but a comment on the very relationship between agent and manager. Whatever the structure of the manager-agent relationship is, neither the manager nor the agent has 'moral immunity' from his/her fundamental obligations to the other members of the community, which are valid for any human being". Therefore "private institutions, just as individuals, can be obliged to uphold moral obligations in the pursuit of private goals. (...) Economic organizations therefore exist to satisfy the interests of more than just a privileged group of society. It is here that we find the 'moral basis' of the corporation" (*ibid.* p. 19).

Not everything is so clear in the debate on corporate social responsibility, I might say! And as a matter of fact, very little is clear. The truth is that in the corporate responsibility debate, some concepts such as companies, social responsibility and interested parties (society) are often very muddled per se and also their relationships with each other. So much so as to raise

doubts on the fact, that most of the apparent consensus on the CSR debate is largely based on an high level of confusion, which enables many so-called “concerned parties” to give themselves social sensitivity airs without actually paying their dues of an adequate reflection on the meaning and real significance of the issue.

For anyone wanting an example of what I mean, the following text which I read recently (5 June this year to be precise) would be enough. I found it when reading through a press release of the Chamber of Commerce of Milan. It is from a well-reputed Lombardy newspaper, the “*Eco di Bergamo*”. “According to research carried out by Formaper, a special company belonging to the Chamber of Commerce of Milan, where in the last few months the first office in Italy for corporate social responsibility was opened, company attention on the effects of their business on an environmental and social level is above average.

39.5% of the companies practice social responsibility. They do it not only for ethical and ideal motives (they attribute an average score of 8.3 out of ten to this) but also for their own convenience, as it brings a clear advantage to the company’s reputation (7.3) but also to strengthen and acquire competitiveness in a market that is increasingly more sensitive to this aspect (6.7). According to this survey, the investment in ‘good actions’ performed by the companies in Lombardy that practice social responsibility is around 3 billion euros a year (around 399 million in the Bergamo area alone)”.

So is it wrong to analyse this issue further?

In some ways yes, when we expect the protagonists of the debate to be companies or their associations. But it is certainly not to them, and only them, that the society and politics can and have to direct problems which belong to them before belonging to the companies. If we consider that we are dealing with three terms, which our culture in its present uncertainty is not at all able to provide specific reference points for, the result is that companies are pushed towards a surrogate cultural function, whose results can be seen in the quality of answers given to Formaper.

In other ways no, because no topic can be clearly discussed if its premises are too confused not only in the terms used, for example the term “social”, but also in their content, for example the concept of “responsibility”, or for the very term “company”, when we are trying to also identify its moral and not only its legal subjectivity.

“Sociology of work” has in any case already made a choice. It opens this debate and invites us to consider that “alongside the broadening global market, companies must be able to conquer additional legitimacy [because] they are increasingly called to fulfil a mandate of conscious social responsibility [and their] long term success clearly depends on the ability to act according to society’s values and expectations”. However, so doing, it does not just invite us to further investigate the behavioural aspects of companies (their so-called “sociality”), rather it also invites us to verify the correspondence of its goals for meaning pursued by the society in which companies are immersed.

So doing, to my mind, it has cast a breath of fresh air on the debate, which has otherwise suffered many misunderstandings because of the very reasons expressed by Friedman. To this regard, he says that companies must now know that they have a social responsibility, especially when defining the goals of society, in which so many and such important factors are coordinated by companies.

Obvious concerns such as the construction of a childcare centre or a leisure park is much less demanding for companies and management than verifying that, overall, company’s aims answer the questions that the society asks and the expectations it places on companies. The fact is that true social responsibility is right here, that is, in responsibly fulfilling the task of pursuing socially valid goals, more than in dealing with stakeholders by performing socially acceptable good actions.

Moreover, it has always been so, that when companies were pre-capitalist and had the role of aid to the manor, the tribute of sacrifices they expected was extremely high but no-one contested their substantial “sociality”. When the capitalist way of production affirmed itself and companies working according to this method presented themselves primarily as tools

able to fulfil the desire to get rid of scarcity, practices like the exploitation of workers and the environment (at levels which are unthinkable for us) were considered by managers of that era as perfectly “socially responsible”. Optimizing the relationship between cost and income and doing so with the aim of producing and accumulating was the purpose companies had to fulfil and the one they felt responsible for.

With the birth of economies inspired by Keynes’s theories and the consolidation of wealthy societies, the social responsibility of companies once again changed register. Their task became, contributing to full employment and to tax accumulation for redistribution in welfare. Profit changed from being a goal to being a measure. This was the period of state ownership and programmes that were more or less socialist. The aim of companies was to contribute to fulfilling these objectives; this was way to show oneself as socially responsible.

The holistic dimension of ecology, that of sustainability of the debt of dis-economies that were extraneous to productive processes, then got in the game and attempted to bring the corporate social responsibility frame closer to macro problems. The incipient political nature of these problems was difficult to deny and their true justification was easy to detect in the progressive weakening of the state-nation faced with the challenges of globalization.

Thus there was the arrival of the first social balances and, implicitly, the responsibility that Monetelli so elegantly sums up in the expression, “integrating the chain of economic value and the chain of social value”.

However, what is not entirely understood today is the fact that while the business culture seems to be tardy in its efforts to make companies take on responsibility goals of a declining sociality, other forces spring forth from world history with proposals for a very different future. I am referring to the globalized forces of the scientific-technological-financial ensemble that are the real animators of modern innovation. In today’s world science, which combined with capital produces innovation, can no longer as a researcher of knowledge (even experimental) in practice, be separated from application.

Nowadays a sentence like the following can no longer surprise anyone, especially not if spoken by those in charge; a country's potential for economic growth depends directly on investments in the renewal of knowledge.

The relationship between science and technology has in fact intensified and slowly changed as scientific knowledge has evolved from a form of knowledge that privileged hypotheses to a form of knowledge that rewards experimental skill. So knowledge and technique have begun to weave themselves into previously unknown forms. The weight and importance of the relationship with technology has increased.

It almost seems that science is called today more to create new tools than to give us new knowledge. Competitiveness is obtained through the ability to transform knowledge into economic productivity, thanks to investments in new technology. Obviously so-called pure science continues to fulfil its function, but it is not assigned the task of talking with other forces, such as capital and the business owner, who, with science, are committed to satisfying the desires of political and economic power. Rather this task is assigned to that sort of "new alliance" between science and technology that has meanwhile formed and whose true logic is contained in the thoughts of scientists such as Richard R. Nelson.

From him and his school, comes the demonstration of the fact that for a long time now, most scientific work is being carried out through an inseparable link with technological work. From the increasing need of the scientist to become part of adequate organizational structures, arises the alliance with companies.

The latter was more than ready to realize that the novelties of many scientific findings were a new useful resource for pursuing the additional contribution to the profit made by innovation. Companies understood that to achieve this innovation, science's contribution (though essential) was not enough. It was important to add other factors to scientific hypotheses, technology and capital. They had to add other factors such as creativity, willingness to take risks and managerial skills. They were able to obtain

these factors by placing the scientist alongside the business owner, whose aim was to understand what was new and could seem improbable.

Having clarified that company responsibility in the world and for the world as it is, is all things considered, of secondary importance. I would like to specify instead that the responsibility companies would like to take on in the face of a changing world is of primary importance. Today the world changes through innovation, in other words, through science combined with capital.

While science met the increasing power of companies, the catalyst of this meeting was innovation, the operative structure was managerial organization, the coordinator was the business owner and the regulator was the stateness¹³³.

The consequences are not reversible. By participating in this process and assuming the role of decider over innovation, companies have in fact encountered politics. In this way they have become direct co-actors of choices that affect everybody. Choices that do not only concern the tools that can work in the hands of old power for its own purposes, but that concern innovation and so are choices regarding aims. The role of companies is no longer a politically subordinate role. It is equal. As such, it must be responsible for a responsibility that is much greater than that of "good actions". So it is that companies can no longer define themselves neutral. They must recognize their awareness of aims and the offer of knowledge which revealed itself to be instrumental. They must admit to having participated in goals for change, in the area of the innovation process and of having integrated themselves in the organization of modern power. This power is no longer just a monopoly over legitimate violence; rather it holds and guides innovative processes. Basically, companies must admit to having done and doing politics.

Old politics (as we will call it to make the explanation easier) was based on one choice; as the monopoly of power was the appendage of public institutions, representation and responsibility were practised around and

towards these institutions. At least in theory, it was their duty to decide the aims that science, technology, capital and business should tend towards. Innovation did not seem to come out of this field of control and so the relative responsibility was assigned to the current tested mechanisms of democratic representation.

Yet Ulrich Beck affirms that, “in Parliament, one does not vote on employment and on the development of micro-electronics and genetic engineering etc. If anything, one votes to support all this”. In fact, political power is not always able to assume the political responsibility of what business owners and companies do. Quoting Beck again, “it is the deep connection between the decisions regarding technological development and those regarding investments that oblige companies to create their projects secretly, because of competition. Therefore the decisions reach the tables of politicians and the public sphere only after they have already been made”.

In other words, are the decisional methods of current democratic institutions which are based on gathering a majority consensus appropriate for evaluating *ex ante* situations such as innovations, which by definition pose changes to “knowledge” and “improbable” social “powers”, using the words of Bruno Latour?

But if they are not, according to Latour, and if “politics specializes in legitimizing the consequences it didn’t cause, nor was it really able to avoid”, then who answers to them? As Beck declares, if “progress can be conceived as a legitimate social change, without political legitimization, and faith in progress substitutes voting”, who will answer to innovation? Who will be in charge *ex ante* of the consequences, of the changes and resulting social risks? Who has the related responsibilities?

Innovation is in fact a factor of change that no longer has, as it used to, the “prince” as its protagonist and person in charge; rather, it increasingly has the business owner. This person is increasingly more responsible for what happens around us. He/she contributes to creating an increasingly bigger part of our future and therefore he/she must assume his/her responsibility for this. He/she must somehow place him/herself amongst the aware and responsible protagonists of the change that he/she contributes to.

Summing up, if innovation is change, if it introduces new opportunities but also new risks for social life, if it modifies history, then whoever makes it happen (person or company or assembly) does politics and the related responsibilities cannot be removed from democratic control. This is the true space for a non apparent sociality.

In other words, if innovation is the cause of social risk, there must be somebody who answers to all of us politically. But who is this person? Who is the person that must assume the responsibility of evaluating the social risk of innovation choices? The scientist who discovers? The intellectual who invents? The technologist who “instruments”? The capitalist who finances? The business owner who combines all of these factors? Or the politician who makes laws and who governs? Responsibility is in fact a complex ethical concept, which varies according to whether it belongs to subjects who carry a personalizing power or instead to subjects who carry dispersed power, as happens for consumers on the market. In the humanitarian tradition of our European culture, it seems to be clear only when it is personal. In the democratic tradition, it appears to be legitimate only when it is the expression of a majority. In the market notion, only when it is profit making.

Faced with the challenge of making innovation responsible, each of the assumptions seems to be under crisis. The more an innovation emerges from complex knowledge suppositions, the less the majority criteria seems to be able to function. On the contrary, the more the social risk (and its collateral effects) is high, the less technocratic and business powers appear apt to assume the responsibility that transcends them. In Latin, risk is *periculum* and *pericula* are also the tests, the exams. The market is the only thing that can perform this test, but it can only perform it *ex post*.

The political democratic subject should instead know *ex ante* what the risk of innovation is. He/she cannot always do so and therefore be tempted to de-responsibilize him/herself. Not being able to depend solely on voting and not knowing how to elaborate other more or less appropriate procedures, the political democratic subject is happy to turn to the irresponsibility of technicians or the market. It would be a mistake to consider this lack of

responsibility negative. Let us not forget that there is no responsibility if there is no awareness or freedom. How many times has the responsibility for “creative destruction” which revealed itself as praiseworthy been assumed by a technician or by the market?

We just have to think about all the innovations with a low technical and scientific content with a high impact on culture, where a creative and business commitment obtained definitive approbation for changes in behaviour with a strong social impact solely from market. I am thinking, for example, of the mini skirt. Its triumph and the change in custom it achieved were not decided by some political body nor by Mary Quant herself. Rather, it was achieved by two million women who decided to wear it. In doing so, they assumed the responsibility of their individual choices and not the general choice of the tradition that they were thus generating.

In such cases, the topic of the relationship between political responsibility in innovation, social risks and the de-responsibilization of the market actually seems to create important conceptual problems to economic and political thought. On the other hand, the present tendencies in our cultural, economic and institutional organizations are leaning right towards a strong increase in the number and impact of innovations as well as towards a wide dispersion of the subjects called to evaluate them.

Perhaps the mourned political crisis derives from this very thing, from its objective of de-responsibilization! Perhaps we should start right here to find the basis for a proper debate on corporate social responsibility.

Some concluding comments

Being a business owner today who is busy in co-producing innovation means doing politics and assuming the morality of politics, since modern politics is not only a conflict of values and power but also of knowledge. When these aspects get linked in a decision, the ethical commitment must belong to everybody. In order for a morality to be also considered political,

it must aspire to uphold the values that the society has decided to include in its system of constitutional laws. These must be interpreted correctly by the rules and procedures of the institutions (companies, agencies, ministries, European communities and international organizations) which are directly or indirectly involved in the innovation process.

In a democracy, the quality of the decisions and the governance cannot be complicated; collective experiments are an example of this. Their proceedings (which Latour would call 'cosmographs') might in many cases be in conflict with the coarseness of simple rules, such as the majority of the single vote. In such cases, the introduction of the necessary innovation in governance becomes an ethical must, so as to lay down procedures that do not entrench themselves behind simple principles (such as the principle of precaution, the heuristics of fear and the very principle of responsibility). Rather they should be able to face the existing relationship between complexity, the practice of responsibility and the ethicality of collective or individual choices with courage.

This is the main aspect of so-called "deliberative democracy", that is innovative democratic methods (consensus conferences, scenario workshops and citizen's juries) whose procedures are taken into consideration as sources of legitimization, even ethical, when making complex decisions when there is limited (even moral) knowledge available. To this regard, it is suffice to recall the complex and uncertain ethical setting surrounding decisional and regulatory processes in areas such as bio-science or nano- technology; from cloning to stem cells and from GMOs to nano-chips.

Fine tuning a new and at the same time "technical" or "deliberative" democracy is thus, a response that cannot be deferred if we want to face the challenges of our time. In this way, we will avoid the dangerous short circuit between a power that is growing together with knowledge and moral and political legitimization that decreases together with the widening gap between the knowledge of power and non-knowledge of those who suffer it. Modern companies cannot retreat from all this, if they really want to be considered socially responsible.

Corporate social responsibility and ethics

Adolfo Guzzini

During the past few years, many institutions and organizations have placed, with ever growing interest, great emphasis on corporate social responsibility.

Regarding this issue, the European Union published a Green Paper (Promoting a European Framework for Corporate Responsibility) in 2001. Afterward in July 2002 another communication followed, entitled “Corporate social responsibility: a contribution to sustainable development”.

As a consequence, this has become a well-known and relevant matter. I believe it is best illustrated by the concept of “voluntary integration of social and ecological concern on behalf of enterprises within their corporate activities and in their relationships with involved parties.”

In essence, the concept of corporate social responsibility means that enterprises decide out of their own volition to contribute to the betterment of the organization and to cleaning the environment. An ever growing number of enterprises grasp their responsibilities with increasing clarity. Enterprises now consider responsibility to be one of the key components of corporate identity.

Such responsibility is expressed towards employees and in general all other parties with a vested interest in the enterprise, that may influence its success. Still, the codes of conduct must not substitute legislation and compulsory European and international rules: these obligatory laws guarantee norms in effect for everyone, while codes of conducts are of a voluntary nature and promote behaviours with higher content addressed to joint holders.

Companies who do choose to embark on this path seem to indicate that such activities may end in better results and may also generate growth and ensure greater profit.

Therefore, this is a new and innovative plan of action which requires the strategic, long term evaluation along with both its positive direct and indirect results.

For instance, positive results can derive from an increase in productivity, as a result of a better working environment; indirect results instead will derive from consumers' growing attention towards corporate reputation related to positive opinions on branding and imagery.

I personally believe that the enterprise's reputation within a particular market or territory and its image (not only in the capacity of an employer or producer of goods, but also in a more central role), certainly influence its competitiveness.

Despite the responsibility to generate profit being of paramount importance for an enterprise (and let us not forget it!), enterprises may also contribute to the implementation of concepts of Social Responsibility as an investment in the framework of their own commercial strategies, tools for management, and within their own operations.

Having said this, the corporations that are planning positive actions are subject to legislation that orients them in this direction. I refer to Law 626 regarding workplace safety and all other laws passed for the protection of the environment (the passing of which we have all strongly and innovatively contributed to) culminating in the ISO certification system.

I believe that further increases in legislative regulation of materials with certain corporate slants are no longer necessary. The attributes of willingness must be an introduction to value. Willingness is an important condition because it validates every social action. It is necessary to keep away from formalism which causes a loss in a core value based nature.

In addition (and I say this working towards a conclusion), it is indispensable to monitor a possible risk: correctly identifying the thin line between a behaviour with a marked social aim and one converted into a marketing practice.

In the end, the need for an Ethical attitude that helps to carry out expected behaviours within Marketing contexts is fundamental in an approach dealing with the problems and fulfilments of its results.

Corporate ethics and social responsibility

Francesco Merloni

The necessity to define ethical behaviours within management of business affairs has manifested itself for quite some time in the generalness of enterprises, giving birth to “manuals” and binding formal procedures for management and employees. The pressure of public opinion, no doubt, has influenced this situation very much. In fact, public opinion has lambasted, ever more insistently, corporate behaviours seen as improper and even predatory, mostly regarding such issues as: corruption in the workplace, product quality, the use of child labour and the environmental impact that the enterprises' activities impose.

However, many do believe that public corporate declarations codified in behavioural manuals are fundamentally dictated by motivation regarding public image and concern over a “dreaded fear.” This fear could be, for example, a fall in sales or fines imposed by the authorities.

Still, the need for strong and convincing ethical references is nowadays more pressing – and not just in the corporate world- and faces the loss of certainties which once represented the foundation for our economic and civil lives of the past fifty years.

Enormous progress in the diffusion of democracy has been made in an ever-growing number of countries. However, this still does not mean the affirmation of a real social justice.

The widespread, almost universal, diffusion of the market economy led to the development of a worldwide community, multiplying the number of resources on the planet. However, this was not enough to reduce the gap between the poor and the wealthy in different areas of the world. This created new situations of marginalization among even the countries with the longest standing industrial traditions.

Scientific and technological progress has reached levels that a few years ago were still unthinkable. Such progress has opened new doors towards

raising man's overall quality of life and the fight against disease but at the same time it is jeopardizing the environment's worldwide survival.

Facing this framework which is quite new and rife with concerns, new roles are being reclaimed; roles that govern without regressing into the past, the new course in man's history in all of its aspects. These rules give space for a more ample social justice and above all, in an already global world, they hold universal truths applicable for the entire human community. How much and how they are applicable, however, is one of the most fundamental questions of our time.

It's certain that rules, whatever they may be and with whatever force they are imposed, run the risk of being ignored if they are not founded upon values deeply rooted in human conscience.

This, in our opinion, is the real definition of “Ethics” that we are urgently searching for in order to give a reasonable certainty and reliability to our future.

However Ethics has already been written in the story of Man for two thousand years. It can be summarized in the Christian – but universally valid- concept “do unto others as you would have them do unto you: this is the law, and these are the prophets.” (Mt. 7:12)

Of course if we apply this concept to our daily life, to our natural egoism, to the quotidian struggle for existence, to the space that every day we labour to create for ourselves and our interests, within others' egoism, this rule is tinged with good intention, if not an idea of Utopia itself.

A tried and true ethic must not have any other concept as a reference point; it may be imperfect, of course, in its practice as human nature itself is not perfect at all.

It is on this field that our conscience plays, in a continuous and sometimes dramatic challenge between the focus on ourselves and that on the universal Man.

The solution for future peaceful development of the worldwide human community, from this moment on, is heavily skewed in “Man's” favour.

The centrality of Man is therefore the fundamental reference point in the construction of an enterprise. It means that priority exists for the works in the corporation; it brings with it particular attention to the comprehension of diverse workplace roles, the respect of employees' dignity, the promotion of their individual aspirations, and finally brings about an incontrovertible idea of the enterprise as a "community of men," united in the pursuit of shared objectives.

During the 1960s and '70s a vast school of thought focusing on this concept and other theories of "human relations" sprang up; in essence, it was the recognizing of the values of a person who works in a corporation, even if he is under pressure to produce from market competitiveness.

It is indispensable to observe that great experience is a confirmation of this type of vision. As a consequence, the involvement of Man in corporate motivations and objectives lends positive results important to the field of corporate economical activities.

The question of Man's centrality is particularly important in the circumstances surrounding productive investments made in up-and-coming economies: it is only fair that in a global economy the enterprise tries to allocate its resources towards locations with the best operating conditions or greatest market prospects. This, of course, goes without saying that the existing community's dignity must be safeguarded, that remuneration is proportionate towards giving people dignified lives, and above all that corporate activities to the best of their abilities, work in tandem with the community to provide economic and civil development for the local human realities.

It is of course an ethical obligation for the entrepreneur to conduct all company activities in an efficient and profitable way. In fact, making a profit means making real contribution towards the "mission" of the entrepreneur. An enterprise conducted in a non efficient way and above all with the sole goal of obtaining personal wealth makes neither economic nor moral sense.

It may be superfluous to add that the healthy and profitable management of a corporation implies observance of civil and fiscal laws, transparency in financial operations and loyalty towards competition. These are all essential

tenets of every honest corporation. However, corporate activity has an important impact on social environment and natural circumstance.

On the one hand, this entails particular obligations in the intervention (wherever possible) in situations of difficulty for those outside of the enterprise, be it through training initiatives or above all through support for the creation of autonomous corporations. Such corporations must promote the spirit of individual initiative and value a person's aspirations and personal promotion; basically, something much more than inducing someone to work with the economy, it must be a social phenomenon which bases itself on the fundamental principles of solidarity.

On the other, particular attention must be paid to the impact that productive activities have on the environment. This is a subject which is very relevant to current events but is not always tackled with the fair hand and calmness that it deserves.

In fact, the degradation of the environment brings with it connotations of risk that always – and sometimes, irreversibly – completely nullify the advantages of economic and technological development.

From an ethical point of view, the question is best placed within the context of Man's centrality, his egoism; the environment is, in fact, ours and our neighbours' homes, and their safeguarding constitutes an explicit moral obligation.

And yet, the entrepreneur's mission does not deal with only the specific field in which his or her enterprise runs. As an entrepreneur, a person becomes a role model in society; that is, s/he now belongs to a particular category of people to whom a role to be taken as an example for generally accepted behaviours is given.

It is a serious responsibility; even more so in a society as media-dependent as today. Every attitude, every statement is immediately exposed for evaluation to the public, weigh upon -sometimes quite heavily- that public's behaviours, creating models of reference through an effect of an example of imitation.

It is even more serious if we consider that in a secular society like today's, along with opening dialogue on logic cantered on individual benefit (often

driven towards unbearable excess), fundamental ethical references, like that of defending one's own family, respect towards others and safeguarding the environment (a communal "home" for everyone) are more and more subdued with the passing of time.

Much more serious, in the end, if we consider the substantial indifference surrounding problems related to poverty and underdevelopment which continue to worsen despite the increase of global wealth on the whole.

The social commitment is also defined by the way in which the entrepreneur confronts these realities and works using the values he or she personally holds, be it through words or above all by example. These are behaviours that lend credence to the civil and social functions – all too often not appreciated – of the enterprise.

Concluding this reflection is a quote by an author surely not linked at all to corporate logic and profit- Antonio Gramsci. He stated: "crises are made when the ones before them are dying and the new ones are not yet born."

It is probable that what is dying -or at least showing its inadequacy in modern times- is a certain way of perceiving existence: a society, in many aspects and circumstances, founded upon egoism without limits, on endless ambition, on lack of interest towards one's fellow man- save for certain solemn declarations of principles- and on the problems and suffering of others.

However there is a new society which is slowly but surely making its way: it is founded on the awareness of a common destiny that unites all of humanity, and on the fact that nobody has the right to construct his/her future if it will harm a neighbour.

These signs, though still too weak, point towards being the primary value of Man, wherever he may live, whatever activity he may undertake and whatever his social or cultural standing may be.

Corporate social responsibility: an interview with Alessandro Benetton

Laura Radi

You have shown that you believe in the company, as a tool for spreading common good which is the most concrete expression of a social role in production. What is your history as a manager?

The project *21 Investimenti* arose from a simple observation of the market at the beginning of the nineties. There was a communication problem between the world of finance and industry in Europe, and especially in Italy. In a country whose business makeup is composed of medium and small-sized companies, this unease became an opportunity for us. It is for this reason that I decided to found *21 Investimenti*, a privileged point of observation for discovering and aiding the numerous companies with great potential, but lacking in the capital and know how necessary to develop. This kind of activity, naturally, has many positive effects on the industrial system and on its capacity to generate wealth for the territory.

What conditions will make sure that the validity of corporate social responsibility is long-lasting?

Much research carried out in Europe has shown and quantified the deep influence that environmental and social pressure has on company management choices. As a result, the awareness that there is an ethical dimension beyond the economy of the company, has taken hold.

On a deeper level, however, an important shift has occurred. Not too long ago, the ethical dimension of companies was identified with the duty of increasing investors' financial return. This objective, whose focus was on

the shareholders' interest, was often defined in opposition to the stakeholders' interests; in other words, the interest of all the subjects who were influenced by the pursuit of the company goals, the territory and the community.

The fundamental change I am talking about corresponds to the dissolution of this opposition between the shareholders' view and the stakeholders' view. I'd like to make clear that the satisfaction of the investors' interests is an absolutely indispensable element of a company's life. But the achievement of this goal is inseparably linked to the manager and owners' abilities to promote sustainable development in their local territory.

I believe that, understanding this shift is necessary if corporate social responsibility is to affirm itself in the long term.

You are completely aware of the themes concerning Italian medium and small-sized businesses. Why do you believe that they definitely complex themes?

I agree entirely with Porter's thesis. According to him, the competitive advantage of a company must constantly renew itself so as to adapt to the opportunities and threats of the outside world. I have always been convinced that the market is the best judge; and it is the dynamism of the market that makes the variables and the dynamics that characterize a company's life "complex".

Small and medium-sized businesses, in particular, are showing themselves not to be a species in danger of extinction that must somehow be protected. Instead, they are an ensemble of organisms able to work with great flexibility and adaptability to market conditions. So they are able to contribute to the growth of the territory if they are put in the condition of working in a favourable context.

Considering the aspects you have just mentioned, what is your opinion on corporate responsibility as we see it in real life and how we can interpret it?

Corporate social responsibility is the focus of many debates at the moment, both in Italy and abroad. It seems to me however, that the great attention paid to the topic by professional categories, associations and companies does not correspond to a clear enough definition of "corporate social responsibility".

The consequence is confusion on themes such as sustainable development, social equity and "business ethics"; all terms which are pertinent to CSR but certainly do not cover its entire meaning.

Social responsibility is a guiding principle that transversally affects all aspects of a company. It is a matter of moral responsibility, much more so than legal, towards all interested parties who are more or less influenced by a business; clients, suppliers, employees, citizens and shareholders just to name a few.

The picture is broad enough to suggest how the behaviour of financial institutions, such as *21 Investimenti*, is not at all neutral in its relations with such subjects. Especially if we think about relevant areas such as the connection between financial activity and local development, the fight against unemployment and the protection of the environment, you can see how the practice of financial activities is doubly linked to the debate on corporate social responsibility.

However, what is important in this kind of evaluation is the awareness of the fact that a society's value does not only depend on numbers.

So when faced with definitions and declarations of intent, it is necessary to ask what social responsibility means for a company in its daily functioning. For those on boards of administration, Social Responsibility is an important tool for company governance, which improves financial performances, internal cohesion processes and operational management. From a marketing perspective, it means a new way for positioning products and brands. For

citizens and consumers, for the social and economic makeup of a country, social responsibility is a value in absolute terms.

Concerning the themes we have faced so far, how and where would you place Italy's productive system's prospects, especially from the perspective of the social values incorporated in companies?

In Italy, for historical reasons (for instance the importance of the cooperative movement) and structural ones (in particular, the prevalence of small and medium-sized companies), sensitivity towards the social relations context where companies find themselves has characterized a significant part of the national economic system.

In addition, faced with the growing attention of public opinion on themes concerning the protection of the environment, product safety, human rights and worker rights, even the public sector has begun to move in different ways to promote socially responsible behaviour in companies.

At the moment, great attention is being paid to CSR-related themes by companies and other actors in various areas. I am thinking about the growing importance that governance rules are assuming and about the forms of accountability and certification that are increasingly taking into account the social impact of businesses.

At the basis of these phenomena, there is the widespread awareness that the behaviour of "responsible" companies is increasingly fundamental for all those interested in the good course of companies. I am referring to shareholders, employees and third parties to the whole context a given business works in.

In fact, the crisis of recent years was certainly not triggered by the tragedy of 11 September. We all remember the proud American reaction and the will to recover. A greater influence was certainly had by the financial scandals of both large companies (starting with the Enron case) and governments and institutions (see the Argentina case). When the

speculative bubble of the financial markets burst, it in fact made the fragility of the system emerge and this was due to illicit behaviour, not only in the United States, but also in Italy. The result was an understandable reduction in consumer confidence as consumers suffered a drastic reduction in their financial assets. This fed a downward spiral in which widespread pessimism had decidedly negative effects on consumer decisions which led to a further worsening of the trend.

The macro-economic conditions on the horizon are extremely unstable and make it difficult to predict a possible future scenario. Nevertheless, for entrepreneurs in particular, the essence of commitment lies in finding new paths. An aware and optimistic attitude can generate dynamic flows of opportunity, breathing life into new solutions and creating new horizons. Our commitment must be in accompanying companies in their path towards competitiveness and development. Our duty is to promote the long term development of the economic fabric of the territory.

Some references: a compass to orient yourself in the world of Corporate Social Responsibility's literature; an European, mainly Italian, point of view.

Giuseppe Castelli

Preface

The following tools are aimed at constituting, without being exhaustive, a sort of bibliographic map with regards to the theme of corporate social responsibility.

In this space, we will try to give recognition to the most important texts related to the matter published since 2002. Therefore, we will divide them based on theme in the effort of providing a useful and flexible tool for those who wish to delve deeper into the theme of corporate social responsibility.

We would like to also point out that the selected bibliographies contain scientific texts and as such, may be used in a multi-disciplinary approach. Irrespective of all the different scientific disciplines having approached the subject of corporate social responsibility, it is consequently possible to find texts coming from many diverse scientific points of view.

The main criteria used to divide the bibliographic references warranted an allocation of the texts into six main categories. Moreover, our selections placed emphasis on publications having the Company as the main subject of the analysis as well as the articulation the tools to be used to navigate towards an ideal of responsible corporate management.

As far as classic literature is concerned, which never explicitly broached the subject of corporate social responsibility; it had actually offered a key

contribution towards the opening of public debate on the relationship between ethics and economy (from Aristotle to Calvino, from Cote to Weber, from Solani to Rawls). In the interest of brevity, we advise this text to the reader in search of a deeper understanding of the subject at hand: M. La Rosa, L. Morri, *Social and Economical Ethics. Letters and documents (Etica economica e sociale. Lettere e documenti)*, Franco Angeli, Milano, 2004.

Therefore the division of the publications was organized according to the most recent bibliographic traces related to the RSI being the code of ethics, the accounting model, social and environmental balances, certifications and social and environmental labels, ethical finance and the RSI index.

In addition to presenting the most recent and important publications in Italian, the bibliographic references also include the most substantial texts on the matter written in other languages.

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Managing by values: corporate ethics and philosophical counselling

Barbara Bertagni and Fernando Salvetti

Living within the confines of an organization requires goals and values to be shared, confrontation between corporate cultures, the development of an action strategy and reflections on our personal role and professional identity.

Philosophical counselling is one of the most effective methods of bringing out and exploring personal, non expressed assumptions which heavily condition the life of organizations. This opens a forum for discussion and query on what is the basis of individual behaviour and of organizational practice.

Philosophy is neither a subject to be taught nor a discipline like many others. Rather, it is an approach to life and to situations on a “meta” level and is to be dealt with, in order to view every day life through different perspectives.

Philosophizing implies exploring the space of questions and listening to both ourselves and others. Working with philosophy means questioning ourselves and our presumptions along with trying to observe what we do and what we are and what we say from a different perspective. Philosophical questions allow us to explore the tacit assumptions which unknowingly guide our actions. Such questions open spaces for reflection.

Philosophical counselling, reflections on epistemology and theory of knowledge, cultural and organizational anthropology, dialogues on ethics and professional codes of conduct, sessions of practical philosophy in businesses and labour organizations are among the most effective actions in terms of soft strategies for organizational development. They enable us to explore new ways of producing, planning and doing things.

Businesses use philosophy to give perspective to things, in order to try to understand what is happening within the enterprise and in its outside context, or to share new strategies of thought and action rather than redefining their identity in periods of heavy change. Philosophy is also used to intervene on the organizational wealth.

For some organizations, philosophy is a random intervention, for others a recurring engagement. In both cases it is always a way to invest in human potential and to work on knowledge management.

A CASE OF PHILOSOPHICAL COUNSELLING

Given the delicate problem being faced for privacy reasons, we will rename the client company as “Zed”.

Zed is a very dynamic multinational which is growing quickly. The great expansion it has been subject to over the past years and the opening of new plants in South East Asia and Eastern Europe has generated a series of problems in terms of local micro cultures and peaks of tension within the organization as well as having a marked effect on public opinion.

An analysis of the work atmosphere conducted at the end of 2002, indicated uneasiness within the management due to the difficulties faced in accepting the accusations made about the business by the local press. This moved the attention of the managers to themes of corporate social responsibility.

In 2003, the interest for working on corporate values arose. Until then, these values had only been partially codified in corporate pamphlets and lived as being in contradiction with the results of primary production processes at both personal and social levels. Specifically, many people within the business felt an increasing discomfort towards the social problems generated in some local contexts where the company was present with its manufacture plants. This led to a change in corporate attitudes.

In March 2003, we the Centro Studi Logos, were contacted with the objective to carry out an intervention in order to improve the atmosphere within the organization and favour the discussion of key values within the business.

We proposed an intervention of philosophical counselling focused on:

- helping to identify and give space to the exploration of workers' uneasiness;
- providing keys of interpretation to understand the local systems of thought; on one side, by reconstructing the local systems of belief, thought and values which characterize the social micro contexts where the business operates and on the other, by investigating and distinguishing the main principles in terms of values of the company's vision;
- creating spaces for cultural mediation between the principle values of the business and the local cultural values of reference.

The group of managers met for three days of discussion in a Hotel & Spa in Switzerland in the Engadine Mountains and a month later for two more days in a hotel in the countryside in the Marche region of Italy on the hills surrounding Urbino. Altogether, they were two very evocative locations in context which favoured a relaxing contact with nature and provided very comfortable arrangements.

Two full philosophical immersions were conducted using various counselling methodologies, searching together for the strategies which can help identify the main issues of the problem at hand.

Specifically, Zed had the goal of intertwining two levels of reason:

- on one hand, the survival of the company with a now muddled mission, strategy, objectives, means and processes;
- on the other, its more profound propositions; the relation between the organization and its environment, the nature of

human relations, responsibility and cultural homogeneity versus diversity, etc.

Facing the problem in philosophical terms means maintaining that spirit of confrontation towards crucial issues such as that of power and submission, of global and local, and of utilitarianism and altruism. The thought process was ignited by a particularly significant statement made by one of the participants who said “Those who come from a superior culture are morally obliged to help those who come from a more backward culture!” This was how a thought process, aimed neither at confronting different theoretical knowledge nor trying to change the person’s mind but at exploring the meaning of the words used in the question, was started. “Are there really superior cultures?”, “What are morals? Is there only one moral or are there many?”, “What makes us feel we are part of a superior culture?”...

These questions were not brought up by the philosophers but by the participants. The philosopher facilitates the dialogue, shifts the level of conversation, suggests strategies to explore problems but never provides answers to solve them.

Ways of self-empowerment: people development as a dimension of social responsibility

Fernando Salvetti

Corporate social responsibility is a challenge subdivided on the basis of many principles: corporate codes of ethics, social and accountable balances, the research of development strategies, for both the environment outside and the social context within the corporation, attention to health and safety in the workplace, the general quality of the workplace environment, equal opportunities and the development of non gender-discriminatory procedures, funds for ethical investments, and in general the development of products characteristic of the so-called ethical finance and, finally, the introduction of the *Ethics Officer* (a new managerial figure within certain organizations that take social responsibilities seriously).

Some years ago at LOGOS we had decided to create an international competition of ideas related to the theme of corporate social responsibility. It is a theatrical contest, or rather, one that includes concepts which might be put into theatre: every proposal must be presented as a script or as a theatrical plot.

This competition is organized in partnership with the “Teatro Giacosa” in Ivrea - one of the few Italian theatres oriented towards the development of dramas and dialogue as contemporary forms of expression. Above all, it is a theatre located in Ivrea and in the Canavese area. In other words it is within a territory at the epicentre of one of the most significant cultural and industrial experiences, even with regards to social responsibility, that Italy has ever seen: the Olivetti Group. That’s why we involved the “Archivio Storico” Olivetti in our project.

A particularly merited and important acknowledgment is due to Canavese in that it is also the territory where LOGOS was set up in 1996.

Upon waiting for the winner to be announced by an independent jury in the months to come, I will try to trace the proverbial coordinates mapping out the social responsibilities that play a central role for Logos: caring for

oneself in a person's capacity as an employee- therefore, constructing contexts of work (among others) in general terms, and personnel evaluations (almost all organizations do this through announcements for their selection, institutional presentations, and within union agreements...). Most of all, such coordinates are directly pointed towards the self-empowerment that represents the corporate mission of Logos in its capacity as a network of consultants for professional and personal development.

Self-empowerment: self-development, capacity for an optimal use of one's resources and competences, inner strength, feelings of *self-efficacy* within the central role of a person's life, development of positive strategic and operative thought, the search for more personal choices from which to choose, and a sense of responsibility over a person's own choices with regards to work and beyond.

Before anything else, a personal choice is an existential orientation whose story dates back to Socrates' *Epimeleia Heautou*. That being said, it is also a challenge within the field of social responsibilities in that, within organizations spaces for *self-empowerment* are few and far between even if they are the subject of much discussion, conventions, seminars, organizational interventions and trainings.

Today *self-empowerment* represents one of the principle forms of investment (superficially, but also economically and value-driven) which many parties (personnel managers, training planners, organizational development experts) work towards within an organization, searching for strategies and tactics to “develop human capital.”

Self-empowerment in organizational contexts: consolatory/deceptive discussions that only skim the surface? All too often, they are: corporate rhetoric exercises, interventions (*coaching* rather than *individual or small group counselling, development centres*, etc.) that should aim towards personal and professional development but because of how they are planned and carried out, are nothing more than an occasion to spend a portion of the budget available for training sessions towards polishing up an ideology on a corporation's resources in men (and women).

This is why *self-empowerment* is a challenge for corporate social responsibility with regards to employees. It is a challenge for organizations operating in socio-economic contexts where for the most part, people are “liberated” in that the primary needs for their and their children's survival

are taken care of and there is an abundance of material resources. In these contexts, there is most often a democratic socio-political system and trends in growth towards the average level of education held, are seen. These are contexts where, at least regarding public production of a shared media culture, the individual plays the central role.

In this preface, I have already clued the reader in , on the conclusions I wish to make. I believe it appropriate to digress for a moment from the hierarchy pyramids and organizational networks, machines and assembly lines, and *net-economies* and *knowledge societies* that constitute the everyday corporate setting.

Human machines

“Martin was gladdened by the precision he acquired almost automatically and founded upon observation of unexpected indications. But he didn't have much time to reflect upon it: his conscience was solely applied to his task; his mind, his body, incessantly active, were by then an intelligent machine within which the unfathomable problems of the universe could no longer find solace or space.”: it's 1909, and the protagonist is the now famous Martin Eden in Jack London's novel.

The horizon upon which Martin moves is that of the human-machine mechanism and at the same time, of discipline and the power of discipline itself. This horizon, that of the mechanism, is one in which even today-and probably until tomorrow- we owe much of the development of our industrial and labour knowledge, exactly like much of our military, religious and scholastic history.

It is a horizon and a paradigm that touts, amongst its main constitutional dimensions, physical training and hierarchical monitoring, and not certainly *self-empowerment*. The man-machine is a mechanism that was defined by Michael Foucault as *disciplinary power*: discipline as a “fabric” of bodies subdued and exercised, “docile” and trained to observe and accept the norms prescribed by those in positions of authority.

Disciplinary power, which first has a repressive purpose and is then used to dominate, has a principal function to train and then to better, and more often, has the upper hand. It is a power that doesn't try to chain down

others' strengths to reduce them, but instead focuses on multiplying and utilizing them through methods that permit meticulous control over the body: for example, through jobs composed of prevalently elementary activities reducible to a sequence of movements and repeated behaviours according to necessities derived from productive processes.

Disciplinary measures also take place through the control of time, space and workplace behaviours. "Time and method" are among the main ingredients of workplace disciplinary power, and above all with Taylorism, represent an important chapter in the history of corporate organization.

As such, they were among the most frequent titles used in corporate training courses implemented until about fifteen years ago. Titles of training courses most often denounced (and, in some organizations today, still do...) marginality and deviation from training inspired towards *self-empowerment* and personnel development as more than simple components of productive processes.

Therefore a title must in some way represent the denial of the institutional mission: not because it doesn't have to respect workplace methods (like with other dimensions constituting organizational and productive processes) but because a *good* organizational and productive development- above all in a *knowledge society*- is possible only in contexts attentive to a person and his/her development. I must underline that I speak of *good* organizational and productive development in the ethical sense of the word, and refer the reader to works that go from the *Imperative of Responsibility* by Jonas to the proposal of *Seven Complex Lessons in Education for the Future* by Edgar Morin.

Knowledge societies and net-economies

"Dream, create, explore, invent, pioneer, imagine: do these verbs describe what you're doing? If the answer is no, you and probably your whole organization have been passed over by history," words by Gary Hamel, colleague, consultant and professor of management at the London Business School. And Hamel is in good company: he's not the only one who sustains such a thesis.

Our post-modern world, with its *knowledge society* and *net-economy*, is so complex and uncertain that the companies incapable of dreaming (that is, those with strong hierarchical connotations, strong systems of control and at the same time, low levels of participation and integration) are destined to fail. In fact, if monitoring constitutes the core of managerial processes and organizational models, the organization tends to generate a centralizing structural level and a hierarchy. Amongst workers, it ensures a passive attitude, dependency, demotivation and alienation rather than respect for procedures and the success of their own work.

Nowadays the majority of the private and public organizations (big, medium, and small business, public-economic entities, ministries, regions and local organizations, theatres and lyric entities, museums, schools, churches, hospitals and local healthcare centres, organizations of the “third sector”, etc.) encounter much difficulties in that the *net-economy*, beyond providing a better and faster response to the market's requests (those of the consumers, citizens, patients, producers and distributors, etc.) tends to generate more and more competition among corporations. As a result, the *net-economy* requires relations of cooperation both within single corporations and among other competitors (partnerships and strategic alliances, temporary associations, joint-ventures and consortiums, subcontracts and contractual relations like franchising or systems of exclusive licensing, etc.): to know how to create and maintain a network of satisfying relationships with clients and *partners* in organization, colleagues, and collaborators ; is first and foremost a philosophy before a strategy that today, more than ever, facilitates organizational development and provides a competitive advantage.

Unfortunately, such a philosophy is not very compatible with organizational cultures born from disciplinary controls that characterize many applications of Taylorism. In Italy, for example, hierarchical organizational models, characteristic of the industrial period, are still very much present in a high percentage of organizations (both private and public). These organizations produce goods and services: some studies say that this model is present in as much as 90% of corporations.

The remaining corporations have adopted organizational models with matrices characterized not only by a traditional articulation of the functions of the company itself (production, administration, research and development, sales...) but also by a second modality of objective and

project-based organizations (carrying over into the aforementioned functions). This modality allows for corporate agility in adjusting to market changes, better sharing of knowledge and competences present within the organization, higher internal negotiation standards (for defining criteria for resource allocation, individualizing objectives and division of workplace duties, beyond finding a non-conflicting solution to controversial situations). Therefore, it ensures a quicker decision-making process, translating into more effective operational strategies.

Unfortunately organizational models are not still particularly widespread. They are no longer based on monitoring (in the “mechanical” sense of the word) but instead on the delegation of tasks to work groups capable of running themselves. Models are also based on the involvement and enhancement of human and intellectual capital of the people who make part of the organization or even the whole entity itself (such as partner societies that furnish goods and services and outsource vital tasks and procedures for the mother-company.)

The *net-economy* requires a kind of organization inspired by a network model, capable of anticipating any modifications in the environment outside the workplace with elevated creativity and flexibility. In an economy heavily based on the non-material and centred upon knowledge and information, organizational models similar to *collages* or *patchworks*, which reduce hierarchy, must be made available. Hierarchy must be reduced to a form of coordination and control, and decentralized integration and networks must become the new organizational *drivers*.

In other words, always less *taxis*: that is, order constructed by rigorous and rational planning and rigid monitoring made by those in positions of authority, and more *cosmos*: spontaneous order generated by itself. Such order emerges within an organizational system subject to forms of “inventions” based on the capacities of appropriate parties to generate organizational dynamics not constituting simple responses to an environment. In theory, such dynamics must be concrete and based on strategies and action tactics (knowingly or not, silently or expressed out loud according to the situation) elaborated thanks to a capacity to act in complex and disorganized situations, resulting in the eventual restructuring of a model for action.

The organization is not an absolute concept, but a strategy and an ensemble of operational tactics which must ensure productivity- such tactics must be organizational, unique, effective and be able to be utilized in every context. Above all, ideal organizations don't exist. *Effective* organizations exist. They are capable of elaborating, translating and putting into practice strategies of success within constantly changing, complex environments.

Organizations which are less “managed” by a person at the top with total control over strategies and therefore over organizational and productive processes, but instead “guided” by leaders capable of influencing and channeling activities and processes (not only in groups within the corporation but also outside the traditional organizational confines of integration) make expert use of various cooperative strategies- operative teams from other structures in the network with whom they share interests and objectives.

These organizations are oriented towards fueling entrepreneurial spirit, continuous innovation and corporate cultures characterized by an inclination towards change. Therefore, it is this type of organization that must succeed in constructing motivating and satisfying workplace conditions and must treat personnel well, in order to ensure employees' loyalty to the workplace.

Ways of self-empowerment

At this point, the subjective dimension comes into play. This means an increase in the importance of the position and point of view of the worker as opposed to his/her traditional “opponents” (structures and procedures rather than groups, masses and authorities). The subjective dimension sets up- or rather, *should* set up- a prospect for *self-empowerment*- as a recovery of psychic energy, motivation and interest for one's own work, desire to matter and be important and the search for personal opportunities...

Acknowledging the centralization of subjective dimensions in the workplace translates into such keywords as well-being, ability and time given to one's work, and in spaces for possibilities deliberately created by the organizations. Therefore, such acknowledgement becomes facilitating

strategies and tactics designed to render specific aims possible (difficult, but essential and highly-utilized term preferred by one of the Italian experts on the subject: Massimo Brusaglioni). These strategies and tactics represent the core of *self-empowerment*.

These are such possibilities that implicate a personal choice and an effective existential orientation before anything else. These implications constitute a social responsibility challenge for organizations and all their components (directors on one side and trade unions on the other) that work to institutionalize the corporation's organizational practices towards the maximizing of personal and psychic resources (in a non discipline and training-focused way), as referred to by Enzotale.

Therefore, not just an increase in professional capacities and competences, the divvying up of responsibilities, and the delegation and transferring of power, but also the development of personal potentials and the “mobilization” of personal wishes within settings dedicated to a person's experience that has a formative effect on the mind, and training and care in the highest (and most personal) sense of the term.

Personal training, to use a common word within the Logos language: in Italy at least one organization (above all mid- to large-sized corporations operating in the services, utilities, and sectors in which there is a great deal of public consciousness) has started interventions focused on *self-empowerment* in terms of making corporate populations more aware rather than creation of corporate space and time dedicated to development of practices of personal development.

For the most part of the organizations, a challenge is still just that: a challenge. Unfortunately, in many cases it isn't considered a worthwhile undertaking to combat on a daily operational level. Therefore, ethical values in terms of social responsibilities are denied even at the root of an issue.

In organizational headquarters where French, English, German, Swedish and Finnish are prevalently spoken, sensibilities and activities play a bigger role in corporate life. However, even in Italy there are some encouraging signs.

We must not forget that it is a challenge which probably will see the involvement of public administration, at least interpreting the recent directives by the Minister of Public Administration in “evolutionary” keywords. The recent directives made by the Minister point out: “the dissatisfaction towards traditional personnel management tools is evident. As such, there is a growing need to individualize new policies for development and corporate intervention.”

Strategies and *ways of self-empowerment* are many; it is imperative to utilize at least one. Research is ongoing: the most important part of life and work has become something different (and possibly, better) from what it was in the beginning. This is the main principle and value-guide, that characterizes actions for the benefit and development of people- above all those who work in organizations.



S o c i a l r e s p o n s i b i l i t y o n s t a g e



MONDAY MAY 23 AT 9 PM TEATRO GIACOSA DI IVREA

In Ivrea, the city of Olivetti and the capital of the Canavese area where research and innovation are part of the landscape, together with quality living. One of the most prestigious theaters for research and production in Italy: The Teatro comunale Giacosa. A center of excellence for self-empowerment, innovation and communication: the Centro Studi Logos. A hot topic and very debated: the realization of a social and economic growth which is also directed towards people, environment, and equal opportunities. An innovative method to communicate and train: that of the corporate theater. The combination of these elements has resulted in the first international contest of theatrical ideas on social responsibility. A challenge for all those who believe in theater, in its expressive strength, in its capacity to communicate ideas and values which stimulate confrontation, debates, open thoughts and productivity of individual and collective actions. Next May 23, at the Giacosa Theater in Ivrea, an evening-event is scheduled with the presentation of the results of the call for proposal: the theater will be on stage as a strategy and tool to communicate and confront, reflect and act. In the center of the scene ethics in work, the safeguard of and respect for the environment, wellbeing and the development of people in organizations, the investments or disinvestment on territory, social, environmental and sustainable development balances, equal opportunities. A real event with theatrical performances, projection of videos, moments of confrontation and exchange of opinions within the theater which, for the occasion will also host a multimedia exhibition of "socially responsible" objects from governments, companies, and public and private organizations. Art used to communicate meanings and values, to surprise and involve. Jury: Michele La Rosa (University of Bologna) - Paolo Puppa (University of Venice) - Emilio Rago (School of Management of the Bocconi University of Milan) / Direction: Antonello Mendolia / Performance: Jader Giraldi - Alessandra Lappano - Antonello Mendolia - Paolo Puppa / Concept: Barbara Bertagni - Fernando Salvetti. The event is part of an artistic multimedia set up which Logos, next autumn, will present in New York, at the City University, and which will then be replicated in Brussels, Paris, London, Berlin, Oslo, Lisbon, Zurich, Lugano, Venice and Rome.

an evening at the theater - an enthralling show - a current affair - an occasion to meet and have fun

The Consumer and the CSR

Mara Luisa Parmigiani.

1. How RSI is important to the consumer?

Looking at corporate social responsibility on behalf of the consumer, the meaning and content of the concept changes from what is implied while referring to entities within the corporation itself or those closest: the research companies, universities, and various qualified workers.

Therefore in order to define the CSR, it is essential look at it from consumers' point of view. At this point I will refer to a study carried out by ECR Italia in 2002, recently updated with new data from national and international studies. These data reconfirm the results obtained in the original study. The objective in this case is not to count how many "responsible consumers" exist, but to reconstruct an idea of what consumers want from corporations.

1.1 The methodology of ECR research.

Today ECR-indicood is the association which groups large-scale food distributors and corporations with mass consumption of brands together. This grouping aims at improving the entire industry by association.

This project was born out of the need to investigate the consumer's point of view in terms of the CSR. These methods are used in order to obtain vital information for companies both with a large yield and great distribution of product. All the data obtained had a strictly qualitative value and along with the data gathered in the Focus Group, allowed researchers to paint a picture

of the typical Italian consumer with the hope of putting him or her in context within Europe and the rest of the world and locating any similarities or differences with other clients.

The project development process is rather complex and is herein explained:

- a. Analysis of quantitative sources;
 - Data retrieval, both national and international;
 - Analysis of data and collection modality methods used in the research
 - Data interpretation aimed at typifying the consumer, his or her behaviour, and finally his or her attention to and knowledge of the CSR
 - Comparison of obtained results with the aim of verifying coherence.

- b. Integration with qualitative data(from Focus Group and International Panel):
 - Interpretation of the qualitative data ;
 - Verification of the persistence of trends analyzed in the quantitative analysis;
 - Brainstorming on the basis of such trends for the proposal of projects

- c. Results verified through data based on product sales of CSR friendly brands (organic, sustainable, etc.);

Sources used:

- CSR Monitor 1999 – 2001 – 2002
- ISPO 2002
- Ipsos-Explorer 2002
- UNEP - 2001
- Mori 2000

- Eurobarometer No. 52 - 1999
- AstraDemoskopea 1999-2001
- Coldiretti 2001
- EFTA 2001 - 2000

In this article the results will be examined using the most recent version of CSR Monitor 2005 and the observatory on responsible consumption by Loren Consulting 2007.

Qualitative data were produced through:

- Qualitative analysis of consumers through Focus Groups conducted in three different locations (a large metropolis, mid-sized city, and countryside town) on the subject of the CSR.
- Participants were selected from many different walks of life educational backgrounds and across both genders. This ensured that there was no bias present in the group. These meetings aimed to identify current trends and to confirm the results of previous research. The analysis has a purely qualitative value as the parties involved in the Focus Group do not constitute a statistically significant sample.

Quantitative analysis was carried out with a panel of European experts on the perception of the CSR phenomenon across different countries. The aim of the discussion was to share and evaluate the results achieved with the help of the Focus Group. The experts, all professionals belonging to different associations, research institutions and multinational entities, initially answered a questionnaire, and later took part in conference calls and Internet forums.

Ultimately, the analysis aimed at constructing indicators for socially responsible behaviours for selling points within a corporate setting. Using

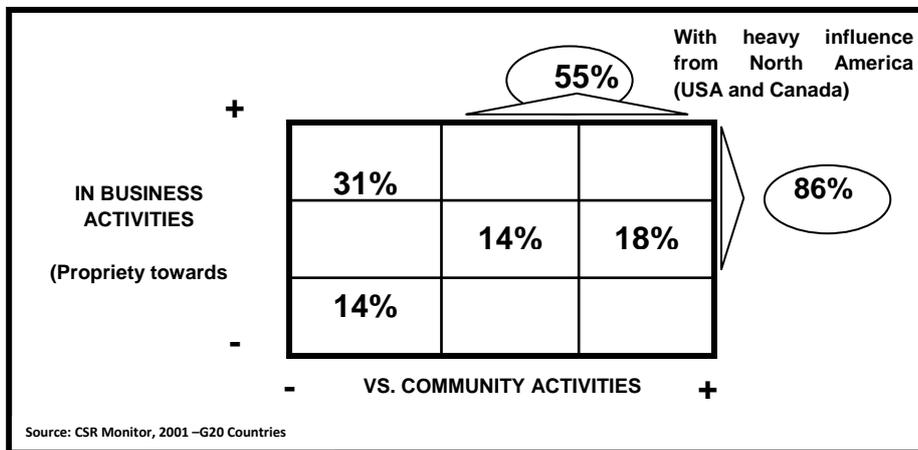
quantitative data relative to the Belated Marketing Cause, fair trade, organic and eco-friendly products the project considered them all indicative of components positively valued by customers.

1.2 The main results

In order to harness the evolutionary potentials connected to a customer's perception of the CSR within the corporate world, the consumer was profiled either as "international" (with particular attention to Anglo Saxon countries which have had the most experience with this issue), "European", and "Italian."

In order to obtain reliable data on the International consumer the CSR Monitor (an annual study) was used, and covered 20 countries selected to be representative of the continent both in size and in local economic situations. .

"Corporate CSR must include..."



Two main reflections emerged were:

- a. Consumers start to consider CSR an element of a corporation's reputation and therefore an asset to its values. In fact, 55% of consumers (for the most part located in North America), consider CSR to be a standard that corporations must adhere to in their everyday business practices.

Therefore the concept of social responsibilities, volunteer charity, the paternalistic attitude and the citizenship in the most evolutionary cases, with a proper run of our own business ,work management, environmental impact, as it is shown by the 86% of the samples.

Particularly in North America (the area of the world's first "aware" of the situation), consumers focus attention on the concept of direct corporate responsibility on the part of the businesses. This takes precedence over the liberal approach which justifies corporate management solely based on the virtue of the profit it generates (see the exponential growth brought about in corporations due to civil causes on behalf of consumers).

The research effected with the European leaders' opinion confirmed by the research/ expectations of coherence on the business, underlining the consumers with the terms of CSR is assuming more precise connotations, formalization of mission and values, the public adoption of ethical code, attention to improve the motivation of the human resources, information of the consumers on the environmental and social impact.

This interpretation is confirmed in the 2005 CSR Monitor carried out by Eurisko, where on a spontaneous level, corporate responsibility seems to consider two types of stakeholders above all: employees (equal treatment in the workplace) and the environment (protection). In second place, corporations take into account the community in which it operates (social services) and the consumers (quality products).

On a guided level a clear distinction between a "basic" "responsibility" and a corporate "social" responsibility emerges. Basic responsibilities are of

primary importance (55%-75%); social responsibilities are also important but agreed upon by a lower level of consensus (35%-45%).

The primary responsibilities of a corporation (its employees, the environment, product safety...) define s an inescapable area for companies. The negligence to adhere to such responsibilities produces grave damages to a corporation's reputation and the trust of its consumers. Therefore, it is possible to construct a competitive advantage when it comes to corporate social responsibilities.

The statistical reference in use to point out the traits of European consumers is the MORI Study, conducted in 2000 across 12 countries with a sample of more than 12,000 people, along with the data collected by the Euro barometer and Astrademoscopea.

The results of the research allow for grouping countries in homogeneous clusters regarding CSR. Key questions were eventually formulated in order to see which category a country belonged to, focusing on:

- the overall evaluation of the company
- a consumer's willingness to pay more for a better product
- the overall importance of the purchase

A threshold limit was established to the clusters- the passing of which was done by at least 50% for each question. Germany and Belgium were placed in clusters in a different way, even without fitting all of the prerequisites. They had comprehensive data more similar to their destination clusters than to their respective groups of pertinence.

Such interpretation was then submitted to international leaders' scrutiny via virtual forum; these experts evaluated the cluster of information as a representation of the then existing situation in Europe.

One must consider the particular cluster of "demanding" consumers: there are countries, among which Italy is one where consumers are "demanding,"

or rather, unsatisfied with corporations' commitment in terms of CSR. A full 64% of these consumers ask for more, but are not willing to pay extra. A greater recognizing of commitment to large distribution emerged within the modalities of operation, community outreaches, and in information regarding the production industry.

This positive perception of the distributions sector is confirmed throughout Europe (except for Finland and Greece) according to the work of the international panel. In a telephone survey performed by Lorient Consulting in 2007 commissioned by the consumption observatory, 47% percent had spontaneously remembered an RSI activity carried out by a Large Distributor, 85% stimulated, confirming what is expressed in the ECR research. Those 85% of participants were able to indicate a socially responsible chain of GDO. This doesn't only indicate a consumer's ability to judge an enterprise, but also their ability to conserve information.

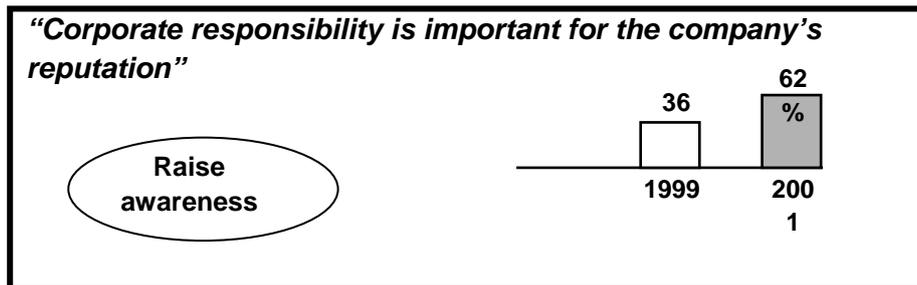
Less widespread is the perception of corporate social responsibility as a function in relation to the size of an enterprise. In cities multinational corporations are recognized as more socially responsible whereas in towns it is the small business that is recognized as more sensible. Italy considers small and medium enterprises to be "more monitored" and therefore more trustworthy. The panel wasn't in unanimous agreement on the subject, and only in Greece, England, Spain and Portugal are multinational corporations thought to be more socially responsible.

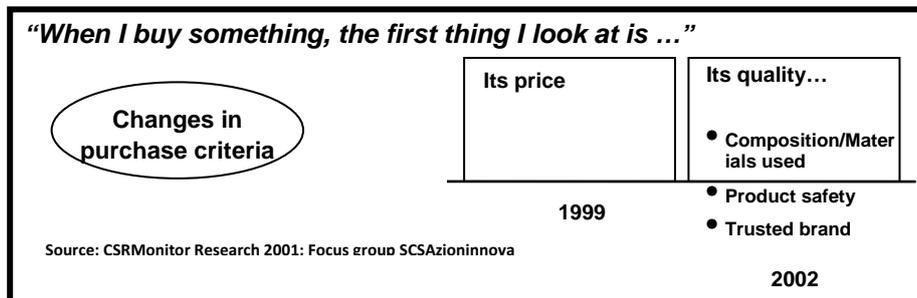
As was expected, the level of understanding of this matter is not equal in every country. In more "old world" contexts, consumers are the first to recognize that corporations must commit themselves to such responsibilities. They are willing to pay an extra cost and understand that the corporation must contribute some of this added cost (or shares) to stakeholders.

The aware consumer is ready to pay more for goods if s/he believes that the additional cost would be put towards a more equal distribution of wealth. Those customers who are not as aware, however, view a mark up as unwarranted and arbitrary on behalf of the corporation.

England is the only country representing an exception to this particular interpretation. England, always a forerunner in RSI, considers roles taken on in business explicitly in terms of public administration (from the definition taken out of the ETI code of conduct for enterprises abroad, in the presence of an CSR Minister), as if they were elements of change in the evaluation paradigm: if RS&A becomes an element of public commitment and no longer a distinctly voluntary factor, the consumer becomes even more discerning.

In order to identify the profile of the Italian consumer, one must refer the data taken from the 1999-2002 Ipsos-Explorer Study, the 2002 ISPO, and the 2001 Coldiretti study. In all the three, methods of extracting qualitative data were used, carried out through Focus Groups by SCSAzioninova. In particular, meetings taken place in 1999 in Emilia Romagna and in 2002 in Northern Italy are at the heart of the matter.





Significant information emerges and attention can be paid to:

The diffusion of a “culture of quality” occurred not only on a corporate level (EFQM, Total Quality), but also and above all in the values of consumers within the consumers’ value paradigm. Considering that “such paradigm is not substantially unheard of in the course of a crisis of consumption in 2005, where the consumer had ‘bought less, but not worse.’

- The growth of available information in the mass media. In 1999 on an average one article a month was published whereas today there is a new one hot off the press (within daily papers and specialized magazines). More and more, these articles discuss the themes and tools pertaining to RSI (social balances, ethical funds, SA 8000) and of agencies’ behaviours in accordance.

The findings of Focus Groups point to the mass media as being the only source of information in the recent past, alone with word of mouth which is an important vehicle and for the most part trustworthy to the consumer. Most of the information in the mass media has focused attention on: “cases” or rather, scandals tied to enterprises with a good reputation.

- b. The problems tied to food safety that have highlighted (in a way comprehensible to all) problematic modalities with regards to production.

Delving deeper into the analysis, it is evident that besides attention, consumer awareness has grown. This happened in a slightly different way in each different context of workplace citizenship in enterprises with sustainable management practices.

1.3 CSR contents for the consumer.

On one hand a vision towards consumer awareness emerges and evolves directly proportionate to the sensibilities and behaviours of the context of reference, public or private. This awareness in Italy is articulated in a fragmented and complex panorama of differentiated responsibilities towards the stakeholders. An enterprise must be aware of the implementation of its behaviours towards stakeholders, in particular:

- It must provide freedom of information and a degree of transparency to the consumer;
- It must guarantee the health and safety of its employees;
- It must respect the local community, future generations, and the environment
- It must sign respectfully draw up and sign contracts fair to all parties involved
- It must globally monitor its behaviours and their environmental and social effects.
- To the society globally intended the monitor of the branch for what concern the environmental and social behaviours,

This attention to the way in which characteristic activities are carried out is confirmed in the results of the last CSR Monitor (Eurisko, 2005). This

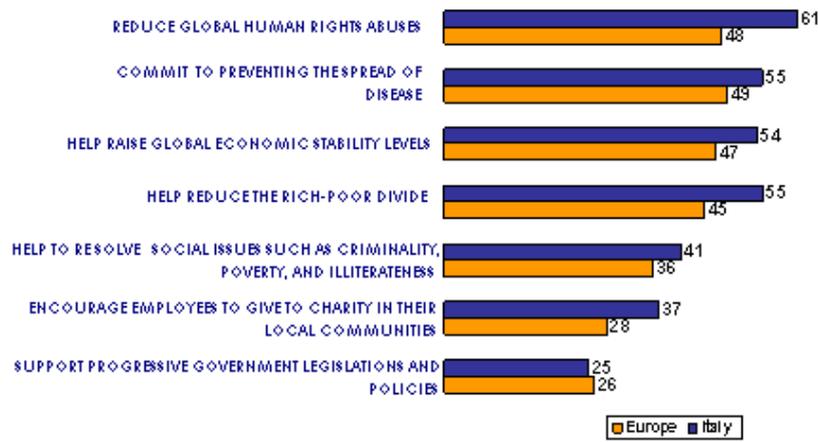
study distinguished between primary responsibilities and social responsibilities. As seen in the figure below, responsibilities connected to the universal values and human rights during the conducting of business are considered primary responsibilities, especially in Italy. Primary responsibilities define an undeniable area of importance for enterprises; if they are ignored, there will be grave risks to the reputation of the company and the trust on part of the consumer.

*Primary corporate "social" responsibilities
in Europe and Italy*



Social responsibilities are also identified and are connected to “workplace citizenship” or rather to the enterprise’s readiness to act as a constructive subject for change and an integrator of welfare.

Corporate "Social" responsibilities in comparison between Italy and Europe



2. How do consumers recognize socially responsible enterprises?

2.1 Desired Circumstances

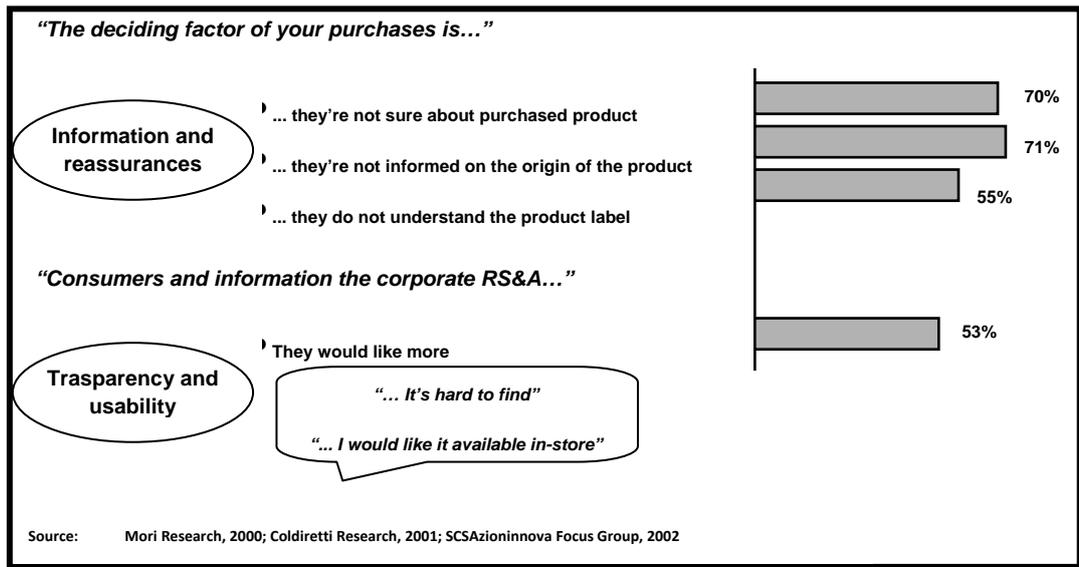
From work carried out by the ECR and by ensuing lectures and analyses, a strong desire for information is confirmed on the part of the consumer. However, consumers struggle to search out this information; one may define their situation as “wanting to, but not being willing to” look for.

From the analysis of the quantitative data and from the results of the Focus Group carried out in spring 2002, consumers basing their behaviour on behalf of corporate RS&A can be divided into four groups:

- Those who prefer products certified as being socially responsible (BIO, E & S...) in that they consider the act of buying as a means of promoting global well-being.
- Those who prefer enterprises who demonstrate a commitment to such products in a public way, transparently and assuming responsibility for the actions of the company.
- Those who wish corporations were more attentive, but not being well informed, limit themselves to boycotts as the only option for stimulating change.
- Those who don't have an opinion on the matter/don't behave in any specific way towards the issue/don't think the question is important.

Given the lack of information, the mode of action most popular and characteristic of the first three groups is the use of boycotts against corporations guilty of violations. Even though in the recent past there has been a decrease in the size of boycotts (see Lorien Consulting, observatory of uses and consumption, 2007) , and boycotting can be defined as a stable and not evolving niche, in every case the most popular public reaction is still “don't buy from the bad more so than applauding the good.”

Therefore the strategic variable for transforming the RSI into more competitive elements seems to be the corporation's own ability to provide information.



2.2 Available tools

In the last ten years many tools used for communicating RSI to the stakeholder have been introduced. In Italy such tools have been diffused for the most part within the last five along with the growth of sustainable practices and increasingly balanced social sphere. However, consumers don't seem to be satisfied, and in some cases, not aware of the changes being made.

On an international level consumers generally request more detailed information on corporate behaviours; however, there isn't a widespread concrete effort on behalf of the consumers to research such information.

- Brands are considered as a usable, easy and reliable front source of information. Packaging containing valuable information is considered a viable alternative, whereas social and environmental balances can be too technical if directly presented to the customer.

According to the Focus Groups' data, in Italy as in many other European countries, the mass media and periodicals are considered a trustworthy news source if they are a third party; social communications are not considered trustworthy when they are produced by the corporation itself. Consumers do, however, appreciate information provided by packaging and brands.

The consumer's right to information has its roots in the CE Treatise. Information provided must be accurate and accessible in order to be of value to a consumer. Information regarding social and environmental aspects is available in many different forms and from diverse sources: companies' official mission statements, consumer organization reviews, or information obtained by third party sources.

Respecting general, common criteria for the creation and evaluation of social/environmental subjects broached in mission statements may better a corporation's image and perceived efficiency. It is essential that States and other interested parties involved monitor such affirmations made in companies' declarations.

Furthermore, consumers obtain information through mechanisms of recognition like awards, official earnings statements, labels, etc. that identify acceptable procedure with regard to certain fields. In the vast majority of cases, it is not easy to obtain pertinent information related to social/ environmental aspect of the production of goods. This is true even while commerce movements are defining common initiatives for transparent and verifiable branding and certification. Such movements also search for systems through which branding must be carried out in an objective way and without discrimination, respecting international

standards at the community level (the standards of course are based on the fundamental conventions of the work carried out by the OIL).

As a matter of fact, as anticipated, we face a case in which a corporation must consider a problem in the efficiency of their own communication systems. This is not because they don't respond to marketing objectives but rather it is because of a lacking response to a well known right of the consumer.

Social, environmental and sustainability balances have been consistently propagated within the recent past, bringing about a definition of a real Italian standard (the GBS). This standard is adapted to the necessities of certain sectors (for example the Italian Bank Association, taking cues from the GBS as a reference, formulated a model for social reports in banks) and even beyond that has become a Standard followed by revisers in social balance validation roles.

All the while, use of the Internet grew and became a means of communications with a larger number of stakeholders. Many enterprises carried out social balances in folders/synthesized versions, and in some cases distributed them to stores or put them in periodicals targeted to a potentially interested public. Consumers say that they do not know reporting materials and consider them to be complicated. This is, of course, a self-reported assertion, but it does ensure a commitment to transparency and openness to dialogue.

Ethical codes, stimulated by the L.231 as a method of monitoring for an enterprise, are rapidly multiplying. They are assuming more and more the function of "internal regulations" (audits) rather than that of a public commitment to the stakeholders. Consumers affirm that they "want to see the Mission and commitments" of the corporation but struggle to pull up the information even when it is explicitly noted and available on the web.

Brand marks corresponding to certification processes verifying a product's quality (carried out by third parties) take very well in Italy. One need only to think about the rapid diffusion of the SA8000 to see that branding pertaining to a certification process are very popular. However, brand

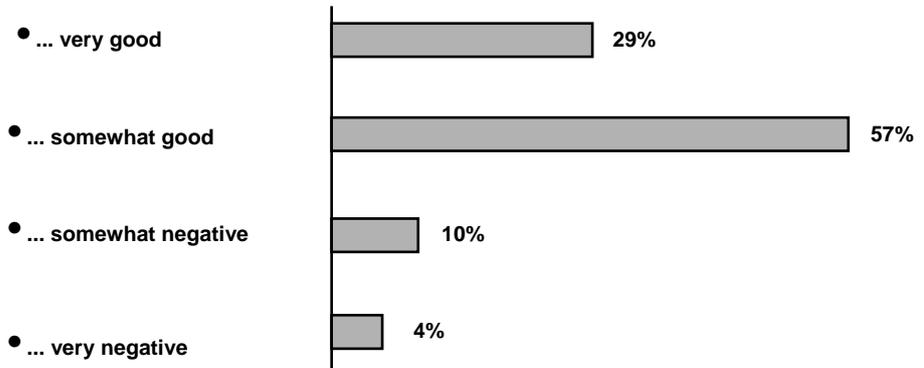
marks relating to the actual product and not the process in which it was produced (LCA, Eco-Label...) are widely less popular. The consumer sometimes struggles to understand which brands are indicative of the enterprise as a whole.

- Packaging may include many different types of information: tags showing the origin and makeup of the product (characteristics, instructions for use, nutritional information, the way in which it was produced) or through methods directly provided by the enterprise (news, facts and figures, values...)

While the first type of information is obligatory, the second is only provided in experimental versions on products of daily mass consumption. Consumers declare that labels affect their decisions for purchase, but that they are also difficult to understand. Above all, they will ask for information upon buying the product. Therefore it is advantageous for an enterprise to stock an ample supply of CSR-safe products, have leaflets and folders on the company available, put information directly related to the values of the firm on the product along with its actions, results, etc...

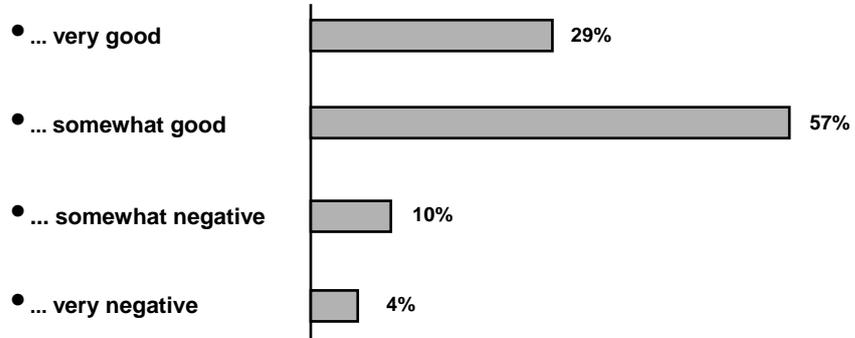
It is quite clear that in order to make things more efficient, the method of diffusing information on the subject needs to be rethought. In doing so, the consumer is informed without the label morphing into a promotional message, assuring completeness without an excess of technical terms, and new channels and models are created to approach the principal categories of stakeholders.

"I would rate the communication from corporations on social initiatives as..."



Source: Ipsos-Explorer Research, 2002

"I would rate the communication from corporations on social initiatives as..."



Source: Ipsos-Explorer Research, 2002

1.3 Potential developments

Taking cues from analyses and emergent data it seems opportune at this point that there should be a return to specialized work. Communications specialists are tools within and throughout organizations used to define tools for efficient and comprehensible communication for the consumer. They concentrate on searching solutions that respond to consumers' desires: reliable and true information that is not publicity, and therefore non evocative. This information should put the consumer in the position to evaluate the product. Information at the point of sale, or at the moment of use, and therefore on the product, is also valuable to the consumer.

Those who work in strategic planning and monitoring the operations of an enterprise uses tools such as the KPI, estimates, social balances, score cards, etc. that are their own work. Through these tools, they learn how to turn social responsibility into a criterion of monitoring and operations. They construct data through implementing and operating such tools in the best possible way for their communications colleagues and eventually, the consumer.

2. Why is the consumer an important element?

Up until now, research has had the objective to indicate a structured way for the enterprise to use RSI to respond to the customer. Research also tries to help customers perceive multi-faceted, indefinable essence of the coherence between enterprises' behaviours and what consumers expect. Giving an efficient response to these terms represents an important element of social change more so than of economic performance. The consuming citizen (it's easier if we think of mass-produced products) as a "titleholder" of the question can direct change only if such change is taught to the people.

One needs only to look at the success in recent years of artisanal and high quality food products, not to mention the recent discovery of “high quality” wine. The Consumers didn’t just one day decide to rediscover rich and antique gastronomical traditions, but instead, a niche of opinion leaders had begun placing value and emphasis on such products (think of the slow food movement). These opinion leaders involved restaurants and shopkeepers and ultimately, large distributors (like “Sapori e dintorni” and “Fior fiore”). There have always been individuals who placed value on such products and their traditional value, but their audience was always (and still is) a niche and it was up to the actual business people to change the market.

At this rate, it won’t be discerning consumers or boycotts that make the world more sustainable but, in our opinion, it is the combined capacity of different parties involved (in particular businesses and public administration) that does. Using tools and spheres of pertinence, this capacity can educate customers on how to ask for more social responsibility from corporations.

Social responsibility for enterprises and training on job safety

Fabrizio Monteverde

1. The culture of profit and corporate safety policy

The prevention of accidents at work, a subject of great importance for the health and welfare of the people, has increasingly drawn the attention of the media. This is no doubt due to its ethical and economical impact on the community.

In 2006 in Italy there were more than 1302 deaths due to hazardous work environments and 9,279,888 work accidents were reported. This trend has an obvious effect on both the corporate image and social reputation of the corporations involved.

As a result, corporate social responsibility, or rather CSR, along with the development of sustainable work practices, is a widely discussed subject. The enforcement of a high standard of CSR must be carried out in a competent way.

Taking inspiration from a large-scale initiative in Italy, one must reflect on the role of responsible corporate policies with regards to risk prevention. This is a theme that, in implications of cost, represents a real element of a trade union between the income logic and the ethical commitment which must be a stable characteristic of CSR.

The scientific debate on corporate social responsibility and sustainable development in recent years has been enriched by several theoretical contributions, applications, and many different positions on the matter often juxtaposed amongst one another.

On one hand, those in favour of economical and corporate-centric thought underlined the importance of the social role and community well-being performed by all companies whose managerial systems were inspired by codes for better practices and guided by CSR.

On the other hand, sociologists and organizational theorists detected in those same corporate active common marketing images, often based on utilitarian and commercial nature.

In our society, corporate rationality is increasingly seen as a model to be imitated. Even outside organizational contexts, we are all committed to achieving productive objectives and optimizing our resources in terms of costs and benefits.

The dangers of such social and personal changes are clearly pointed out by the theories on the psychodynamic of organizations and the relationship between man and his work. As is pointed out by Enriquez (1989), the corporate model became a paradigmatic reference or rather, "a social institution" guiding the way of working which our entire society and all its corporate entities must consider an ideal.

The logic and rules of the economy and of the market very strongly influence managerial policies and staff development. They go hand in hand in a relationship between costs, profits and identifiable professional purposes, all identified quite exclusively by the achieving of a budget.

Such rules run the risk of decisively conditioning the quality of cultural models of teamwork that the corporation may promote and diffuse on an internal level. Ethical and relational issues may also risk taking a back seat to professional duties which may push people to group together both with co-workers and the firm itself in utilitarian and competitive ways. This may occur when a common economic goal is to be reached.

As G. Ruvolo wrote (2000, p. 52): "There is a separation between the performance (the objective) and the personality (the subjective). Working relationships must strive to eliminate impersonality. Impersonal relationships create a lack of connection between people and as a

consequence, also between such people and their own personal liberties. This freedom is considered an object manipulated according to desires, necessities and circumstances.

Criticisms regarding the activities of CSR are for the most part substantiated by those who study organizational phenomena. Their main points include the presumption that it is not a tool supported by effective ethic intentions but rather a means to create a corporation able to attract consumers and control and homogenize its own employees.

The model of impersonal workplace cohabitation affirms itself to be ever truer in organizational contexts. Along with it may come serious risks for the well being of the worker, not only for the obvious impact it holds on his or her quality of social life and ability to relate within the corporation, but also for the opinions he or she may form with regards to finalized work-safety norms.

A work accident is often the result of several complex dynamics at play between employees and their professional environment; the corporate working culture present in the firm, the organizational climate, and the models of leadership involved are factors heavily correlated to professional and personal attitudes formed by individuals when it comes to safety.

1.1 Corporate Social Responsibility within the Organization itself

CSR defines the willingness of large, mid-sized and small firms to promote ethical activities in integration with corporate strategic vision in order to improve social aspects within and throughout the company. There is some very lively debate replete with theoretical contributions and operational initiatives over just how much the practices of CSR are guided by ethical requirements. For the most part, the debate focuses on the tendency of corporations to take responsible initiatives which address the community outside the corporation as opposed to the community within it. We instead discuss less projects of sustainable development addressed to the professional community within the firm.

This phenomenon has its origin in the fact that large corporations, in an ever competitive market, will go to great lengths in consumer marketing. However, even on a purely internal level, the corporation will develop projects to guarantee its interest within stakeholders who bring with them an increase in employees' responsibilities. Generally, these increased responsibilities are not sufficiently emphasized unless they are on a decidedly economic slope.

In addition we may simply consider large companies: their impact on the management of the corporate image and sustainable development determined through carrying out CSR addressed projects. These projects are for the benefit of up to tens of thousands of employees and are a vital part of the community.

If one is to agree with this position, the problem of "internal/external focalization of CSR seems to be exclusively applicable, not showing much conceptual differences but replete with great political-managerial relevance.

Interest regarding the internal implication of CSR is growing both in Italy and internationally. The lack of attention paid to internal CSR logic appears to be a sort of corporate short-sightedness. This comes to play within social and institutional fields ever more aware of the internal workings inside a corporation beyond agency-community dynamics. This phenomenon leads to much debate, the subjects of which broach the effect of globalization and the use of low environmental impact materials to combat pollution and to save energy.

In that sense, the fundamental decision giving way to the multi-stakeholder governance of CSR in Italy at the end of 2007 guaranteed a new drive towards corporate social responsibility. Such responsibility is a strategic push-off point for innovation in economic and work relations within the corporation.

Social Accountability International (SAI), an international organization born in 1997, issued a Social Accountability 8000 (SA 8000) norm aimed

at guaranteeing the respect of the company towards the human and social rights of its employees.

The SA 8000 Standard is the first international standard to evaluate corporate social responsibility and to foresee certain requirements linked to inalienable human rights as well as the social management system in a corporation. The international standard discussed such themes as: forced labour, the freedom to associate and the right to collective negotiation, discrimination, disciplinary practices, work hours, compensation, and health and safety.

Therefore, the lawful respect of such requirements is carried out by certification made from an independent and impartial entity with the aim of determining if the company is in accordance with social responsibility norms. This occurs by using an analogous mechanism similar to managerial systems for quality monitoring such as the ISO 9000 and, for the environment, the ISO 14000.

The SA 8000 detects individual parameters inspired by labour rights. The AA 1000 Standard (or the Accountability 1000 standard), introduced in 1999 by the ISEA (Institute of Social and Ethical Accountability) is instead a standard for the projected process of measuring corporate results concerning ethical and social investments and sustainable development.

The standard allows the participating organization to promote the quality of processes dealing with "social and ethical accounting, auditing and reporting". The AA 100 standard promotes and monitors the continuous improvement of the organization's behaviour with regards to its social responsibility as well as the consolidation of its relationship with the stakeholder. It is carried out in 5 phases.

1. Planning: the values and the social objectives of the organization are defined by the stake holder.
2. Accounting: The aim of process is defined, information is gathered and analyzed, indicators and objectives outlined, and a plan of action is taken.

3. Auditing and reporting: a written or verbal report is submitted to the stakeholder.
4. Embedding: systems for management, collection of information, implementation of rules, and internal audits are developed in order to reinforce and integrate the organizational process.
5. Stakeholder engagement: stakeholders are expected to be involved in every step of the process.

One of the functional criticalities of the most widespread managerial models is the implementation of strategies and organizational interventions which, upon implementation, use logic, promote communication within the corporation and aim for the transference of social norms and corporate values. This is helpful in that it follows a “top to bottom” model, meaning the responsibilities work in a chain of command from those with most managerial responsibility down to positions with more localized operative functions and finally down to the client/consumer.

Such organizational modalities do not place importance on the feed back coming from those at the base of the hierarchical scale, nor do they implement a collaborative partnership with said employees. As such, there is the risk of wasting an enormous asset of information, circumstance which appears to be quite contradictory when compared to the attention paid recently by organizations towards continuous improvement in the implementation of workplace quality measures.

In addition, it is an almost paradoxical situation- such rules almost bind into being “proactive” against their will and new projects can be seen as tasks rather than opportunities for real professional development.

Returning to the five phases of the AA 100 Standard, we intended to stress that a company wanting to improve its adherence to CSR regulations must promote a professional pact with its employees. All managerial processes must take place in a top-down direction and must be finalized towards the valorisation of those who make up the corporate community. This may also

include employees' partner-like involvement when it comes to CSR initiatives.

The heart of the matter on the debate about the real utility and transformational impact of corporate actions (both internally and with other corporations) under CSR lies in how many rights the corporation has to impose an ethical responsibility upon its employees. Accordingly, training initiatives may contribute to CSR in strongly conditioned ways and with logic and real interest.

1.2 The responsible training /Responsibility training

Today, corporations make use of market scenarios which require firms to navigate continual transitions over time. These market scenarios cover one organizational model to the next, and they promote managerial responsibilities on an operative level.

The speed of organizational changes requires a capacity for interacting proactively alongside the changing roles required in their line of work, acquiring information and competencies necessary to carry out their ever changing roles in the workplace.

Without doubt, training represents a privileged tool used to support the sustainability such organizational development. But as a consequence, training initiatives are often subject to criticism, the most common instance of which is the need to represent a finalized tool for reaching productive objectives in a cost-effective way.

The paths to corporate behavioural training frequently have their own "universality," meaning they aim at transmitting to employees involved certain objective operative and managerial elements which is certain and unquestionable for all corporations. These universalities are not only the solution to the problems in the workplace, but they also search to legitimize the common professional identity.

Companies, as systems (or even internal microsystems), promote cultural and symbolic models; produce rites which feed the collective memory of events and of the organizational history within the firm. They also transmit to individuals not only normative coordinates but also references to values which are to be followed in terms of social and effective relations.

As we will see, interpersonal and intergroup relationships in the workplace are characterized by dynamics which involve psychological and social implications which influence the way individuals interpret their own work roles along with their relationships with colleagues and the corporation in which they are employed.

Responsible training in this sense is a process of research and intervention. It is able to support the identity of the individual and values the aspects of a community as an emotional background which ensures reciprocal professional recognition. Responsible training also promotes confidence, symbolic interchanges of thought, dialogue and positive cohabitation of the working environment in contrast with the corporate situations which unfortunately foster working relationships characterized by impersonality, envy, competition and lack of personal investment.

Up until now we have discussed the debate about initiatives of the internal CSR and training projects which risk being influenced and “invalidated” by a lack of attention for the real needs of the beneficiaries or by the logics of corporate development of a strictly economic-productive nature. Such organizational phenomena can be considered “exclusively rational” events.

Managerial development is only obtainable when the corporation is able to bend and mould its activities over time, taking into consideration the impact that these actions have on professional culture and internal relations.

For the company, CSR activities are a tool for increasing market competitiveness and for producing an image appealing to stakeholders. If this aspect were more transparent, corporate attention would be more focused in a punctual and competent manner on comprehending the complex dynamics (most often of an emotional nature) at play in the workplace. More attention would also be given to the relationship between

the organization and the individual as well as the most functional CSR policies used for the well being of workers and for reaching corporate objective.

In particular, workplace safety and prevention against the risk of accidents represent one of the principal themes in a CSR oriented towards workplace contexts. Let us now consider questions until now elaborated through the narration of critical elements in training interventions of a corporate nature.

2. A formative intervention on the perceptions and risks of accidents in the workplace.

The training project was carried out in a corporation whose employees prescribed in many cases to a workplace culture “authorizing”, even if implicitly, the exact behaviours leading to workplace accidents. Curiously, this company had followed internally established norms against workplace accidents surprisingly more restrictive than the actual European norms. The objective of the project was to reduce to the risk of workplace injuries to the minimum level possible.

With regards to initiatives taken under such aims, the company has decided to place particular attention to the development of didactic and organizational competencies. These tasks are usually delegated to mid-level directors responsible for the training of collaborators and often in charge of operative duties.

The training project contained two main parts: developing employees’ capacity to perceive and prevent high risk situations at work, along with structuring on a higher level of competency, through various educational methods (dialogue during a lesson, group discussions, case studies, etc.) The project enabled the participants to efficiently manage training activities on safety and accident prevention. In other words, as a project it “trained the trainers.”

The objectives of the project can be summarized in detail as follows:

- Increase the sensibility of trainers towards the perception of risks in a working environment.
- Improve the competence and managerial abilities of staff towards work safety training.
- Distinguish approaches, modalities and didactical tools through the adoption of active methodologies aimed at greater involvement on the part of collaborators.

Roughly 1,500 managers in the Italian territory (altogether responsible for the work safety training and risk perception studies directed towards 15,000-20,000 collaborators) were able to participate in the project.

In the classroom, the training groups adopted a didactic methodology continually alternated theoretical synthesis, group discussion, case studies and field experience. Class simulations were also provided in order to promote the learning and involvement by all parties involved. Afterwards an analysis and discussion followed. The training objective was consolidation of an active management of the class. Participants were trained in how to use learned information in a professional managerial environment.

2.1 Specificity and critical elements in training projects

The following considerations are the results of personal reflections made by writers in relation to training activities within the class. They were carried out in five different Italian regions in fields concerning the above-described projects.

We now focus on the specific aspects constituting partial elements of the entire project. Through the answering of questions within a classroom environment, these aspects permit us to make interconnecting reflections especially regarding the above affirmations on the principles of CSR, and more specifically on its initiatives.

We do not want to propose solutions which make any connotations in relation to the complexity of organizational dynamics at play. We instead aim at contributing to the delicate theme of workplace safety training.

The elements highlighted here concern in particular the problems with interpreting participants' disclosed roles concerning specific training, organizational cultures and specifics, and compared local operative measures (which can even be different amongst themselves). More so, they concern the degree of organizers' involvement in the training process in different local realities.

2.2 Training of Promoters for a work-safety culture and organizational change.

The recipients of the training were all mid-level bosses (all of whom usually manage continuous classroom training activities), their direct collaborators (who daily manage workplace training of executives), as well as safety technicians responsible for classroom and on the job training)

They are professionals each with a different and specific role to take on. However different their roles may be, they all must to deal with the critical interpretation of corporate roles which are articulated in two different ways: (a third aspect, also in existence, will be explained in the following paragraph):

The first aspect relates to emotive adhesion (beyond a person's age) with a group of the young professionals rather than that of a group of more seasoned professionals. Young professionals may recognize or attribute one another with merits and shortcomings when it comes to respecting safety procedures.

He who has corporate experience has a clear understanding that a generational gap, even if it means only by a few years, may lead to professional conflicts. Such conflicts may even take place amongst those with identical professional responsibilities. Working cultures, developed

during markedly different eras in the workplace brings with them risks of the reciprocal perception of professional non-involvement which may trigger a lack of communication and collaboration as well as mistrust. The impact of these kinds of dynamics may have devastating effects on safety in the workplace.

Starting with the contribution made by the school of Covano and Meratese's model, a great deal of the conceptual models with a psychosocial matrix considers work safety to be highly correlated to the quality of information exchanged within the professional group.

Until a few decades ago, within companies with formal training, an employee who performed risky behaviours at work was considered a sort of hero in the face of danger. This was the direct result of an organizational cultural model, based on professional gratification and of social pressure which marked the working environment.

Those corporate models based on "a culture of risk" are present to this day even if they were officially banished by formal procedure. They polarize the duties of those with executive roles (along with even that of their own directors involved in training) into two directions: "elders" who somewhat protested but lived with restrictions on risky workplace behaviour in favour of older models and the: "young", who have no problems navigating new workplace safety rules.

The second "critical" element, which may partially overlap the first one, is thought to be related to the significant variability in personal interpretations of roles at work and safety requirements. The two most widespread interpretations are either: oriented towards continuous one-on-one monitoring of an employee versus the authoritative management of a group of employees, or both being oriented towards the promotion of culture of safety at work and professional growth in the corporate environment.

Many participants reported "feeling "crippled" by the increasingly complex corporate requirements accompanying new roles aimed at achieving an assigned budget. Those who participated also took into consideration the emphasis of a component of inspection at work and safety sanctions

existing as required by the managerial authority and requiring their active involvement (even in the form of ad hoc training sessions).

Furthermore, most participants viewed the corporation's training as a result of the general corporate belief of employees and their lack of professionalism as the main cause of workplace accidents.

On the contrary, many mid-level managers instead pointed to a lack of organization as having an adverse effect on safety. They theorized that this lack of organization derives from bad planning and maintenance, the use of preventive tools of mediocre quality, and by a deficiency in the clearness of the application of rules, etc.

The classroom training started with the goal of valuing the many diverse perceptions of workers' own professional contributions. Trainers opted for the creation of an educational context capable of forming a common reflection in constructive criticism. Participants were free to express doubts and disagreements in the training sessions.

This in relation with both the particularities in a working group as a whole and characteristics of the individual. This is done by studying different personal attitudes with regards to colleagues' training on a communicative and relational level.

Training is an expression of an educational model that doesn't push employees towards an objective modality of involvement and a task that presupposes the acquisition and perfecting of technically specialised competences. However, in reality, training is proposed as a tool capable of favouring the structure models for requested role assumption. Such models are functional towards personal dispositions, knowledge, capacities and attitudes and at the same time towards a methodological co-division of professional activity to be carried out. All of this is, of course, in accordance with a set of common procedural elements, role-specific opportunities permitting.

Under such definition, workplace training sessions aim at creating necessary conditions to construct a space for learning which favours the

saying of the “non-said”. The aim is to produce an environment which renders a set of perceptions open for analysis and open discussion, all the fruit of the personal interpretations employees give on the subject of risks for accidents at the workplace.

Training towards acquisition of role competencies must be supported by organizational strategies. In a social market scenario characterized by increasing levels of complexity, firms but change their structures and management with the ebb and flow of the economy. This makes for variations in the organization of work. Employees must have the capacity to rapidly adapt themselves to new operative systems, changes in assigned duties and work role conversions. Such changes are often improvised and not always preventable.

With a particular regard to the experiences here mentioned during training projects, in the span of a few months participants were informed that the firm would reorganize work roles, ending up changing many employees’ previous jobs. The new roles, for the most part, made use of many aspects of the subjects studied in training.

It is very easy to deduce how much this represents an element of complex management in training projects. While studying themes pertaining to the relationship between professional and personal identity roles, many participants suddenly opened up about their participation in the training. The training asked participants to consider networks of spontaneous relations, cultural and identity processes formed throughout the years, and symbolisms with regards to work roles.

2.3 The Global and the Local: cultural specificities in territorial branches.

Managers of training courses working in different territorial contexts but hired by the same companies may encounter significantly varying work behaviours shown by participants.

In different locations, participants disclosed various ways of carrying out their roles. These changes in organizational dynamics are directly correlated to a workplace's specific professional culture.

On an organizational level, such variability is a response to different orders given to mid-level bosses regarding modalities of the coordination and involvement of colleagues as well as the interpretation of specific roles of trainers regarding workplace safety. Personnel carrying out organizational activities received orders different from "national" and regional standards.

We examine, for example, participants in a region located in Northern Italy. These participants, save for technical specialists, were never required to train their co-workers as per their job description. During the course of the training activity, many employees came to perceive the added role of trainers as an obstacle or an encumbrance and in most cases expressed outright dislike for the new role ("Now that we have to be trainers too, I refuse!")

Another interesting element of local organizational culture regarding various normative elements based on communication and organization had emerged in the classroom from an opinion based questionnaire on the prevention of workplace accidents.

In regards to various questionnaire entries within territorial contexts, training participants expressed heterogeneous professional attitudes and positions regarding organizational norms of security in the workplace, on the quality of interfunctional relationships within the agency, and the operational modalities to be covered.

Even the relationship with representatives for organization through education and logistics carried various connotations in different locations. Some of the representatives actually knew very little about the training to be carried out and showed scarce interest with regards to the sessions. Even more so, some conducted training according to their own personal interpretations of operative models and completely disregarded the agency's norms.

What had in fact emerged was a substantial lack of correlation between the locally carried out project and its interpretation also pointed out in research on the corporate climate in the workplace: employees showed their dissatisfaction in the firm and towards the dialogue amongst various parties in the corporation and the informative “clarity” on behalf of the company, which they considered to be " disorganized" and " distant".

The aforementioned events cannot be entirely understood by exclusively referring to intraorganizational logic in terms of strategies, fulfilment of duties and objectives, delegation of tasks and monitoring. Instead, we must keep in mind that organizational factors are influenced by a cultural dimension which guides the workings of the individual as well as the group.

Achei (1986, p. 396) defined organizational culture as “the coherent set of important aspects invented by a specific group (...). [The group] learns to face its problems of external adaptation and internal integration which have always functioned well and is thought to be (...) the right way to perceive, think and feel about the issue.”

Within the context of management of internal projects it is not possible to make exclusive reference to one single rational-consensual dimension (according to which workplace safety is of obvious interest to all parties involved). At the same time it is necessary to involve cultural and workplace value structures in corporate contexts.

These dimensions entail relevant psychological and social implications. They strongly influence the ways in which individuals interpret their roles at work, their relationship with the organization, and even the way in which they locally interpret safety norms and subjectively perceive the risk of an accident.

One may refer to the concept of “local culture” devised by Darli and Laniccio: (1999, p. 148): “(...) the local culture is the way in which a moment in time in any given organization, its members look at functional logic, integrative tools, products, clients, and customs; in other words, every aspect that defines the contextual reality.”

The culture of any specific organization is constituted by a shared set of meanings and values as well as symbolic and narrative structures in which the values are manifested within a specific context.

Therefore it is necessary to look at large companies as a sort of "micro society", each one characterized by a specific culture which transmits a specific system of thought to its citizens by way of norms and values. Such rules and values in turn influence employees' ways of interpreting organizational tasks that may keep in mind Murdoch's model of the multinational corporation, which focuses on organizational and cultural specifics within a professional context.

Training can therefore be compared to the capacity of recognizing and facing specific problems in a professional environment, as well as the need not to bypass the specifics of local cultures. Such cultures are the elements which constitute professional identities and operative modalities. Through the development of professional histories and symbolizations they have been synonymous with a professional environment within a cultural-geographic context for decades.

The aspects highlighted here may contribute elements useful for an effective corporate management. Such elements point out to attention needed in both the managerial and communicative fields, either in terms of the monitoring and controlling of communications with peripheral corporations, or in terms of the creation of training initiatives for the understanding of the local workplace culture. These initiatives set out to promote healthy interactions and support an effective clientele for the professionals involved.

We previously wrote about the AA 1000 standard as an example of an operational tool for the promotion and monitoring of the continuous improvement in organizational behaviours with regards to social responsibility. This is used in order to consolidate a relationship with a specific stakeholder. As such, managerial tools might begin to function if, contextually, the company manages to motivate and to involve people. Therefore starting a real projecting partnership, they will use appropriate heuristics in order to better understand organizational dynamics.

2.4 Corporate social responsibilities and the organizational community

Training can represent a precious managerial tool for implementing but only when it acquires real transformational merit. CSR In other words, if coupled with the teaching of specific procedural knowledge, may promote appropriate conditions for the development of roles which support ease of responsible work relationships and a functional interpretation of the norms found in that specific professional environment.

This phenomenon is above all applicable to large-sized companies, characterized by a heterogeneous workforce with many different “local cultures” existing within itself. These professionals in turn interpret and apply organizational directives by using long-time interpretive models within that specific working context.

Workplace training can contribute to social corporate responsibility and sustainable development, albeit strongly influenced by the logic and organizational investment brought to the table and insured by management.

Specifically, if an agency occupies itself with workplace accident prevention in a competent way, it may experience a new push towards creating a CSR-friendly culture. As a consequence, the ensuing workplace culture will reduce the gap between the logics of profit and corporate social responsibility. This will bring about the development of value-based models of management in the ethical interest of all.

The essential requirement for such a cultural operation consists in real attention lent to processes, tools and policies predisposed upon employees and their way of working together in the same place.

This requires that management keeps in mind the importance of what G. Rival defined as a "community plan" for whatever social institution may be involved. The added dimension of the community "constitutes a vital emotional background that links people together and assures reciprocal acknowledgement. It also promotes the trust, symbolic exchanges, dialogue and a common identifier.

This differs from the meaning of “society”: society, from the Latin *socius* harks to the rational and consensual agreement for obtaining a profit, an objective pursued by everyone involved. Through a synergy which improves possibilities for success and, community, from *cummunus* (common gift). This implies that there is a common heritage or gift amongst employees. It is a broad term that defines its members, before they can assume its meaning both rationally and intentionally. Society is, in part, made up of its individual members and is not easily overcome or overthrown. (...) An organization without a community is non-productive. It makes for an uncomfortable environment and is non-conducive to the completion of tasks: it is this comprehension that leads the clever manager to generate a sort of team landscape to remedy any problem within the working staff and the community environment itself” (op. cit., p. 53).

The organizational behaviours at risk for workplace injury are symptoms of organizational, technological and psychological variables. These variables cannot be understood and managed making sole reference to normative or functional aspects.

The disregarding of safety norms in the workplace is the result of subjective habits, social pressure amongst co-workers, but also of managerial incongruence and uncertainties about corporate rules. The lack of workplace rules is therefore an index of uncommon values between different professional groups within the corporation and its management.

It is necessary that companies promote workplace safety training campaigns, in addition to easing constraints derived from rules, regulations and directives on individuals’ work roles. It must take real involvement from the very beginning phases and beyond, in various professional groups through specialized teams for quality assurance.

The processes of the internal CSR are not exclusively assimilated into terms of managerial logic, organizational logic which look at the corporation as nothing more than a rational productive system, and they cannot be delegated to "technicians" who organize training or managerial projects.

Taking into account the functional values and the impact of ever frequent changes to the organizational corporate frame, the duty of management is also to value the community. Under this goal, they preside over cultural processes, customs, traditions, behaviours and personal experiences at play, all which influence the way individuals interpret their professional roles. Managers must also evaluate the relationship between the organization and the individual and must pinpoint the different relational and operational modalities used within a working context. Also of utmost importance is their duty to uphold the productive co-use of the workspace in order to promote continual organizational and cultural transformation.

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Philips and sustainability: growing while building a better world

Sergio Tonfi

The Philips Group

Royal Philips Electronics, with their headquarters in Amsterdam, is a global company known throughout the world. It works successfully in the healthcare, lifestyle and technology sectors, offering products, services and solutions that reflect the brand's promise of "sense and simplicity".

It employs around 122,000 people spread throughout more than 60 countries and, with a turnover of 27,000 million Euro in 2006, is a leader in many departments of the market such as image diagnostics and patient monitoring, public and domestic lighting, electric shaving, technology for the home and many different sectors of consumer electronics.

In Italy, where it has been present since 1918, it is a strong commercial component that has a yearly turnover of about 1,000 million Euro and a total of 1,100 employees.

Philips has always pointed at technological innovation and has registered more than 80,000 patents, among which are such milestones as the audiocassette and the compact disc. And it continues to innovate, investing more than 6% of its turnover in research and development (registering a further 2,000 patents a year on an average).

In a world where technology becomes more and more a part of every aspect of our lives, our aim is to bring "sense and simplicity" to the customers with products that are technologically advanced, easy to use and created specifically to meet their needs, wherever and whenever.

To do this, we have revolutionised our corporate culture aiming our attention even more at people's needs and desires: we believe that only by

making the effort to identify what are the emerging dreams and the real needs of the individual can we create a better future.

For us, the only way to do business is to take note of and respect the needs of those working in the company, those living in the territory that hosts us, the environment and even more generally the society in which we work.

This way of doing things has become an integral part of our being and can be deeply felt throughout the entire organisation, setting us apart from the competition and contributing to a strong sense of belonging and corporate identity.

But for Philips, the approach to sustainability has nothing to do at all with patronage, with voluntary work or a general feeling of wanting to be of help to others.

It is a precise strategy for growth that passes through research into new business opportunities that set sustainability values at the very foundation of corporate growth.

Philips, which this year has published its sixth Sustainability Report, considers sustainability as a great opportunity to improve everyone's living conditions, creating value for all, community and company, in a virtuous relationship that should also be promoted and sustained with correct communication policies (such as it presents in this volume).

In our endeavour for sustainable development, we have concentrated on great global challenges such as energy-saving and access to health services and we hope that we will always be recognised as the company that was able to simplify those solutions available for very complex themes that also determine the future of all humankind.

Because the fate of this future is of those who, like Philips, know that they can contribute to changing it, responsibly, by taking care of it right now.

The approach to CSR in Philips

Sustainable development is a concept that in Philips was born with the foundation of the company. Anton and Gerard Philips, the two brothers who founded it in 1891, have pushed it from the very beginning to work with a great sense of responsibility both to the environment as well as to the protection of the rights of the individual and the communities in which Philips carries out its work.

The company's first objective was that of bringing light to all houses; in a period in which illumination was still limited to the main public roads, the idea at the origin of that, which in time was to become one of the world's largest electronic companies was the simple light bulb – that incandescent bulb that still lights up many of our houses. The light bulb, as a primary product, was a source for business, but it then became a means for improving people's way of life, freeing them from the natural "slavery" of sunlight.

The company immediately showed a strong interest in the community and the surrounding environment: and so employees' houses were built around the first production plants in Eindhoven, along with schools for their children and the sports stadium for the employees (still today the "Philips Stadium" where the PSV team plays, founded in its time as a sporting society for Philips employees).

And so, the knowledge that a company is not an island but that it lives and produces within a community with which it wants to and must start an exchange of values and projects, entered immediately into Philips' mission and DNA – way before its time.

With the emergence of the new socio-environmental needs (the first "Green" movements and the intensifying of the debate on the future of our planet), from the mid-'90s, the environmental balance has been drawn up, in which Philips set itself concrete aims of containment and reduction of the impact of its products and their productive cycles.

The first Sustainability Report, on the other hand, was drawn up in 2001. In it the economic, ecological-environmental and also social parameters played an important role: Philips studied, through this document, the impact that it has on society and on people, both those that work for the company as well as those that live in the territory in which Philips is present, and more generally started to put itself in a place of open, two-way dialogue with all of the institutional, and non-institutional stakeholders.

The Sustainability Report 2006, the latest publication, certified by KPMG, saw among its most notable data, the growth of sales in *green products* that by now exceed 4,000 million Euro (15% of the global turnover).

This result confirms the validity of the EcoDesign programme which, for over ten years, has had the aim of guiding creation of the new Philips products with a respectful and sustainable innovation.

Innovation that should still ask itself the question: “is everything that can be made actually desirable?” and should know : how to draw from the answer a profoundly moral and ethical guise for everything that it does and produces.

An epoch-making change

As companies, up until today , we have been identified more as part of the problem than as a possible solution.

Noteworthy trends of thought (and action) have developed that contrast industrial and corporate operations (up to the arrival of political movements such as the “no global” whose Bible, for a while, was identified with the “No Logo” that temporarily shook the brand’s very values).

But let's tell the truth: with the walls down and those values dissolved that had, up until a few years ago, kept together the capitalistic Western society, an opening has formed, a real power void, in which the company has felt it has the right, but also the duty (considering the increase in requirements in this sense) to come in as a protagonist, starting to play a determinant social role that still has difficulty in being recognised by all, but that in the meantime is affirming itself and gaining ground in many fields. It is a role in which the responsible company (not all of them, obviously) exceeds the vision of a "linear" world, described as an empty space to be filled with products and solutions.

A vision in which the company acts in the knowledge that it needs to cross the barrier of the consumerist systems to arrive at conceiving a truly sustainable market system based on solutions that are able to conciliate and link consumer acts with social needs: profit with real sustainability. Therefore, we are standing in front of a new age, potentially heralding satisfactions and growth, that puts into play much more creativity that deeply overhauls the rules and transforms the economic scenario, finally putting Man – or rather, each of us – at the heart of everything.

This will mean re-inventing many of our ways of being and thinking, and will push many of our industrial systems, particularly those that have more social impact (such as health, education, energy, transportation) to found once more those business conditions that have "maintained" them (also through protective systems and monopolies) up until now.

The basics of Philips sustainability

When we look around, depending on the type of "glasses" that we wear, we can either see a beautiful world, populated by different races that make it rich and stimulating, in which Man has known how to cross many of his limits to get closer to his final desire (that of being like God).

Or we see a crowded, polluted and increasingly complex world, in which differences generate war and inequalities that are so huge as to remove any hope of resolving them. Which vision should we follow? How should we act, faced with such different scenarios?

Philips, as a social organisation, comparable to a biological organism that is pushed to live and survive in even the harshest conditions through continual adaptation to the surrounding environment, believes that it is necessary to aim at sustainable growth, gambling everything on that leading role that a company working in the world of technology, with their great social impact, must know how to play.

This is why the basics of our sustainability are rooted in the strategic business areas in which we are occupied on a daily basis, particularly those of “energy-saving” and access to health services and wellbeing for an increasingly consistent part of the world’s population.

Energy consumption has become a very “hot” topic that has recently seen newspapers fill their pages with terroristic hypotheses on climate change and its potential dangers. But access to a high quality health system for the majority of the world’s population is also a principle of sustainability that we consider as a critically priority aim.

Saving energy to combat climate change

The glaciers are melting, the sea-levels are rising, the reservoirs are shrinking, the hole in the ozone layer is getting larger and while summers are becoming more humid and suffocating , we are driven to increasing our use of air conditioning in homes, cars and offices. One of the main problems that affect all of this is the progressive increase in the consumption of electricity, a source whose production has high social costs as well as high industrial ones.

19% of the world’s electricity is used for lighting and Philips, as a world leader in this field, has decided to encourage a profound change in this

sector in order to increase global energy efficiency.

We started last December with a 'call to action' at the European Parliament to encourage citizens to replace traditional, incandescent light bulbs with alternatives that would allow an immediate saving in energy: a change that would allow, in Europe alone, a quick saving of 80% of the costs linked to household lighting.

The advantage is in the existence of technological solutions that are already in the market, such as the energy-saving halogen Ecore bulb for household use, which offers a 50% saving in energy compared to traditional light bulbs (furthermore, Ecore can very simply replace the incandescent light bulbs that we already have in our homes).

And to give more emphasis to this appeal, Philips has also promoted the web-based asimpleswitch.com campaign and sponsored the great global concert 7/707 organised by Live Earth with 'director' Al Gore, ex-Vice President and now endorser and activist in this field, and Oscar winner for his docu-film 'An Inconvenient Truth'.

The main aim of Philips' environmental sustainability programmes is always that of reducing the impact of its products acting on two levels: on one side following the optimisation of the production process through control and renewing of the plants, with the aim of reducing the consumption of resources – water, electricity, packaging – and the emissions in the environment; on the other, through the planning of ecologically low-impact products (in this specific sector, for example, the Cosmopolis light bulb for public lighting as well as offering significant reduction in energy use, also reduced carbon dioxide emissions by about 30%).

To constantly inspect and control the environmental contamination of its products, as well as the normal ISO certifications, Philips has developed an internal classification system, in which it compares its products with those of its main competitors assigning the 'Green Flag' label – a symbol of eco-

compatibility and low-impact – to those products that stand out for superiority of ecological performance.

It also uses a symbol, a green tick, to highlight those characteristic that prove to be more and more important in the customers' buying choices.

A clear and simple way of pushing the entire organisation, right from the product creator, to a higher sensitisation regarding the impact that we can have on the world where we live: the methodology at the foundation of the entire process, nominated Eco Design, was codified by Philips years ago and represents a reference point for the whole industry.

But the world is not equal and a large part of the population live in what are today defined as 'emerging markets' (China, India, Brazil, Russia are among the main ones). Philips undertakes to supply adequate and energy-saving solutions for these new economies as well.

For example, a wind-up, rechargeable portable lamp with an LED lighting system was launched as a pilot product in India with very promising results in the SMILE (Sustainable Model in Lighting Everywhere) project.

Coming back to the more developed countries, another interesting sector for the reduction of energy use in which Philips is committed is that regarding consumption from leaving the TV on standby.

The aim is to fix this energy consumption at less than 0.2 watt by 2008. Particular attention is paid to the energy used when the TV is turned on, especially for the versions with liquid crystal displays; thanks to automatic sensors for the regulation of the dynamic contrast it has already been possible to reduce energy use according to how much light is in the room when we watch TV.

Access to developed health systems with more contained costs.

By 2050 the world's population of over-60s will triple, from 600 million to 2,000 million people. And Italy will represent one of the countries with the largest elderly population. The cost and quality of medicinal treatments, as well as their accessibility especially in the new developing economies, will become (and already are) vitally important factors.

It is clear to all that timely diagnosis of illness allows therapies that are more simply administered, less invasive and less expensive.

Philips, among the many applications on which we are working, has developed some imaging procedures for computerised X-ray tomography of the coronary arteries and for ultrasound scanning of the neck, where a growth in plaques can increase the risk of heart attack. This apparatus will revolutionise cardiology and, in the future, will allow doctors to predict and prevent heart attacks and other cardio-vascular problems.

Tele-monitoring is another component of Philips' integrated approach to the care cycle. Many patients suffering critical conditions must be helped for prolonged periods of time.

Curing these patients is a task that requires a lot of time and resources by the medical staff and requires the sick to frequently visit therapeutic structures.

Philips has developed a solution for long-distance monitoring and managing of patients (those that have had an operation or that suffer with chronic illnesses) , that allows them to obtain personalised health advice simply via the household television.

A simple object, already available, that could act as a support and greatly improve the life of patients and relatives with the positive collateral effect of a reduction in the costs of beds occupied by long stays in hospital.

The approach of sustainability with the external stakeholders

From its very first years of activity, Philips has always concretely and actively supported the communities in which it is present, investing in socially responsible initiatives.

Philips' vision aims at encouraging intervention projects in the territory that really push towards sustainable growth and improvement in the quality of life for all, with a particular focus on the areas of health and education.

These activities are strongly localised and, in the sphere of main guiding councils, are realised in a series of interventions and projects that are suggested by Philips' very employees.

For example, in Italy the collaboration with the Maria Letizia Verga Committee of Monza has reached its fifth year. This committee is engaged in research in child leukaemia and hosts, in a specially-built structure, the families of the children staying in hospital at the Ospedale San Gerardo in Monza.

Every year Philips creates a photographic calendar entitled 'Together for a dream', with the best photos of children taken by the employees (who often photograph their own children).

In addition to a basic economic contribution established by Philips, by directly buying copies of the calendar and generating a sort of 'word of mouth' that amplifies the operation's visibility and contributes to incrementing the fund-raising, the employees become a fundamental part of this sustainability project.

Philips' interaction with the community is not therefore represented by mere activities of charitable sponsorship, but the company, meaning the sum of the people who work there, actively participates in the construction of an active and profitable relationship with the territory and the entities suggested by the employees themselves.

Also regarding the relationship with its suppliers, Philips has been avant-garde in the fine-tuning of sustainable management systems in the entire chain of values.

In order that Philips' activity is effectively sustainable, it is in fact necessary that the company is able to count on suppliers that are committed to the same ideals. After a process of concentration and reduction, the most reliable characteristics have been selected: the "Suppliers' Declaration of Sustainability" defines the minimum requisites that the Philips suppliers must have regarding environmental responsibility, health, safety and work conditions (with particular attention to child labour in those countries 'at risk').

Starting in 2004, this policy has been implemented in all operative divisions: the control of the respect of values is constant and continuous, thanks also to the 400 internal auditors engaged in inspecting the compliance with these guidelines with half-yearly checks.

The importance of interior sustainability

When the principles of sustainability emerged in the centre of the corporate strategic attention, a national "sustainability board" was formed that had the task of coding the CSR activities and spreading the culture of it within the entire organisation.

Subscription to the General Business Principles by all of Philips' employees was immediately essential in the correct management of business activity, implying direct obligation to ethical behaviour in the way of being and working in Philips.

From the very beginning, one of Philips' characterising elements is the attention paid to the people that work there, recognised as an essential and irreplaceable resource. Over the past few years, projects and activities have

been further developed, aimed at building a real community founded on common values and goals.

As well as important benefits – for example, medical and life insurance, company car and phone, etc. – Philips today offers its employees a 250mq inside gym, a large canteen including quick lunch with pizzas and sandwiches, car parking, games rooms, a shop, and the organisation of summer tournaments and a series of other recreational activities that, as well as improving the quality of the working life, strengthen sense of belonging and personal motivation.

Philips' approach in the management of human resources has effectively paid off in terms of improvement of internal satisfaction, surveyed with specific 'engagement surveys', demonstrating a winning element in the management of the soft levers of Human Resources Management.

Furthermore, Philips was judged one of the best companies to work for in Italy in the 2005 'Great place to work' research.

Engagement, diversity and inclusion in the service of corporate performance

The measuring of the company's climate is an established procedure in Philips and follows up on the certainty that a happy organisation is a winning organisation. It is not a secret that success passes to those people who make up the organisation itself: they must be the right people in the right place and they must be motivated and involved in the best way to really be happy in spending so much time in the company.

The key role is that of the leaders, those that manage the corporate resources – primarily among them, the 'human capital'. They have the task of knowing how to get the best from everyone, putting talent to serve the common goals and make sure that team work is followed to obtain the desired results.

Our way of measuring the internal engagement is an annual survey that is conducted globally and involves more than 80,000 Philips employees. Its results are translated, as well as in performance indices, in improvement actions that pass from broadened involvement to QIT (quality improvement teams) with well-specified timetables and objectives.

In this way we work together towards improvement, putting all individual potential in the field and aiming towards an increased empowerment and the development of a more entrepreneurial culture, inspired by Philips' values (delight customers, deliver on commitments, depend on each other, develop people) and the great tradition started by our founding fathers, Anton and Gerard Philips.

In terms of diversity, for a global company such as Philips, it is essential to understand the market's needs and find adequate solutions for the different cultures that make up that market: this means, for a European market, increasing the presence of representatives of these different cultures, with particular reference to the emerging countries (primarily China and India).

Attracting talent from all over the world and creating an organisational culture in which we all have equal opportunities, being recognised for who we are and not how we are, not only will allow us to be nearer the customer but also to take better advantage of the different cultural angles, avoiding errors and identifying the best opportunities.

We are also working to increase the female presence in the executive positions. This is not merely a politically correct move, but a necessity in order to give worth to the feminine traits that have conquered space in society and organisations, showing concrete results: we have given ourselves the target of 10% by the end of 2010 and we intend to respect it.

Simplicity and the future of technology

The development of Philips' sustainable conscience has found new life with the launch of the brand's promise of 'sense and simplicity' in September 2004.

Our life today is certainly better than that of our grandparents, and the general level of wellbeing, at least in the developed Western societies, is definitely much higher, but there are many areas of complexity still to be confronted.

Technology, which has presented itself as a great engine of social innovation and that has clamorously affected our way of life, has brought with it, as well as great solutions, also a state of relative confusion and uncertainty. We are increasingly surrounded by technological products, but not always are we able to easily enjoy their usefulness.

And so, a great company like Philips, with the transversality of its offer to the market, has responsibly chosen to dedicate itself to the research of solutions that make our life easier with the introduction of innovations that are increasingly more meaningful for people, but also more simple (intuitive) to use.

A course of great commitment, a great challenge with the market, which is already bearing fruit: not only is our brand the most appreciated on the market (the Interbrand research puts it at 45th place in the world with a value of 6,700 million Euro – in 2004 we were at 65th place) but we are also looking towards the future and have recently presented a series of new product concepts (*Next Simplicity*) that well represent our vision of a more technological future, yet one that is also healthier for all of us (*healthy living*).

And also in Italy we have given life to a wide debate on the theme of simplicity as a possible role model to a new *living simplicity lifestyle*¹³⁴ with a series of events culminating in Milan last November in “LivingSimplicity, the Festival of simplicity”.

The “Woodstove” project: an example of *sustainable business initiative*

Philips is convinced that sustainability should pass above all to the definition of new business opportunities founded on a sustainable approach.

An example of this type of initiative is represented by pilot projects developed for the Indian market, one of those in most rapid growth and at the same time one of those where a global approach to sustainability must be suitable for the local specifications. We’re talking about important ways of intervening with our technology, in a simple and effective way to resolve the problems of the quality of life generating at the same time profitable business opportunities for Philips. As, for example, the “Woodstove” project.

Every day millions of people prepare food using a traditional wood oven, filling their homes with polluting smoke. This smoke is a real ‘killer in the kitchen’: a serious health risk. Household pollution in fact kills more than 1.6 million people every year and represents 2.7% of the causes of lung diseases globally. Women and children, who are traditionally engaged in food preparation, breathe in smoke equivalent to two packets of cigarettes a day, suffering with eye problems and developing chronic respiratory illnesses.

Philips’ ‘Woodstove’ – a highly-efficient electric oven without smoke emissions – can radically modify this situation. The innovative system in

¹³⁴ The publication of the “Manifesto della semplicità” has set the rules, the facets, the suggestions with which we can aim at a simplification of our life without losing the sense and substance of it.

fact produces a 'clean' flame, drastically reducing smoke emissions by more than 80%. Compared to traditional ovens it uses less wood, therefore also reducing the running costs and contributing to the reduction of deforestation.

After an initial test phase, a pilot project was launched for the commercialisation in India (in Maharashtra, Tamil Nadu and Uttar Pradesh) which will end at some point in 2007. Today, 500 families in these rural areas have purchased the oven that is produced locally. Other than improving health conditions, those that have used this product have appreciated the time saved in lighting the fire, food preparation and heating the water. Furthermore, there is no accumulation of ash and one can breathe better.

Philips is developing a micro-business system as an integral part of the distributive strategy of this new product, in partnership with two NGOs, active in the development of Self-Help Group initiatives. These groups supply funding from collective-savings, allowing the concrete launch of new localised entrepreneurial initiatives, a respectful and also economic condition for the construction of a truly sustainable business model.

The CSR results

For more than 116 years Philips has been committed to improving people's quality of life, offering products of high technology that are easy to use. The performances and results of Philip's sustainability policy have received much recognition over the past few years. The Dow Jones Sustainability World Index included Philips in the top 300 companies for the third year running, out of a total of 2,500 that were taken into consideration, for their approach and efficiency in the sustainability projects. Furthermore the company is also present in the FTSE4Good Index chart which measures the companies' ability to conform to globally recognised standards of corporate responsibility, and was presented as one of the Global 100 Most Sustainable Corporations in the World, at the recent World Economic

Forum of Davos. Not only that, the company's reputation has seen some significant improvements over the past three years thanks to the progress of the culture of sustainability and the relevance given to a holistic approach to this important theme :

Proof that the CSR can and must be a guiding strategy for corporate management and that its results are measurable and have a positive influence on the economic and financial ones.

Our future

So what is the scenario that Philips proposes for our future?

Firstly it must be made clear that for us the future will be less made up of predictions (that are becoming more and more difficult) and much more of co-creations, or rather of common obligations to build a better tomorrow.

A tomorrow in which everything that is significant and relevant for people is at the very heart of research, design, projects and the technological industrialisation that Philips will continue to bring to the market.

For us, the house of tomorrow will be more similar to yesterday's one than today's one. It isn't a play on words: it is the synthesis of a vision that is not intended to be provocative but realistic.

A vision in which a richer technology that is more present in our homes will become invisible by immersing itself in those objects that already surround us and that can therefore absorb it, making our domestic space, so rich in sense and meaning for each of us, more essential and liveable (no more wires and cables, interfaces that are intuitively usable, technological platforms that are complex inside but very simple on the outside).

There will be less need for technological innovation and more need for social innovation. It is this challenge that Philips is working on with new

tools and proprietary methodologies thanks to the large contribution of Philips Design, the competence centre that is dedicated to the analysis and design of this future. This centre is proudly guided by an Italian, Stefano Marzano, who has been able to put his human-centric vision at the heart of strategic corporate development, crossing the classic barriers in which design is confined and bringing it to the heart of what Philips represents on the market.

Conclusions

In Philips, sustainability is a strong value, one that opens the doors to multiple opportunities. Opportunities that are not limited to intervention in specific solidarity projects, but ones that deeply influence the business approach and particularly the new opportunities for corporate growth.

By welcoming this concept throughout the entire organisation and making it become an integral part of their own strategic thought, for Philips it really is possible to create a better world. A better world to live in and for which our grandchildren will thank us.

A world that, once again, may not be a perfect world, but at least will get a little closer¹³⁵.

¹³⁵ For further information about Philips' sustainable approach, visit: www.philips.it/about/sustainability

Sustainability report and the stakeholders' involvement in the Granarolo Group's experience

Sebastiano Renna

Granarolo is one of the most important operators in the Italian food industry.

The Group currently has 10 production factories throughout Italy, 1,900 employees and a turnover of about 1 billion euros. In 2006, the company consolidated its position at third place (following Barilla and Ferrero, before Parmalat) in the list of the most important fully Italian food & beverage companies, for sales made through modern distribution channels and it is now stably one of the leading mass consumption companies.

In addition to being the industrial brand leader in fresh milk and organic milk and cheese products on the Italian market, Granarolo is the most important Italian yoghurt producer. It also plays the main follower role in the long-life milk and ready-made meals market.

The company began in 1959 from a small cooperative located at the gates of Bologna and it belongs to the Consorzio Granalatte. Together they constitute the most important Italian dairy supply chain directly shared by the associate farmers in the cooperative.

The supply chain, the architrave of sustainability

We started off as a supply chain business, used to thinking collectively, to considering ourselves part of a system that embraced numerous people and groups namely the agricultural world, the industrial world, distribution operators, consumers, institutions and banks.

Our basic choice was to interpret our sector's supply chain according to a growth strategy based on the continuous pursuit of a position that was distinguishable for its quality and innovation.

This strategic choice is inhabited by that cooperative chromosome that has always led us to view the company as a community (and not simply as a physical place where people and resources meet) and to view the market as a group of citizens, not as mere consumers.

Our cooperative roots drove us to pursue the growth of an overall value, more than mere profit. It is this overall value that guarantees the conditions that make profit itself stable and sustainable in the long run.

A company that pursues this overall value is a company that takes on an ethical discourse concerning its own role and aims.

Simone Weil affirmed that "*even ethics, after all, is essentially a matter of efficiency*". Having clarified this issue, we asked ourselves a question - does a company "become" sustainable or is it "born" sustainable? We believe that the answer is both.

In the sense that the seed of sustainability must be inherent in the fundamental options that rule the business, it is nevertheless a never-ending process. There are no sustainable companies.

If anything, there are companies oriented towards sustainability which certainly aren't lacking in their share of problems, contradictions, weaknesses, difficulties and flaws. But these aren't hidden; rather they become a place for reflection and strategic comparison within the company and between the company and external interlocutors.

A sustainable company is one that, in the face of the dynamics and complexity of its operating context, goes beyond the strict observance of the rules in order to find the reasons for its own survival and its own development while continuously and constantly comparing itself to other economic and social actors in the same context, in search of that compatibility and synergy which allow for the generation of a long-lasting economic value.

A sustainable company is therefore foremost a transparent company, open to dialogue and to debate. It is reflective and is able to question itself. It does not hide its mistakes in the view of trying to overcome them. Its strategic choices have an almost "public" profile where profit is an indicator of good management and is not the only objective. To sum up, a sustainable company is a company that is able to distinguish between value and profit, and pursues the former by using the latter in a frame of strategic choices that are in harmony with the working context.

Only in this way is the company really ethical, or rather "responsible", which etymologically means "good at providing an answer".

There are two commonly held ideas we risk maintaining when correlating ethics and competitiveness. The first is to subordinate the former to the latter and to confuse a company's assumption of social responsibility as a mere matter of "social marketing".

Since the beginning of our commitment, we have warned against the risk of CSR's "philanthropic" drift which puts the assignment of a share of the company's profit in the forefront and at the same time marginalises the matter of the conditions themselves where that profit is generated.

Contrary to this, the second commonly held idea is that of only considering the social commitment of a company free from self-interest as "noble" and therefore noteworthy. We often hear that "if the company that behaves in a socially proper way gains out of it, then it is not an impartial gesture and therefore it loses its ethical value". Nothing could be further from the truth.

Instead the opposite is true. What makes sense is to ask to a company to take on social issues only so long as its social commitment is part of a coherent picture which is valid also from an economic and competitive point of view, able therefore, to ensure that it will function and develop over a long period.

Our approach to sustainability (I believe it must be highlighted) first of all refers to the mechanisms for generating economic value.

The founding principle of this philosophy is that the essence of the sustainability concept should be identified with building economic value together with one's interlocutors, rather than competing against them. This coincides with the responsabilization of every actor of the production supply chain regarding the conditions that enable the generation of this value not only on its own, but also with all the others.

In the last few years, Granarolo has taken important steps towards consolidating a corporate model that valorises its function as a production supply chain actor and as the direct manager of the critical steps of the quality process, that commits each company function to obtaining a more natural quality and mobilises means and resources towards fully involving the key actors in the processes, such as the producers, employees and suppliers.

Over time the company has consolidated a business model that today is in open contradiction with production delocalization, externalization of key steps in the supply chain processes, quality standardization of the final product and marginalization of the key actors such as employees and suppliers.

We believe that for a food company (which is now more than ever called to perform a key role in guaranteeing healthy and safe quality products) the brand's value must return to what it once was, that is, linked to its ability to guarantee the product's quality for the consumer. So why are we doing all this?

I would like to explain why by using the Polish sociologist, Zygmunt Baumann's words - "An ethical attitude is one that a calculating mind

would assume after having done its sums well". Basically, not vague solidarity, but a healthy and authentic, medium-long term solidarity.

Sustainability report: from telling others to “letting others tell us”

First of all, why we should adopt an integrative report system for financial statements?

The answer is very simple. In such a complex and increasingly immaterial economy, the tools for measuring and communicating the value of the company must be profoundly reformed.

Nowadays, companies that limit themselves to using the economic-financial report as the only information tool, offer their interlocutors a distorted vision, an old-fashioned vision that doesn't provide a complete picture of their activity. The financial statement does not tell us anything about how the value was generated, nor does it tell us anything about what the generational prospects of the future value might be.

But let's be careful, integrative reports are not the remedy for everything. It depends on how they are conceived.

Since 1998, when Granarolo decided to integrate its economic-financial report with social and environmental reports, it has always felt a sort of latent, intangible discomfort on the ability of these tools to fully expressing the Granarolo's vision.

The first social and environmental reports originated as simple communication tools to enhance the company's image. It was a different way of describing the company and its activities, using a more or less structured reporting scheme, more or less full of indicators.

In 2001, the decision to pass on to drawing up a sustainability report arose from the need to shift the impact of this tool from pure communication to the entire management of stakeholder relations, in order to obtain indications that were useful for the strategic management of the business.

The sustainability report might have intuitively represented a simplification of how the whole corporate performance is described. In other words, just one document instead of three: the economic, social and environmental reports.

In actual fact, for Granarolo, the choice of espousing a sustainable way of thought was linked to more than just the desire to reorganize its reports. It represented an opportunity for the company to start looking at the effects produced by our everyday choices, in an increasingly more integrated way in order to understand how to intervene in these choices in the light of the mission and of the social responsibility policies that the organization had given itself.

The integrative report could therefore no longer be the mirror of a company that described itself, that spoke about itself, that praised itself by itself. Rather, it had to express a company that also allowed itself to be spoken of, allowed its interlocutors to speak and invite them to discuss margins for further improvement on various relations fronts.

Right from the start, the aim of the sustainability report was to make the definition and implementation of a sustainable development strategy, (which was the result of a constant and structured debate with the stakeholders) both a heritage of knowledge for the management and the public who regularly interacted with the company and also an affirmation lever for the Group's mid-term policies. In the following years, the report underwent progressive methodological improvement, which can be summarized in the following diagram.



The diagram defines the options for CSR policy positioning (and its related reporting tool) along two methodological axes:

- Orientation towards dialogue and debate with the stakeholders/Orientation towards coherence between self-defined values and business management choices.
- Valorisation of the corporate image/Intervention on the business model.

These axes produce 4 areas in which to position the tool. Three of them characterise the evolution of the Group's integrative reports.

SELF-DIRECTED RESPONSIBILITY AREA

The CSR policy is focused on the coherence between self-imposed values and business governance choices. The integrative reports have the main function of sharing the corporate culture and its competitive position.

VALUE REPRESENTATION AREA

CSR follows an approach based on the valorisation of the corporate image aimed at describing the company's ability to generate value for the stakeholders. The integrative reports describe how the choices which were made according to declared values have produced positive outcomes for the society and the territory.

“FAIR MARKETING” AREA

The company adopts an approach based on the interpretation of the stakeholders' expectations and on the implementation of actions that create a close union between the brand and socially shared values with the aim of increasing the trust of and the reputation shared by its clients, employees and the community. The integrative reports describe the alignment process between brand equity and the social values held as reference.

BUSINESS SUSTAINABILITY AREA

CSR has the role of strategic business option aimed at consolidating a competitive model based on the integration between economic, social and environmental performances. The integrative reports describe the model of governance, performances and the way interconnected negotiations on business choices are conducted, aimed at increasing the value generated by the reciprocal relationships.

The latter is where Granarolo currently positions itself. The indicator “dashboard” of the company’s performances has so far been represented by the economic-financial reports (which express the quantity of the generated value) and the sustainability report, which allow us to identify the quality of the generated value through a specific group of indicators.

The methodological layout of the report mainly derives from the adoption of GBS¹³⁶ and GRI report models, which were appropriately adapted to the company’s situation and integrated with significant indicators, which were created on the basis of the need to measure the effects of the policies implemented by the company.

The main evidence, concerning the content and process, which characterized the different report editions in the last few years, can be summarized in the following way:

- **1998, 1999, 2000 Editions**

Granarolo’s **Social Report** was written using the method developed by the *Istituto Europeo per il Bilancio Sociale* (IBS - European institute for social reports), which at that time was internationally considered one of the most advanced. The method developed by the IBS uses the ethical/value frame as reference terms. It bases the company’s identity on this by verifying the managerial coherence through which the values taken on as reference points are applied in subsequent interventions.

The IBS model also adopts definite linking criteria with the official accounting in the financial report, modifying the significant items through added value calculation schemes and the relative distribution to the main company stakeholders.

It provides the right qualitative-quantitative dimension of the corporate culture with the internal resources and the main external interlocutors,

by monitoring the process and measuring potential variations in time. The document is divided into three sections:

The first is dedicated to the description of the corporate identity, through the explanation of the guiding values taken on, to give the strategic design and also the corporate policy lines direction along with the mission.

The second section is related to the reports, in others words to the value production and distribution. It consists of several summaries derived from the reclassification of the income statement which are used to highlight the generation process of the added value of the business and how it is split between the various interested parties (employees, shareholders, sponsors, the state and the company).

The third and final section deals with the social relations theme and is based on the representation of the exchange flows with the various stakeholders and on the description (through quantitative and qualitative indicators) of their level of satisfaction in the company.

A qualitative and quantitative survey was conducted by a specialized research institute on a sample of employees and a panel of external interlocutors belonging to different territorial contexts where the company's production sites are located.

Therefore in this phase, the Granarolo Social Report documents the company's activity from the perspective of the managerial efforts implemented to increase its competitive capabilities and social acceptance in terms of the reference values made explicit when the mission was defined.

- **2001 Edition**

Convinced of the need to espouse the “sustainability” approach in the formulation of the company's management plans, the directors

approved a two-year report innovation plan aimed at better content quality, but more importantly better processes.

The goal was to transform the social and environmental report from an image building tool and reputation aid, to a definition and implementation tool of a sustainable strategy, resulting from dialogue and integration with the stakeholders. The first clear changes regarded the "product".

The economic, environmental and social report aggregation was translated into a sole integrated sustainability report, with the aim of turning it into a monitoring and planning tool for the whole company performance.

The accounting model, which had already been built flexibly in 2001, was adapted to meet the reference standards recognized both on a national and international level (the GBS, the GRI) in order to have easily comparable indicators and data able to stimulate constant improvement.

The report, which was previously self-referential, was submitted to external opinion through presentation workshops and discussions with internal and external stakeholders. It is also important to consider the most significant changes related to this process.

An inter-functional work group was set up (including all areas of the company) to formulate the social mission, the chart of accounts and the stakeholder policies. The value and strategic aspects were simultaneously dealt with at executive meetings, and in doing so, were able to integrate the result evaluation with some *planning and preventive*¹³⁷ elements.

- **2002 Edition**

Thanks to the realization of the 2002 sustainability report, Granarolo extended the field of relevance of its sustainability indicators to the whole Group. Management considered it fundamental to follow a sustainable path in the formulation of company management plans. It did this by extending the application of these processes to the controlled companies according to a project for the progressive integration of these companies on a management culture and fundamental ethical values level.

The procedures for collecting the data were structured as an internal management system in order to make the process truly integrated with the business activity.

A specific section of the report was dedicated to stakeholder engagement which occurred in two separate moments. The first was through a survey aimed at rebuilding stakeholder perception and evaluation of Granarolo. The second was through a workshop held in October 2002, to share the evaluation results and to identify any potential areas for improvement.

The strategical aspects that emerged from the workshop were dealt with during the executive meetings which produced a document (that is also present in the current report) for planning the sustainability objectives for 2003.

- **2003 Edition**

The sustainability governance model was formalized. It defined internal and external roles and responsibilities regarding the definition and

development of tools and policies that guarantee coherence between sustainability goals and the managerial activities.

The first process cycle of stakeholder engagement came to a close. In a specific section of the document, the concrete implementation of indications and suggestions deriving from the tools of stakeholder "voice inclusion" (surveys, customer satisfaction audit and multi-stakeholder workshops) was reported.

The results were shown to stakeholders during the second workshop held in 2004 and their presentation was to be considered a constant on the agenda for all future workshops. The sustainability objectives for 2004/2005 (and the connected actions aimed at achieving them) were discussed and approved by the company's Board of Directors on the basis of project proposals made by the area managers concerned.

The results of the voice inclusion activity were distributed (according to theme) throughout the various sections of the report. This allowed the reader to make an immediate comparison between the company performance data related to the policy put into practice and the related judgement expressed by concerned stakeholders on the efficacy of these policies (and on their improvement).

- **2004 Edition**

Within the section related to sustainability governance, the internal monitoring system related to both the D.lgs 231/01 and to the ethical code was formalised. This system defined the roles and internal and external responsibilities regarding the implementation of procedures that controlled the development of activities and the decision-making paths.

The survey on the internal situation was carried out with the scientific support of the *Centro Studi di Ingegneria Gestionale* (Management engineering study centre) at Bologna University. The questionnaire

handed out to employees was greatly modified compared to the one distributed in previous surveys. Therefore, the data related to the extent to which the values can be applied and can be only partially compared to previous ones.

In a specific section of the document the actual implementation activity was reported in the corporate policies and in the indications and suggestions received from the stakeholder "voice inclusion" tools in 2004 (surveys, customer satisfaction audit and multi-stakeholder workshops).

- **2005 Edition**

The 5th consolidated sustainability report also takes into account reports for the former Yomo Group companies. The process of stakeholder engagement and the integration sustainability in business processes was reformulated on a new basis, which will be illustrated in the following paragraph.

From the moment the integrative business reports assumed the shape of a sustainability report, we in fact passed from a "product"-based approach (the report itself, seen as a goal for the company to tend towards in the way of social responsibility) to a "process"-based approach (the report seen as an evaluation tool of the policies implemented in regards to the stakeholders and as a platform on which to implement a process of dialogue, debate and negotiation with the stakeholder audience).

Listening to the stakeholder as a “sharing exercise”

Granarolo started listening to its stakeholders eight years ago.

In 2002, the company decided to take a step further; not just listening, but also involving the "concerned parties" directly in the company business's sustainability process.

To this end, in the last five years, Granarolo has activated a rich set of tools for involving its stakeholders (consumers, clients, suppliers, employees, financial community, institutions, etc.), aimed at elaborating its own policies on sustainable development in an “organized way”.

The tools used by the company for stakeholder engagement were:

- analysis of the internal atmosphere which was carried out together with Bologna University;
- survey on customer satisfaction which was performed periodically through a specialized institute on a broad panel of clients with the aim of verifying the level of satisfaction on product, service, sales force competence and contract conditions;
- survey on stakeholders carried out annually by specialized institutions on a panel of 150 external stakeholders belonging to the main professional categories in order to verify the company's image and reputation level and the quality and efficiency of its sustainability policies; and
- workshop with stakeholders carried out every two years which is a place for debate and definition of the future objectives of the company's sustainability path.

The debate with stakeholders is a decisive aspect of our sustainability process. We might say that it makes the difference between an institutional communication project (as many may consider the sustainability report to be) and an actual strategic sustainable management process.

At the beginning of 2006, in order to respond to the expansion and development objectives laid out in the Corporate Strategic Plan, a decision was made to strengthen and relaunch the consultancy and debate activity with the stakeholders on a new (more “competitor oriented”) basis. The focus was mainly on a new methodology formula for the workshop with stakeholders.

While in the past, the aim of the meeting was to “hold” important, high profile figures “hostage” for about four hours (CEOs, directors, town councillors, high level civil servants, CEOs of public companies, private companies, civil associations and information bodies) and interrogate them on how Granarolo could do its best to confirm itself as a socially responsible company, the last edition of the meeting worked differently. It no longer suggested how Granarolo might transfer more value to its stakeholders (according to a simplistic “redistributing” view of business ethics), rather it indicated (in agreement with their expectations the evolutionary view of the reference scenario and the history of their relations with the company) the priorities that the company could have appropriately used to conciliate competitive needs with the generation of new value for the whole system it operates in.

In the 2006 edition, the workshop was preceded by intense preparation, carried out through a series of interviews (with both the internal Granarolo references and some representatives of external stakeholders) and their subsequent re-elaboration, from which "semi-ready proposals" were extracted and offered to the meeting's participants for evaluation.

The actual workshop was conceived as the most important moment of a more or less structured path for identifying strategic issues. The participants were in fact stimulated to interact within a thematic core that had already been greatly traced.

Few concessions were made to the rhetoric of listening and consultation and more emphasis was given to reflections that might actually have an impact on the company's strategic courses in order to effectively make them able to express a lasting value over time. Granarolo presented its guests with a variety of themes rich in high profile content.

The participants were divided into 6 tables, corresponding to the 6 main critical factors for the company's success: quality, innovation, transparency and dialogue, value creation, growth and territoriality.

According to their expectations, the evolutionary vision of the reference scenario and the history of the relations they'd had with Granarolo, each table was asked to indicate the priorities that the company might use to conciliate competitive needs with the generation of new value for the whole reference system.

The stakeholders were called first of all to better understand the context the company was moving in. It was not so much the specific expectations of each category that were put on the stage, so much as the trends that were being defined as a summary of the dynamics put in place by the people evaluating, deciding and operating in a scenario like Granarolo's.

Therefore the workshop was a moment for reading and decoding the competitive arena as well as a tool for identifying things to be done and to be shared with the stakeholders, in order to create better opportunities for value generation for everyone, to submit crucial issues related to a common path of development to the stakeholders, to detect shared fields of thought, to "cooperatively" develop work paths and potential options, to highlight risks and opportunities and define spin-off boundaries, according to the pursuit of transparency, listening and debate, which is a fundamental part of our approach towards sustainability.

It is a procedure method that increases the value of the business action as it places the action in a collective rational dimension even before it becomes an object of choices, which in a traditional view, would result exclusively as the "socio-shareholder" stakeholder's competence.

The path towards company sustainability is a cascade process. It starts with a corporate leadership based on values followed by the construction of a "shared" relations model with the stakeholders.

An open and illuminated view, on behalf of those who lead the company in order to guarantee the social legitimacy of its choices, is not enough for the

company. It needs more places and tools for broader governance over decisions and risk evaluation which allow it to establish a relationship of mutual trust in the common management of corporate risk. Only in this way can the company's social reports really be supported by all its stakeholders.

The main opportunity we seized at was to affirm Granarolo as an open subject, open to dialogue, willing to be criticized and able to go beyond self-referentiality. We interpreted as best we could, the future need of having a more stable and competitive Granarolo, thanks to the fact that it is capable of reading and writing its own future with the eyes and intelligence that come from listening to its economic and social partners.

Beyond the sustainability report: mission intangible

Nowadays the company is already looking beyond the horizon of the sustainability report.

It is working on a project to prepare for the next conceptual leap, in order to align the company reports with the needs of representation and the shared construction of the corporate value.

Today's is a knowledge economy. In other words, it is an economy in which material assets no longer bear the same weight as they used to in determining the value of a company.

It is an intangible economy based on immaterial things, ideas and innovation. We have all jumped in; employee loyalty, client trust, technological and organizational know how, management reputation, corporate culture and brand image.

These are only a few examples of some intangible resources and invisible assets which even if they do not consist of material goods, often prove to be decisive for the success of a company. Nowadays, physical assets measure

the current wealth being used by the company, incorporated in its goods and properties, while invisible assets are the seeds of potential wealth and are indicators of the future value of the company.

In many sectors and for many companies, the main front of value is invisible in the traditional reports. From the analysis carried out by researchers at Bocconi University, of the registered sale prices of some European companies in the last few years, it seems that part of the value of a company, at times even a considerable part, is actually not included in the accounting data.

The game therefore consists in producing different ideas and cultivating people who are able to differentiate the company from its rivals, both from its innovation capabilities point of view and from the view of the relations patrimony it manages to build. This is what must be betted on.

It is clear then, that communication plays a decisive role in an economy based on the value of the immaterial assets such as brands, know-how, reputation and the trust relationship with the market.

Whatever does not find its place in traditional accounting, such as physical goods, must nevertheless in some way be reported, transmitted and represented to the outside.

So now, the inevitable question becomes - how can the company monitor, manage and report the evolution of this value, both in regards to its shareholder and to all the other stakeholders?

The issue is not easy to solve as it affects the value's prospective capacities for production on behalf of the company (especially a quoted company), as well as the stakeholders and market's possibility of decoding such capabilities.

Indeed, what would be the use of an increase in profit in the accounting figures, in case it were obtained by eroding the value of one of the company's intangible assets (the brand, the predisposition to innovation and research, the reputation or the relationship with a key stakeholder), if

not to launch distorted signals to the market regarding its real affirmation capability in not a short frame of time?

In an efficient financial market, a quoted company should see a potential value loss of its intangible assets reflected in the downturn of its share price.

As a matter of fact, this rarely happens, as the market does not have the information necessary to measure intangible values. This fault can also be detected in the lack of widely-used accounting tools able to reduce this information asymmetry. In addition, we must underline that, the fact that the financial market is not able to express the real value of a company's intangible capital, represents a deterrent to the aspirations of a company to be quoted.

We at Granarolo are non immune to this phenomenon. As a matter of fact, one of the causes for the postponement of our quotation project in recent years is without a doubt, the fear of not having the financial stakeholder audience recognize and appropriately appreciate our distinctive characteristics which are based on sustainability, social responsibility and stakeholder management.

The main solution to this anomaly is to add management and accounting tools for intangible aspects to the traditional accounts.

The new International Accounting Standards (IAS) are already obliging quoted companies (and starting to stimulate non-quoted companies) to annually evaluate some of the intangible assets included in the report. But some are already asking why companies do not organize themselves and adopt systems for measuring and reporting intangibles assets formed within the company.

Therefore, there are no more static or guaranteeistic-style reports, but tools suitable for providing a dynamic representation of the company and for allowing wise economic choices. In the light of these considerations, we perceive the need that Granarolo feels in this phase, to go beyond the sustainability report, to provide its stakeholders with every element useful

in evaluating the quality of the generated economic value (through a transparent and exhaustive reconstruction of the relations and cooperation between the company and the stakeholders involved in the production of that value) and also to allow the company itself to integrate its “dashboard” of performance indicators, thereby placing itself in the condition of acquiring awareness (and of intervening) wherever its competitive advantage is generated.

Dialogue between company and stakeholders: the contribution of the information and communication technologies¹³⁸

Lorenzo Caselli and Giovanni Lombardo

In the permeation of economic, social and technological aspects, the company thoroughly plays its citizenship not as a monad, but in the interaction with the other players in the context.

The company produces goods and services for the market, at the same time as cohabiting relationships, that show themselves internally and in relation to the environment. In this context, the company's dialogue with the stakeholders (and among the stakeholders) represents an obligated journey. To such dialogue, the *information & communication technology* (ICT) can give a fundamental contribution by opening up new opportunities and perspectives as is seen, particularly in the banking sector.

¹³⁸ The article, moving from the theoretical formulation developed by Lorenzo Caselli in the theme of economic ethics and corporate social responsibility, presents the basic hypothesis and the first results of a research that Giovanni Lombardo is carrying out on the creation of value in the banking companies through the ICT tools.

Regarding Lorenzo Caselli we refer in particular to:

- Globalizzazione e bene comune. Le ragioni dell'etica e partecipazione, Edizioni Lavoro, Roma, 2007.
- L'impresa soggetto e strumento del bene comune, in *Impresaprogetto*, *on line* magazine of the DiTEA, vol. I-2006.

Giovanni Lombardo's contribution is taken from a wider study, presented to the *Annual Research Conference* of the EBEN (*European Business Ethics Network*), in June 2007.

Before going deeply into the specifics of the theme, we will briefly bring the attention to the essential terms of the questions treated. Firstly, we would like to make it clear that the company to which we refer, exceeds the old paradigm of the *shareholder value* (that is the value of the satisfaction of the sole interest of the shareholders) and is placed in the viewpoint of the *stakeholder value* (or rather the value of the satisfaction of all of the interests involved) of which, moreover, a more effective declination is imposed as more specified below.

To the latter viewpoint, another equitable and univocal criterion is missing for considering the differing objectives of the various interest holders and therefore, its supporters are not yet able to resolve the conflicts between the various categories of subjects. The road towards the realisation of a *stakeholder democracy* would however seem preferable, heralding the results that maximise the commitments and the expectations of each stakeholder, allowing the company to define itself “socially responsible”.

In fact, it should be remembered that, the utilitarian idea that the production of an increasing income while producing utilities does not necessarily generate more wellbeing and happiness; as shown by numerous economists with the *happiness paradox* as well as modern psycho-social studies from which we deduce that wellbeing is brought about by human relationships and not so much by purchased or possessed goods (Bruni, 2004, Easterlin, 2005, Kahneman, 2003, Gui, 2001, Zamagni, 2004).

1. Stakeholders and community

In respect of the concept of stakeholder, we remember that the term was introduced by the Stanford Research Institute in 1963 in exact contrast to the concept of shareholder. Stakeholders are all the individuals or groups who can influence the company's success or who have an interest at stake, both current and potential, in the decisions of the company itself. Therefore stakeholders are stockholders, collaborators, clients, suppliers, public institutions, competitors, the local community and organised movements.

Its conceptual base was spread from the beginning of the '80s (Freeman, 1984) in the sphere of studies of corporate strategies. Its uniqueness consists in the directing of managerial choices not only to the maximisation of the stockholders' wealth, but also to the research of benefits both economic and non-economic, for all those parties who have relationships with the company. Such a base makes reference to the following points:

- a. Stakeholders are all those who have an interest at stake linked to the company's activity (etymologically: from "stake", bet and wager). These parties whether they like it or not, condition the company's activity and are themselves conditioned by it at the same time. The company is a unit of stakeholders who interact among themselves;
- b. He who elaborates the entrepreneurial choices must bear all stakeholders in mind and not just the stockholders (shareholders);
- c. The manager's objective must be the maximisation of the value and wellbeing for all stakeholders in a sustainable long-term way;
- d. The economic approach cannot set aside ethics (Rusconi, 2007).

This said, we ask ourselves in what way and with which terms, can "community" be attributable to the category of stakeholders. The concept of community has been explored by multiple disciplines starting from the rule-making conception of community as a synonym for good quality of life; but we owe to Webber (1963) the first definition of "community without proximity" that isn't limited to the geographical boundaries (community of place), but that recognises the existence of community of interests made up by individuals that are able to freely interact leaving aside the physical place in which they are. When we talk of "community", we need to bear in mind the fact that in the theory of stakeholders, the concept of "community" of stakeholders is not explicitly made clear or studied in-depth (Freeman, Dunham, Liedtka, 2006, pg. 3 and ff.). In fact, sometimes the community as stakeholder is superficially intended as that residual category which encloses every type of interest and externality that is unable to find a collocation in the usual groups of stakeholders. In general, the communities are characterised by three factors: geography, interaction and identity; from these descend the subcategories of

community relevant for the stakeholders' theory - the 'communities of place', the 'communities of interest', the 'virtual support communities' and the 'communities in practice'.

As regards the present work, we hold particularly relevant the 'virtual support communities' and the 'communities in practice'. For the scholars of stakeholders and managers, these represent the holders of particular interest and expectations linked to as many moral problems, that today are thoroughly analysed in order to explain the various connections that exist between the theory of the stakeholders and other theories in the sphere of finance, accounts, marketing, organisation and production (Freeman 2006).

The 'virtual support communities' are made up of action groups of citizens, united due to modern information technology (such as the Internet) and characterised by a group identity of 'opposition'. These are different to the groups of people who reunite following regular business and social contacts whilst remaining at the same time members of organisations in different spheres. This transversality of the members in fact contributes to moderating the opinion of each one, while the members of the virtual support communities seem to be more extremist and less tolerant, as well as effective generators of protests and less likely to concentrate on specific problems and on the concrete solution of the problems (Godwin, 1992, p. 317). In general, the members of these communities appear less interdependent and less motivated compared to the members of 'communities of interest'. This doesn't mean that the manager does not have to concentrate on the management of the problem at the origin of the formation or protest of this kind of community, but rather search for a dialogue with them and manage this type of relationship.

The 'communities in practice' represent those groups of professional jobs that are rather closed and united by shared interests, values and aims, characterised by a strong sense of identity and by an extraordinary openness to learning and changes within the organisation (Lave and Wenger, 1993, pg. 98). Such members, therefore, are united in the actions and the meaning that the same actions have both for themselves as well as for the collective nature and they usually realise in a collaborative way,

highly creative jobs (Brown and Duguid, 2000, pg. 143). The peculiarity of such communities is, therefore, that of succeeding in considering the needs of the group together with those of its components, in order to reach at the same time both the group's objectives as well as those of the individuals. In particular, we see that the companies are generally assimilated to the 'communities in practice', precisely because this also tries to reach determining results for the stakeholders and at the same time follows the personal development and the learning of its members.

2. Corporate social responsibility and accountability

As is known, there is as yet no largely shared definition of "corporate social responsibility" (CSR). Based on that, announced by the European Commission in the Green Book, corporate social responsibility consists "in the voluntary integration of the social and ecological concerns of the companies in their commercial operations and their relationships with the interested parties. Being socially responsible means not only fully satisfying the appropriate legal obligations, but also going further, investing "more" in human capital, in the environment and in the relationships with the interested parties. The experience gained (...) suggests that, going further than the legal obligations, the companies can increase their own competitiveness. The application of social regulations that exceed the legal obligations (...) can have a direct impact on the productivity. In this way we open a road that allows us to manage the change and to reconcile social development with increased competitiveness"¹³⁹.

Such definition does not seem to be completely convincing; it would be better to define the CSR as the ability to respond, based on suggested data, on behalf of the company (possibly anticipating them and in an organised, procedurally correct and verifiable way), to the multiple requests and

¹³⁹ Cf. European Community, Green Book, Promoting a European frame for corporate social responsibility, Com. 366/2001.

demands that come from the range of its stakeholders with which to install a system of trusting relationships aimed at mutual satisfaction. Again, we can affirm that the CSR's objective is that of combining among them the logic of pure business (i.e. that which matters for the company is solely the economic result measured by the profit) and the logic of the pure philanthropist (i.e. the company must feel that it is committed to giving part of its profits to socially relevant aims). Therefore the CSR is the interpretative and normative key of being and doing business, as the "economically excellent" company must also be "socially capable" or rather be able to "take on as an objective of action and as daily policy the combined following of the economic value and the social value" (Caselli, 2007).

This acting responsibly is based on different requirements; policies of image, possible conveniences, agreements between the parties that reduce the uncertainty and generate trust, etc. But fundamentally it finds its roots in the union of principles, values, orientations aimed at illuminating and guiding, in terms of good and right, the lives of men or in ethics.

In particular, as the term 'ethics' is *vox media* (even the utilitarianism of Bentham is an ethic, the utilitarian ethic), we believe that the CSR is founded on the 'ethics of virtue' and that it must be corroborated by the presence of institutional structures of companies so as to favour the distribution of civic virtues among the citizens¹⁴⁰. This last aspect is fundamental; in fact, if the economical agents do not already welcome to their structure of preference, those values that we usually find listed in the corporate ethics codes, in the values charters etc., the publication and the distribution of those documents will serve little. As Adam Smith already affirmed, for the ethics of the virtues, the enforceability of the regulations

¹⁴⁰ Much has been said about which ethic constitutes the foundation of the CSR. Given that other ethics such as that "of intention", that "of enlightenend self-interest", that "of responsibility" are not without criticism, S. Zamagni favours the approach of the "ethic of virtues". Said theory was elaborated by Adam Smith in his fundamental work *The Theory of Moral Sentiments* in 1759, in the wake of the line of thought inaugurated by the civil humanists in 1400.

depends in the first place on the constitutional moral of the people i.e. on their internal motivational structure even before the systems of exogenous enforcement. The presence of stakeholders with ethical preferences i.e. those who attribute value to the fact that the company practices fairness and does its best for the respect of the person's dignity, independently from the material advantage that they could derive from it, makes it possible for an ethics code to be respected even in the absence of the reputation mechanism¹⁴¹.

The virtues ethics compared to utilitarianism (for which the objective of action of a company or a system is to maximise the sum of the individual goods) has the merit of exceeding the problem of the confrontation between own interests and altruism, making clear the fact that living in a virtuous way improves one's own life, as well as obviously improving other people's lives. This insofar as this ethics approach is based on the notion of "common good". The good derives from being in common, from being inserted in the company or in a structure of collective action, which by nature has a value that is superior to the mere sum of the individual goods (Caselli, 2006).

Another method of realisation of the CSR consists in the possibility of 'drawing up' a social contract between all the stakeholders (Sacconi, 2004). This theory also known as neo-contractualist, originally of a Kantian installation (each interest holder has the right to not be treated as a means to an end, but must participate in the determination of the company's future direction) was innovated according to Rawls' studies (1999) and is able to supply a criteria of judgement on the legitimacy of the company as an institution and on its strategic management. In short, with the 'Rawlsian contractualism', we ask the interested parties if they want to be a part of the

¹⁴¹ The mechanism of reputation provides for the company to self impose on itself, following behaviour of desertion, the sanctions provided for in the ethics code that it gave itself. That will see an increase in the reputational capital in the eyes of all stakeholders which will improve its economic performance. Furthermore such a mechanism appears criticable; in fact it would be necessary that the stakeholders' knowledge and in particular that of the consumers and the subjects of civil society was perfect, so that they could decide if that which should have been done was in fact done. Cf. Zamagni (2004).

company in a state of nature in which they are guided only by enlightened self-interest and not also by conventions or traditions. In this way we identify the balance of contractualisation that any stakeholder would accept to cooperate, as long as that balance is the expression of an impartial procedure in which the moral equality of all participants would be ensured. The normative strength of the contractualism is therefore in the linking, in general and under reasonable conditions, the consumer justice (or equity) without giving up the rational calculation. Therefore, instead of maximising the function of profit, the company maximises the function that represents the solution of negotiation among all of the stakeholders (Sacconi, 2005).

Regarding the accountability, firstly it is necessary to make clear that such term comes from the English *account*, which together with its derivatives, presents different conceptual nuances that do not have an adequate equivalent in Italian. Generally speaking, it indicates the condition of being responsible for doing (or not doing) something and the need to be prepared to justify and/or explain one's own actions. The manager must take on the responsibility of the well being of all participants of the corporate organisation. The latter is to be considered as a social organisation based on the inter-dependence of different and driven economic interests. Therefore accountability requires the identification of the various legal interests of the various categories of stakeholders and to define then, the nature and the ambits of the company's obligations towards them. In fact, we must not forget that every stakeholder makes investments in the company (the shareholders invest capital, the other parties bring knowledge and professional skills) and therefore has the right to obtain a suitable compensation. Therefore in the ambit under study, we can conclude that with the term "accountability" we intend, the obligation to inform all the interested parties as to how the responsibilities are accomplished in their regard (Rusconi, 2007).

3. The ICTs

The term ICT, acronym of *Information and Communication Technology*, indicates the sum of the techniques and tools for electronic data processing, in the field of technology of transmission and distribution of information on a local and distant level. Speaking of ICT, we refer to elements in continual evolution and extremely heterogeneous, that automate the processing and the communication of information and knowledge in such a way as to increase its value, thanks to the manipulation and distribution of the relevant contents.

ICTs, therefore, as well as being a technology, are definable as part of a social and economic phenomenon which transforms the environment in which people live and companies work (EITO, 2003 and Dameri, 2005, pgs. 4-6).

ICTs, in fact, allow the unfolding of relationships in the network i.e. relationships between groups of individuals and agents founded on communication. This over the years has also allowed the corporate world to facilitate the meeting between the interests and the needs of all the involved parties (the stakeholders globally intended), arriving at transforming the way for communication, of a unilateral approach of answering the requests that arrived in a dialogue approach.

The components of ICT are made up of physical devices for the electronic data processing (hardware), of programmes for the processors (software), of the devices for data transferral (TLC), of the human activities for the management of information systems (services) and the baggage of knowledge and technical and cultural skills of the users (wetware).

Some examples of modern electronic information and telecommunication technology used by private users and by companies are not only made up of applications of e-business¹⁴², of forums¹⁴³, of blogs¹⁴⁴, of knowledge

¹⁴² Technologies supporting the interaction with the final customers (B2C), with other companies and suppliers (B2B) or with their own employees (B2E),

databases¹⁴⁵, of intranet and social networks, but also of mobile and radio applications¹⁴⁶, etc. In particular, by social networks we mean a map of relationships that exist between the individuals that represent them.

The social networks and community networking are generating innovative approaches to the work of organisations of civil companies in the direction of sustainable development. In order to become part of an online social network, you need to build your own personal profile starting with information such as your email address up to your interests and passions (useful for the ‘friend’ and ‘love’ areas), to past work experience and relevant references (necessary information for the ‘work’ profile).

At this point it is possible to invite your friends to become part of this network who can in turn do the same and in this way, we find ourselves widening the circle of contacts with friends of friends and so on, ideally upwards until you include the entire world population as hypothesised in the theory of the six degrees of separation of the sociologist Stanley Milgram (1967), whose validity on the Internet was also recently evaluated by researchers of Columbia University.

supporting processes and activities within the company and for the increase of knowledge and the exchange of information.

¹⁴³ Forums are made up of an on-line space in which groups of people with similar interests find each other, to ask questions and actively participate in discussions that are created. Generally, anyone can read these discussions, while if you wish to write on them you need to register. In the majority of cases, the forum provides at least one ‘administrator’ or ‘moderator’, users with particular powers of management/filtering/clearing/cancellation of messages written by the normal users.

¹⁴⁴ Blogs, an abbreviation of ‘web log’, indicate a self-managed website where news, information and opinions are published in real time. Originally linked to simple ‘on-line diaries’, blogs now represent a phenomenal complex of communication, in which access, reading and the possibility of intervention can be opened up to the public or restricted to a list of people.

¹⁴⁵ Data bases with frequently asked questions (FAQ) or other repetitive explanations, useful for all stakeholders.

¹⁴⁶ Wireless, Wi-Fi, RFID and other technology relevant to and useful for people on the move.

4. The banking sector and some specifics of it with reference to ICT

The banking sector studied, (intended as a part of the wider finance sector) generally includes the banks with branches in Italy that work under the discipline of the Unique Banking Text (TUB) and are subjected to the imminent entrance in force of the new agreement of Basel. It should be noted furthermore, that the study covers particular companies with well-determined or determinable stakeholders. In particular, it should be noted that in the banking sphere, each subject may be registered at the same time in more than one category of interest holder (think of the 'worker' of a bank, who is very likely to be a saver and therefore 'supplier' of a bank, but also a 'client', if he is the holder of a passive current account, credit opening or anything else. The same goes for the managers and so on). Furthermore, banks own vast participations in the capitals of industrial companies as well as controlling other financial intermediaries, common investment funds, private equity companies, etc. Therefore, actually the analysis seems to embrace a larger conglomerate of economic activities and, therefore, of stakeholders. The social impact of the banking world therefore seems perfectly evident.

Regarding the use of information and communication technology in financial intermediary companies, we mention the Istat study presented at the end of 2006 (Istat, 2006, pgs.1-9). Also of interest is the deep analysis on the connections between training in information and productivity skills/personal satisfaction in the banking sector carried out by AICA and SDA Bocconi (Camussone et al., 2006), from which we deduce that an increased capacity of use of their own operative system and the relative *utilities* for the management of the archives, as well as of instruments of *effective presentation* and Internet, guide us to an improvement in the quality of the results of their own work, to the reduction in work time and the possibility of carrying out new and more interesting tasks thanks to the mastery of ICT.

Other interesting sample investigations are those regarding the phenomenon of *blogs*, according to which, between the authors and readers

of the webpages, strong mechanisms of attention and trust are installed superior to those regarding almost any other means of communication and socialisation¹⁴⁷.

Particular mention should go to the other studies carried out on the effect of the information and network access technologies on development and growth. In fact, a positive connection has been found between investments in ICTs and productivity (Becchetti, Londono Bedoya, Paganetto, 2003). The distribution of ICTs in turn, is influenced by the degree of economic freedom and development of the financial markets; an unsuitable mobility and an excessive taxation limit the distribution of personal computers and Internet access, while the liberalisations help the citizens to benefit from products of knowledge (Quah, 2001).

The modern studies on networking in the company try to explain the dependent benefits of this subtle art, distinguishing between operative, personal and strategic networking (Hunter – Ibarra, 2007), while the tendency of studies regarding the working life of the stakeholder reminds us that the company, as an aggregation of means and people, ‘encloses’ within itself workers and managers, often for the majority of an entire day. The best working performances, however, would come from collaborative environments where they could better develop creativity, productivity, commitment or teamwork. Those managers who succeed in increasing the occasions of cooperation through face-to-face meetings and/or information technology, who are able to work in collaboration with the subordinate worker as if they were on a level of equality and who in any case treat the workers with the due dignity, decree corporate and personal success (Kramer, Amabile, 2007). In fact, the so-called immaterial and relational goods are given worth, i.e. those that are well-formed by knowledge, capability, ability of the management and the production team and whose value is given by the ‘being in relations’ rather than by a quantification expressed in terms of price. According to a recent publication by the consultancy company Boston Consulting Group about the classification of the best companies to work for in the mid-term, the organisations that

¹⁴⁷ Cf. Università di Trieste - DiarioAperto, Inchiesta sui Blog in Italia, 2007.

follow the so-called engagement policy (involvement, motivation and working within a shared system) have performances that are 55% higher than the average of the S&P 500.

Finally, of fundamental importance for our purposes, recent research appears in the matter of bank-company relationships (lending relationships), on the structure of the market and the policies of price, on relationship financing (Forestieri, 2002) and on social and intellectual capital balances. The studies on social balances, on the balances and the intangible and the intellectual capital regarding those voluntary documents that the banks draw up generally according to a standard definition by ABI, regarding those voices that do not find a place in the traditional ex-civil code and TUB financial balances, concern the acceptance of all stakeholders' requests highlighting the fulfilment of the obligations of accountability and RSI. These documents still seem not widely shared, too standardised, are impersonal and often do not respond to the real situation of the social aspects within and surrounding the banks. As no sure parameters exist for the evaluation of the sustainability and profitability of the corporate social strategies, uncertainty and disinterest prevails making one think of such documents as mere promotional tools¹⁴⁸.

From the research carried out, it has been found that some types of stakeholder of the banks (in particular the clients and suppliers) think it right that the banks themselves take on socially responsible behaviour also, and especially with information technologies (such as forums and internet communities) in order to involve the stakeholders more. The preferred method has been found to be a forum, of a non-banking origin and therefore external and independent, but with the banks registered as normal users. As for the second alternative, appreciation has been expressed for corporate forums (of the banks), accessible to all but "moderated" by super parties.

¹⁴⁸ However, the problem can be broadened to all sectors of economic activities; but not even for industrial activities, is a standard social report provided that is shared and controlled. Many companies publish meaningless and useless social reports for an evaluation of the credit (cf. Alberici, 2007), an aspect on the other hand that became crucial from 2008 following the Basel Agreement.

Vice versa, other stakeholders of the banks, mainly the managers, believe that the use of such tools is still more of a risk than an opportunity, even though they are moving in a direction that will bring the banks to opening up both internally, to diminish gerarchic levels, as well as externally, towards all stakeholders, through the active participation in virtual communities. The projects currently being studied, in fact, are aimed at obtaining collaborative companies open to the active consumers/savers and, in a small way, operative in virtual realities. Here below, are presented two interesting cases.

5. The case of Banca Intesa

The banking group until a few months ago called 'Gruppo Intesa' (currently Intesa Sanpaolo), programmed and carried out various investments in ICT spheres, also in connection to the company's ethical and responsible management. From the 2005 social report different significant passages emerge:

- About the security in telematic channels, the activities necessary have been constantly carried out for prevention, identification and management of the access to the Bank's information systems, in particular of those used by the clients as well as in the protection of the clients themselves from so-called online fraud; furthermore the project has been completed for the new technology for the centralisation of alarms and it has been set up and distributed throughout the branches.
- Also regarding the listening to and dialogue with people, initiatives have been taken, aimed at the development of *ad hoc* tools according to structured and continual methods. Following agreements stipulated with the union organisations, a Company/Union Observatory is about to be set up which is asked, in particular, to analyse and formulate proposals regarding possible criticism on the themes of commercial action and anti-theft security.

- About the initiatives of structured hearing, the realisation of investigations on the internal climate, focus groups and a general group investigation every six months are objectives, as well as investigations on individual areas of in-depth study. There is also a project on the so-called 'hearing groups' which foresees the activation of a network of correspondents who guide the proposals, criticisms, suggestions and the observations of the colleagues on the territory who are the spokespersons for the management strategies.
- Worth noting is the section 'Cohesion to grow and consolidate, around a strong and shared corporate identity, the spirit of belonging', where an Intranet portal is expected for services to the collaborators, the activation on the corporate intranet of a space dedicated to the services for the collaborators, on-line help, payment management, on-line 730 modules, transferrals and missions, useful information for after-work, blogs and forums.
- With the 'In Intesa' initiative a workshop will be started on belonging and integration. The initiative to be activated on a regular basis foresees a structured training course lasting three days, transversal to the different organisational spheres and aimed at favouring the sharing of the corporate realities, of its culture and its values in order to strengthen the sense of belonging and identity of the staff.
- Very interesting is the 'Archimedes Project', to be realised in the sphere of the Corporate Division, which foresees the constitution of a platform of Knowledge Management that will allow the sharing of innovative ideas proposed by the colleagues and their realisable development. The ambits of intervention range from the innovation of the product and process to the methods of relating with the clientele, etc.

Concerning the 2006 Social Report, we notice that:

- The presence of a determinate policy on by-products is made clear (the previous year proved *in itinere*);
- A section has been inserted 'Amplification of the range of offers for favouring the social inclusion' aimed at students, immigrants, workers

receiving redundancy payments, non-conventional workers, families and young couples’;

- The section relating to workers/collaborators has proven very wide and complete, where a practical table explains the methods of realisation of the objectives and the projects in course throughout the previous year; and
- Finally, of undoubtable relevance are the sections on the valorisation and motivation of the collaborators, on the evaluation of the performance of the collaborators with high potential and on the quality of life in the company.

6. The case of the Sanpaolo IMI Group

Just as interesting are the social report and the conduct of Sanpaolo IMI (now Intesa Sanpaolo). From the said document some significant passages emerge:

- In the section entitled “Dialogue with the employees”, the fact is explained that internal communication comes about via many different channels on the corporate intranet. Every channel foresees methods of two-way dialogue, in particular, in the form of letters sent to the relevant direction which find space in the suitable sections.
- The intranet site dedicated to the commercial communication to the branch network introduced from 2002 the tools of the forum, which allows employees to directly express their opinions on the various aspects of the operativity, share experiences and cases of success, report trouble and criticism and propose ideas and suggestions for the improvement of products, services and procedures. Next to the permanent forums (14 in 2005, 26 in 2006) are hidden temporary forums dedicated to gathering suggestions and proposals on specific important themes. One characteristic of the forums is the absence of a

preventative sieve of the messages inserted, that are published in real time.

- The direct dialogue between the branches and the central structures, whose directors often intervene personally, allows the gathering and timely resolution of criticism that is presented and to gather useful information for the improvement of products and services. The continual sharing of experiences between colleagues of the various Banks of the Group has contributed, among other things, to favouring the process of integration of the people coming from the Banks that have recently been purchased. The growing appreciation and use by the personnel of the branches is measured by the number of messages sent (for example, the forum on “that extra idea that is missing” received more than 2,000 messages in one year) and from the fact that more than 50% of the potential users regularly consult the online discussions, believing them to be interesting and useful. To this end it is necessary to state clearly that all of this constitutes a noteworthy step forward regarding the methods of two-way and interactive dialogue with the stakeholders, even if in our opinion this channel is still under-used (the active forums are few), as well as the fact that they are still closed to the outside.
- Furthermore, the opinion given by the company of ethic rating Avanzi SRI seems significant in the section on ‘external evaluations’, where, together with other positive opinions on the document in question, we report the continuing scarce attention given to the elements of social and environmental responsibility within the system of credit erogation and to the criticism given by some consumer associations about the bank’s choice of managing in a self-referential way some problems¹⁴⁹. It should also be noted that in the new 2006 social report, the same section was not provided on the external evaluations and the opinion given by Avanzi SRI in March 2006 was not reported in full, but in part, by means of the indication of the sole ‘vote’ given to SanpaoloIMI

¹⁴⁹ Cf. SanpaoloIMI 2005 social report, section “Social Rating”, pag. 127.

(furthermore supplied in occasion of the analysis of the previous social report!)¹⁵⁰.

- Worthy of positive note, on the other hand, is the insertion of a small box regarding the derived financial tools (*Derivatives Policy*), where the intent is reported to lend more attention to the supportable risk profile of the potential purchasing clientele; equally appreciated is the presence of an evaluation system of the human capital and a section on the corporate communities and the strengthening of the strategic role of the activity of internal communication in order to improve the organisational wellbeing and allow the people to participate better and more knowledgeably in the company's life.
- Also in the section on 'improvement objectives', is the aim to perfect the mechanisms used for the hearing and assessment of the collaborators and union organisations (focus groups, targeted investigations, multimedia contact centres, new thematic forums), programming and also feed-back mechanisms.

7. Conclusions

The banks currently find themselves having to face many challenges - the trend of profits (we are registering a progressive reduction in the interest margins), the increase of competitive pressure (following the entrance of new players – banking and non-banking, foreign, etc), the management of finance risk (increased following the explosion of by-products and corporate bonds), the management of clientele and its needs in evolution as well as the impact of new regulations on financial activity (Basil 2, the IAS, the Sarbanes Oxley law, MiFID, etc.).

¹⁵⁰ Cf. pag. 91 of the 2006 social report: "Sanpaolo IMI has continued to stimulate the confrontation with the market and with the stakeholders via the engagement to independent rating companies to realise analysis and evaluations on the processes of social responsibility of the Group. In this ambit the rating company Avanzi SRI Research expressed in March 2006 an overall evaluation of 7.29 on a scale from 1 to 10".

Also on the technology front, we find ourselves in a time of great change. In the next few years we foresee a notable increase in the channels of access to banking services (the so-called “nomadism” facilitated by the distribution of interactive TV, more developed mobile phones, personal digital assistants ‘PDA’, etc.). We shouldn’t also leave out the increase in virtual communities (forums, blogs, chatrooms, wiki and other network communities) that we are witnessing; these, once they have gathered homogeneous groups of users, will constitute a mass channel for the research of professional and technical information. The web in fact is evolving towards the so-called “web 2.0” or rather a space no longer populated only by sites but also by channels that offer services, with the aggregation of contents and the automation of determinate functions. The same material support of finance are suffering a revolution, in that they are labelled in such a way as to make all of their movements traceable through the RFID technology (in the banking world, for example, the devices are already operative in automatic recognition via sensors, applied to cash withdrawal machines and other products).

As a consequence of the above-mentioned phenomena, there will undoubtedly be the exponential increase in information gathered and the necessity of keeping them and processing them, furthermore the hardware systems will also evolve. These will no longer be physical, but virtual and distributed throughout the planet, useable in total self-service mode making the old concept of banking branches obsolete (Guidotti, 2007).

The management of the ICT department furthermore takes on a fundamental role in the competitive strategies and in the creation of value in the multi-stakeholder viewpoint. The banks are becoming aware of the above-mentioned scenarios, at times moving towards a more responsible business model even if the road is still long. There are still many and current reports to the legal authorities following fraud or liquid crises caused by imprudent purchases of by-products, suggested to companies and physical people by their own banks.

The problem relating to the use of ICTs comes about because, when the banks enter the topic of “social-ethical-financial-technological

responsibility”, they often make reference to themes such as the violation of privacy, the violation of the safekeeping of sensitive data, the sense of belonging and corporate identity, the control of the employees in the workplace via video devices, the technology to reduce pollution and the impact on the environment and, at times, the internal communication. We are still moving in a partial viewpoint.

In reality, the ICT tools have enormous potential in the matter of social responsibility, a capacity such as to provide for the majority of the problems relating to the creation of value, to the scarce significance of the social reports and so on that are already listed in the previous paragraphs. Just think, for example, of the possibility of using public forums, open to all stakeholders; a method requested by companies, savers and workers themselves that would increase a company’s transparency out of all proportions. Only in this way could we talk of “accountability” or “responsibility”. It is known, in fact, that in the ethics field, the most effective sanctions are the social ones imposed directly or indirectly by the stakeholders that judge if the declarations of intention of a company are followed by the suitable practices.

Therefore, a bank will not be socially responsible if it, while publishing an impeccable social report, instructs its own bank tellers to “place” a determinate quantity of financial products, often belonging to their own group (conflict of interests) without worrying about the corporate situation and of the evolution of the purchaser’s risk profile.

ICTs help, furthermore, in compensating the defects of the corporate pyramid structure, to making shared decisions, to increasing relationality; all conditions that are fundamental for the wellbeing of the stakeholders, workers and collaborators *in primis*, but also of the managers themselves. To the utilitarian logic and mere increase of share and financial values, we need to contrast the creation of wellbeing. In fact, man is a social being who wants to love and be loved, admired and recognised. It is the relation itself that is good and that has a value; as man, for his nature, is nourished by relationships more than by money or material goods, especially after having exceeded an adequate income threshold. In a society in which the

impersonalisation of social relationships reigns, the further consumption often becomes the only means for showing one's own existence, while an excessive working activity is often aimed at expressing one's own social position, success and power. (Bruni, 2002).

The ICTs also help the companies in obtaining the multi-credit worthiness and therefore in diminishing the subordination to the high spreads and taxes proposed by banks in dominating informative positions, as, for example, by making one's financial situation partially public in an Internet forum, it is possible to receive and evaluate a larger number of offers and proposals of different banking institutions.

Furthermore, ICTs eliminate the barriers to the distribution of the social reports and the intellectual capital, making discussions and evaluations possible on the aspects relating to the creation of immaterial value, on relational goods and on the externality that, as the word says, are those costs (negative externalities) that are not included in the end of year financial statement and in the structure of costs of a company. It is no coincidence, in fact, that better social performances are registered in cooperative banks where the commitment and sharing of strategies between workers and the link with the environmental and territorial realities are stronger.

The theme is crucial; a European directive has been issued on the methods of involvement of the workers in the company and a new version of the AccountAbility1000 standard has been recently produced based on principles aimed at stakeholder engagement.

The phenomenon of forums, internet communities and blog is certainly destined to develop over time. Some banks such as Intesa Sanpaolo are finalising some information tools to identify the various 'communities in practice' that are an integral and substantial part of the company and the organisation, and are putting into being some strategies aimed at the development of single individuals in order to connect the same to the aim of the community. Software has also been introduced for monitoring and reception of that which the users write (see the system *RSS feed*).

In our opinion, furthermore, the 'function of inspection and prevention' (compliance) made necessary to the banks by the Basel2 agreement could be carried out excellently with the use of the ICTs of which we have talked up till now in order to be able to more easily identify, evaluate, support, control and report the risk of legal and administrative sanctions, operative losses, deterioration of the corporate reputation for the lack of respect for laws, regulations, procedures and codes of conduct and best practices.

The revolution of the web 2.0 may take on a sensational power in the usual relational models. Also the banking sector, in reality of a much vaster range, if we consider the recent increase of participations in industrial companies directly or indirectly owned by the Italian banks, will do well to bear it in mind, as should the banks on the other hand continue to perpetuate irresponsible behaviour which in the long-term is damaging for their own stakeholders, all we will be able to do is watch the increase of phenomena on the peer to peer model (P2P). In fact, different portals exist such as Zopa (in Great Britain) and Prosper (in the USA) that are considered a terrible adversary of traditional banks, which have developed a market for consumer credit based on web platforms, in which the individual lenders and shareholders directly interact and the interest rates are determined according to a mechanism of auction, completely eliminating the intermediation of the credit institutes (proposing tax conditions that are more favourable compared to the traditional channel). The presupposition of this alternative model to banks has been the change in behaviour of the clients. The technology has in fact, become a mass good and people live in a global village that is interconnected, characterised by the ubiquity of the Internet; from users they have become or can become, actors and therefore interest holders with a voice and therefore with more power.

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Life Styles and Cultural Heritage: The New Ethical Choices

Fabio Mostaccio

Opulent society, far way from giving life to a consumer with “a happy conscience” (Marcuse, 1971) with a taste which is globally approved, has ended up promoting an unexpected condition, based on a huge amount of stratifications and differences, “*a mosaic of social tessera and segments/niches of different consumers*”.

The differences, rather than being minimised are multiplied *ad infinitum*. The same life styles seem to soften in a *myriad of personal declinations* with a continuous variation on the theme.” (Fabris, 2003: 25-6).

In the field of this kaleidoscopic scenery if, on one side, that postmodern tribe (Maffesoli, 2005) which is founded on the aesthetics and allows overcoming of individualism that derives from the decline of the public sphere takes form, on the other side another tribe is formed, just as relevant under the profile of sociality and which is founded on ethics.

This deals with the ‘tribe’ of responsible consumers that, acting on the boundary line between the private and public spheres, becomes actors of one of the new political arenas, within which to give life to new forms of participation in order to significantly influence the market.

This is a trend that leads Lipovetsky (1995: 55-8), one of the theorists of the ‘Narcissus consumer’, to look again – at least in part – at his position, sustaining that even if ‘Narcissus is always Narcissus’ it is also true however that “next to the logic of excess and hedonism there is also a consumerism that is more intelligent and reflective.”

Even an ethical consumerism, from the point of view of the thinker of beyond the Alps, in the future, will acquire more space as the consumers might become the tool through which the citizens produce their identity, just like “he who buys an eco-friendly product builds a certain idea of himself and a certain vision of the world”(Gambarano, 2006).

In a period, therefore, in which individualism seems to be the range and the space reserved for ethics seems to be reduced to a residual portion, the new and really ground-breaking element is given by the development of a *different* culture that sets the foundation of a “new awareness of new duties” (Fabris, op.cit.: 288).

On the reserve of the altruistic and solidarity values of a religious origin and on the trail of that which remains of the social movements of the 1960s and 70s that gave a priority role to the political obligation, understood as a civil duty to others, this new figure of consumer is born. “In the new emerging culture, secular or religious, the obligation to others has a very important position.

Altruism and social sensibility appear equally desirable in the world of pleasures”(ibidem: 289). The responsible, aware and critical consumers constitute the skeleton, the avant-garde of that which Fabris (ibidem: 290) defines as the *new deal* of the consumer.

The success of the eco-friendly and solidarity market is inserted in the ambit of this trend that Lipotevsky (2002) defines as *markéthique*.

However, one question in constant growth exists, one through which we can express the need for new choices, of new lifestyles that, based on moral values, sensitively widen the sphere of social claims (Dendron et al.: 2006:180) so much so that they can be defined ethical.

The question at the base of this work is rather simple: which are the motivations and the values that are shared by these consumers? And, above all, which ethical heritage is at the origin of these consumption choices?

And here we propose to show the first results of research (which is still underway) which, through collecting the life stories of the regular customers of

fair trade shops in various Italian cities, we are determined to answer this question.

1. Knowledge, culture and awareness

Each of us build our biographies not only in the role of individual choices and paths, as “just a small part of my knowledge of the world comes from my personal experience” (Shutz, 1979: 14), but also around a nucleus of interests which, over time, are rooted around the life of the people who surround us, as the majority of experiences “are derived socially, transmitted to me by my friends, parents, teachers and by the teachers of my teachers”. (ibidem: 14)

For its part, ethical consumerism demonstrates how over the past years we have been witnessing a demand which is strictly linked to the subjective culture; a culture based on the knowledge that, spreading through certain social aggregations, ends up becoming a “common sense”.

And it is this very aspect which allows us to see the reason for which, as demonstrated by Perna (1998: 104-07), the analysis of the social and economical variables alone is not enough to explain a phenomenon like ethical consumerism. If we apply Spearman’s index of graduation, in fact, we do not find any significant link between the pro capita income and ethical consumerism in the thirteen European countries taken into consideration.

The same index, used for PNUD data, shows the almost complete independence of ethical consumerism of the variables relative to human development. Exemplary is the case of Holland which despite having a pro capita income, a level of formal education and a level of human development, that are lower than France, have 500 times more level of ethical consumerism pro capita.

The reasons of the ethical consumers have to be researched mainly in the subjective culture, which gives the awareness that, in the end, it is the requirement upon which the formation of the critical conscience is placed.

Awareness that, as Marx reminds us, does not merely concern the individual sphere but that – man being a social being – is linked to inter-subjective relationships between individuals: “it isn’t man’s knowledge that determines his being but, on the contrary, his social being that determines his knowledge” (Marx, 1971: 5). Therefore, in such a perspective, his changes can be considered as an effect of social mutation (Crespi, Fornari, 1998: 53).

Awareness, of which we speak often, must be intended as awareness by the individual that the world in which he lives is characterised by the endurance of strong contradictions that derive from the iniquities in the capitalist economic system. In contemporary society, instead, the consumer, aware of the production relationships, of the economical and social imbalances, puts into being an ensemble of democratic strategies – enclosed in that which is symbolically defined as a “silent revolution” – through which one can express ones own disapproval.

The consumption of fair trade products represents a new action method aimed at contrasting an economical and political power which is increasingly determined to eliminate even the most elementary social and political rights of important parts of the world’s population.

It is through the new awareness that there is the real possibility of breaking out of that frame for which the social world is lived as something external to man (Berger, Luckmann, 1969:136).

In virtue of the awareness that the individual can finally free himself from that state of reification that until now has not permitted him to understand the “the world is his work and can therefore be changed by him” (ibidem:136).

2.The Ethical Consumer: An Autobiographical Approach

One of the most important international studies on this theme that have been published over the past few years is certainly the “Fair trade in Europe 2005”, from a study carried out in twenty-five European countries with the aim of photographing the reality of European fair trade.

The results are extremely interesting. During 2005, the business rate of fair trade, in 25 nations including some countries external to the Euro zone, was estimated at around 60 million Euros. A huge amount, if we consider, that just 5 years back the amount was equal to 260 million. The most recent research done in Italy allows us to build a quite detailed identikit of the regular customer of fair trade products. Primarily an absolute majority of female customers is highlighted, representing around 65% of the interviewees (Becchetti, Costantino, 2006: 59).

The average age is 34 years, the level of formal education is medium-high (on average those interviewed had studied for 14 years, corresponding to the first year of University) with an individual monthly income of 1,304 euro.

Regarding profession, we found that the highest percentage of customers that comes to 30% is made up of students. The second group of customers is made up of pensioners (25%), and then housewives (12%) followed by the self-employed (8%). The remaining 25% is spread between teachers, employees, managers, entrepreneurs, etc. (ibidem: 59).

According to the profile of participation, it is shown that 32% of the sample group comes from the world of secular volunteers, 20% from religious association, 11% from organisations linked directly or indirectly to the ONG and 30% declares to not participate in any form of activism. (ibidem:59).

Another point examined in this study considers the level of awareness of customers in relation to the criteria used in fair trade. If the ‘fair price’ is the most well-known about which 75% of customers is informed, with highs of 83% among those who come from associations, so also is that of ‘improvement of work conditions’ which is very well-known (the high, 75%, is reached by secular volunteers).

On the whole, the result that hits the hardest is given by the existing link between awareness of the fair trade criteria and availability at the moment of purchase. The knowledge of at least five criteria, out of the eight taken into consideration in the questionnaire, produces an increase in expenditure equal to 200% (ibidem: 32-43).

However, this information put together, while indispensable, does not allow us to fully understand why some people are more sensitive than others regarding some strongly valuable themes. Some questions remain, however, unanswered: on what does the customer's awareness depend? Which are the experience processes, the socio-cultural components that determine its formation?

It seems to be extremely difficult to provide an answer to all these questions using only quantitative methods. There is, therefore, the need to integrate the quantitative data with a qualitative tool such as the biographical interview.

According to a tripartition proposed by Tallontire, Rentsendorj and Blowfield (2001, 16) it was believed appropriate to ignore those customers defined semi-ethical and to concentrate, instead, on 75 among *activists* and *ethical customers* of the *world shops* of fifteen different Italian cities equally spread through North, Centre and South.

After the conclusion of the first phase of the research, we hereby propose the first results derived from the analysis of the different life stories of 26 fair trade customers in Messina, Catania, Naples, Terni and Milan.

These are 23 women and 3 men aged between 19 and 61 years of age. The choice in city was no coincidence: we wanted to make not only the ages of the interviewees as varied as possible but also the 'field' (Bourdieu, 1992: 95) within which these people move, act and structure their life vision.

And so here is the need to turn to differing kinds of realities, both metropolis as well as provincial towns, in the attempt to verify how, in the diversity deriving from local culture, it is possible to identify some contact points, the common thread that keeps these people united.

The education level of the interviewees is quite high. Between them eleven are students, two are teachers, three employees, three pensioners, one is a University researcher, one is an educator and, finally, five are unemployed or looking for their first job (highlighting a certain correspondence with what has been learned by the quantitative research).

Everyone declares to be Catholic, (except one who says she was never christened), even though fifteen of them say they are atheist, agnostic or non-practicing believers. From a political point of view, everyone declares (with various shades) to be of left-wing.

Once the life stories were collected, we passed on to the codifying of the protocols that were derived from them, in order to proceed with the 'thematic' analysis of the same. The information collected has been divided into four categories: education received in the family, with particular reference to the values that the interviewees believe they received and re-elaborated; the sphere of rooted values through the mediation of people external to the family nucleus which, on the whole, have significantly influenced on their *modus vivendi*; the ambit of the experiences that have marked the individual biographies and, finally, ample space that has been dedicated to the reflections of the interviewees on their life style.

2.1 The Role of the Family in the Construction of their own Values System

A study that has the aim of investigating on the training of the individuals' consciences cannot but start from the family as original social system in which people are formed as individuals, thanks to the interiorisation of regulations and values shared in that definite process of socialisation (Berger, Luckmann, op.cit.).

This is the field in which we learn the first social rules, in which we trace the guide lines for living in the world; it is also in the family context that we start to build our self, through that element which, according to Erikson, will accompany the life of every person: the research of identity.

The first interesting aspect, which we can gather from many people's tales, is given by the family of origin to open up towards the external world, towards friends, towards others.

There are those like Ilaria, for example, a 30-year-old sociologist from Naples, who attribute to this type of education an important influence derived from strong Christian faith of her parents.

Strong attention was paid to humanity, considered as respect for others in any situation; also a certain vocation for the 'support' of others, above all coming from my mother and which I in some ways have interiorised. It is a family in which there are many people, many friends (...) There is a real openness to human nature, really.... not only are my parents practicing Catholics, but they are also part of a community and therefore are certainly very busy in this... it really marks their existence!

On the other hand, Elisa, who is 23 years old and comes from Novara, says that she received an education based on liberty, something that has allowed her to mature the principle of responsibility at an early age, and she believes that this aspect is derived from different cultural setting of her parents.

They have always given me the freedom of choice and from the beginning they have always tried to give me some responsibilities, making me, therefore, aware of what I was doing (:..) Catechism, oratory... these things certainly had an importance... both on the Catholic side, that may have come from my mum's family, as well as my father's side who, when young, was very involved in politics, in any case a different point of view. The thing that in my opinion is shared by both sides is the person, the wellbeing of the person, which also, maybe, is very present in the Catholic way of thinking.

It is useful to see that, even with more flexibility compared to the past, the Catholic religion continues to be one of the strong points of the family. Christian values, 'religious ethics' are tied to political and civil ones of liberty and autonomy, without ever losing sight of attention to others, 'taking care' of others.

In the family we learn from the beginning "that not taking care of people is like leaving them" (Jedlowski, 2005: 122). In the family we develop a disposition to listen, which is also the ability to welcome and the intelligence to understand (ibidem: 123). The attention to others, together with the strong push to autonomy of one's own children, ensure that the family becomes the fertile territory in which the 'principle of responsibility' can take root.

2.2 The Other Meanings

Once we overcome the phase of socialization in the family, people start to confront themselves with the world outside and, above all, from adolescence, it happens quite frequently that people confirm their very selves through the approval or the rejection by others.

As time goes by, in fact, many 'Other Meanings' follow on and "if we know who it was and who is important for the image that someone has of himself, we will have a noteworthy conscience of that person" (Gerth, Wright Mills, 1969: p. 110).

This role, in many circumstances, is attributed by the interviewees to those institutional figures, such as teachers or vicars, whom we meet outside of the family nucleus. This is the case of Tiziana, a 22-year-old from Catania:

My Latin and Greek teacher introduced to the class some themes which did not have anything to deal with Greek and Latin: she gave each of us a book or a poem to read and that next lesson we commented on them together;(...) She asked me to read a book by Sibilla Aleramo, "A woman", and that was a very strong moment as, until that moment, I used to take into consideration only the plot, the mere story; instead, after chatting with her she managed to be a sort of Socrates, meiotic, she helped me get out all the most interesting contents, the most important ones in a woman's experience. I was only fourteen, and yet I said: "wow! What a great conversation we had!"

Giovanna, a graduate searching for her first job, has always been part of the Catholic Action. She says that for her, it was an adult who, through the

'strategy of example' offered her the possibility of a 'different' way of thinking: a person who expresses practical and possible alternatives to the situations that are around us and which seem to be irresolvable, that seem larger than us. And compared to which, maybe, we can tackle in two different ways: or, once more, on the plain of individual commitment, for which it is morally, ethically correct... I don't know... to not surrender to the strength of the Mafia, because it is ethically correct and that is one way; on the other side however, there is a strong link to the community, and the subject can be tackled also from this point of view, and there the subject becomes more a path link to faith, to a very different reading of reality....

From our interviewees' life stories it seems clear that, in the forming phase of oneself, a central role is attributed to the people that are around us and that, more or less voluntarily, end up by marking in various ways the life of the individual with which we have contact.

The Other Meaning, both individual and collective, covers a fundamental role in the building of identity, being that which, confirming the values of the family, offers the starting point for enriching one's own vision of the world, one's own way of thinking, leaving other possibilities to be seen.

2.3 The Value of Experience

It is possible to detect those factors which, more than others show the need to realise meaningful experiences that can allow the individuals to experiment and try themselves.

Therefore, a strong experience ends up by determining a real change in their existences, to produce awareness, a solid knowledge that will radically influence on the life choices.

Even when the experiences are searched for, the consequences are almost always unexpected and, breaking the routine of daily life, they become tools for re-elaborating the image that one has of oneself and of the world around them.

It does not matter if it is casual experience or a specific choice; the important thing is that, once lived, this produces in the individuals a meaningful transformation in the perception of reality. (Jedlowski, 1994).

A lot of people tell us, for example, about journeys in countries where injustice and the unbalance of a globalization that comes from an increasingly greedy capitalistic system show themselves for what they really are.

These are such important experiences that they determine significant changes in what were the original life styles of those who lived them, as is the case of Giuliana, a 38-year-old teacher from Milan:

When I was about twenty years old, I travelled to Peru, and there I met a completely different world. (...) At twenty years of age, I had lived in Milan, my school, college, in a much protected situation and it was fairly shocking to actually touch this reality. And this is where the idea of what to do was born... I didn't change from one day to the next, but in time I understood that this trip had been very useful for me. I acquired something that then became part of me and continues to be so!

The search for unconventional paths of the ethical customers consulted is deduced also by the difficult relationship taken on by them with the classic institutions. The strong need for participation and civil commitment that is described by all the interviewees does not find correspondence in those systems that in modern times represented the natural place in which to express one's personality. The religious, political and union organisations are seen by almost all people and heard with a lot of diffidence: charged with being auto-referenced, with rigid rules, these are no longer able to answer the needs and demands of a continuously changing society.

Whether we are in Central Italy, in the North or the South, whether we are talking about political or religious commitments, the analogies are obvious. Marco, from Milan, says:

Then there was the meeting with CL which was fairly long, I was there for five and a half years and then I left with a fairly decisive break (...) leaving school, leaving home, the type of society that I met with when I went into houses,

going into the suburbs, certain projects, and certain ideas seemed not to work anymore; above all it seemed to me that the idea of defending well-established order no longer worked....

If the desire for participation remains the same and the institutions are experienced properly, it is indispensable to find other ways, other paths for expression. This is what Carla thinks:

I belonged to Terni's section of Rifondazione comunista (left party): this experience ended up quite badly due to a conflict between the youth section and the secretary which was made up by the older people (...) from that moment I left! I was already inscribed in the association "the robins" which was involved in fair trade. I continued there and left the party.

The experiences so far analyzed - paradigmatic of the culture of the world of fair trade – are all linked by one element, a common thread that links the experiences of the individual transforming them into a collective experience: the sensational force of the 'moral law' that marks its existence.

The impossibility of retreating, because we are morally obliged, regarding others. From here is the necessity of carrying out alternative life styles, because it is not merely a question of ethical consumption, but rather of 'living differently'.

2.4 Behaviour and Reflections of the Ethical Consumers

The globalized West is characterized, according to Bauman (1999) by a sort of ambivalence in social action which, if on one side involves that which he defines as the tendency to "diazotization", intended as a detachment of a good part of the individual actions in the sphere of moral judgement. On the other side, however, we are assisting in strategies of life that, without passing through the conventional bureaucratic apparatus, give place to the moral conditions of the post-modern man.

To give voice to the moral impulses has the consequence of "taking responsibility for others, something that, in its turn, brings about involvement in the destiny of others and to commit oneself to its wellbeing" (ibidem: 50).

This is the sense that the ethical consumers attribute to their action, as Federica, a 22-year-old girl from Messina, tries to explain:

The aim of this thing is not to help for the sake of helping, which rather than giving destroys, but that of offering an alternative to the traditional way of doing business (...) an alternative for us consumers, but also for the producers of the South of the world who are not looking for handouts but who want to work with dignity and this is the most beautiful aspect.

The sense of action of the ethical consumer consists in the very attempt to give concrete aid to the southern part of the world, overcoming the humiliation of charity, of the pitiful procedure of 'doing good'. From this point of view, especially in Milan, the consumers show that they have clear ideas, as Marco does when he affirms that:

I must tell the truth: after the first two, three times that I bought fair trade products I thought it was a really cool thing, in the sense that it combined a project of solidarity (...) there is a concreteness, it wasn't about buying an object that, even if it was made badly, you buy it anyway because it was made by a disabled kid, that then you will never use and leave in a corner to collect the dust: but you buy it for solidarity.

Such a kind of system dismantles a certain Eurocentric vision which is based on an asymmetric economical power, such that for which, if the citizen of the North feels morally obliged, he however expects, in the ambit of a two-directional dynamic, to receive equal attention from the producers: an aspect however that Lucia strongly underlines here :

In the first phase we acquired whatever we found. But then, that's ok. I respect your work but I can not change my habits: I cannot start eating sticky pasta, for example – this should be understood!

The observation that consumers hold as a priority the guarantee of ethics does not mean, however, as Lucia underlines, that this is the only prerequisite taken into consideration: the *quality* and *aesthetics*, indeed, draw great consideration, to the point that the majority of the interviewees attribute to these one of the motives of success of fair trade.

From this point of view, fair trade satisfies both the personal pleasure as well as the respect for others, guaranteeing a satisfaction on various levels. (Di Nallo, 2004: 71-81).

Once we have started this alternative life style, all the interviewees declare to have started to adopt other forms of responsible consumption as well.

Critical consumption seems to be the more widespread practice, even though many highlight the difficulties: this life style, in fact, suggests a very strong motivation, that justifies the time and energy spent in accurately choosing every single product.

Albero shows his radical life style, all his 'strategies' (de Certeau, 1974) of consumption adopted, also regarding prices – an element which remains an indispensable variable, especially for consumers with low incomes:

Because of my budget, I purchase products from small shops or at the Coop Hard-discounts, where by checking the labels you can see that the establishments are the same... and so I am able to survive. I decided to change life style: I would rather not throw away the water from the pasta rather than buy washing up liquid; instead of using three or four measures of washing powder, I use half - the clothes get washed the same. By reasoning in this way, I support fair trade, but nevertheless (...) my sense of being as an ethical customer is that the consumer is a consumer-actor!

Lucia talks about her attempt of escaping from the absorbing strength of a capitalism which always tends to impose its homologated model:

The supermarkets, shopping malls and nowadays also the stalls are absolutely flat: they all sell the same things (...) which is ridiculous... it is absurd! The more choice there is, the less chance you have to choose: when I find myself

faced with 150 different types of yoghurt or 40 different types of toothpaste, I get so angry... I mean what's toothpaste for? Just to clean and protect your teeth!

When I am faced with 40 different types of toothpaste, I do not choose anymore as it is too difficult to understand what I really need. At that point I take any one by chance, and I do the same with the yoghurt.. It is a fake choice, you think you are choosing but instead you end up buying the same product... it's not possible!

The most important aspect which comes out of this research carried out so far and that unites almost all of the interviewees, is linked to the scarce trust shown not only regarding the entire capitalist economic system (accused of having concealed the enormous social and environmental costs that are hidden behind every single product), but also regarding the great institutions that have characterised the history of modernity: the mass parties, ecclesiastical institutions, the great union organisations, etc.

Increasingly considered as enormous, empty containers, distant from daily problems, too rigid compared to the needs and the requests of people, social institutions cease to see their centrality recognised.

When we talk about a crisis of values, we risk not understanding the cultural change that is going on. The distancing from the traditional shapes of political or religious participation must be considered as a "conflict between values, between two different conceptions, for style and for content, of society, politics and democracy" (Beck, 2000: 46).

Through their action, based on new ethical choices, the consumers show how, frequently, people are ready than social institutions and their representatives to discover the current changes.

The individualism of which contemporary western society is superficially accused, hides instead the rise of an 'altruistic individualism' which "finds right in the condemned "decadence" of the old values the availability to welcome the other" (ibidem: 50) in virtue of the acquired awareness that "whoever lives for himself, must live socially" (ibidem).

From these first results a co-presence of factors clearly emerges, forming the skeleton of the cultural heritage of the ethical consumer. A determining factor in Southern Italy seems to be the influence of the family. Activism and civic commitment, settled via the example of previous generations, seems to have more weight in Central Italy, and finally in the North a union of religious values and political participation seems to prevail.

In the following part of this research we will try to understand, via further in-depth study of the role played by the family, by the religion, by personal and collective experiences in the forming of an ethical conscience that individuals express through their consumption choices.

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Ethical risk and social responsibility of the EDF Group

Anne Salmon

The company's ethics or social responsibility, are notions that the managements of large industrial groups have introduced in a massive way from the 1990s. Often they are identified with two managerial processes. The call to moralisation of capitalism evokes in some, stories that serve just to send the critics to sleep. Soft ideology, the ethical discussion of the companies that have become "socially responsible" would not have any other effect apart from that of masking, with shy concessions to moral decency, an unjust redistribution of the profits that are nevertheless in net progression. The research in sociology¹⁵¹, in economy or in administrative and managerial sciences¹⁵² is always more committed to underlining the reductive aspects of such diagnoses¹⁵³. The latter has the inconvenience of concealing the damaging character of the realised systems and the organisations that subtend them.

The specialisation of the research nevertheless drives too often to an isolation of the different conceptions developed by the companies. Or to be

¹⁵¹ La Rosa M. e Radi L. (a c.), *Etica e impresa*, n°96, oct. 2004

¹⁵² Ballet, J., de Bry, F., *L'entreprise et l'éthique*, éditions du Seuil, Paris, 2001

¹⁵³ Salmon A., *Ethique et ordre économique*, CNRS Editions, Paris, 2002

considered as “ethics”, the “company’s social and environmental responsibility” as many other practices that were destined to follow one another without considering the facts: far from substituting one with another, the “ethics” codes, the systems in matter of social responsibility or more recently, of sustainable development, are completed and strengthened reciprocally to compose an architecture whose coherence is striking. These various themes, in fact, are always more present in official texts: in some cases, the ethics codes make explicit reference to the notion of the company’s responsibility (this is the case of the EADS code, for example); in others, the agreements of the company’s social responsibility mobilise the ethical values of the contracts (this is the case of EDF or Arcelor, for example). Some companies, such as the Thales Group, make the integration of these policies real, by placing a “manager for the company’s ethics and social responsibility” at the head of the service or of the department engaged in these questions.

Therefore, it is not necessary to separately examine these components to analyse their relationships and the meanings that they generate. It is in this prospect that we will examine the case of the EDF Company. This company presents itself with an obvious interest, just like its ethics course, that in 2005 led them to sign an agreement of “corporate social responsibility” with the unions that covers a period of around 10 years. Used by the management to accompany these deep changes to the employees, will ethics be definitively colonised by managerial logic? Or will something different happen?

1. The ethical discussion of the EDF group's management

The French group EDF is a leader in the production and distribution of electricity. It is made up of a network of companies and supplies energy and services to more than 40 million clients, mostly based in Europe. Until today, in the situation of monopoly of the French electricity market, EDF, for the past twelve or so years, has been developing parallelly as an investor and operator in the European, South American, Asian and African markets. Created by the nationalisation laws in 1946, under the legal statute of public establishment with an industrial and commercial nature (EPIC), the company changes its statute following the enactment of a law voted on the 22nd July 2004 (law relating to the public electricity and gas service). This law provides for the transformation of EDF into a joint-stock company. This changing of the statute happens on the publication date of the decree (published, as stated by law, on the 31st December 2004 at the latest). The law, as presented in EDF's official site¹⁵⁴, gives the company "a new legal outline, suitable for a competitive context and in line with the European regulations, also confirming maintenance of the public electricity and gas service in France".

The formalisation of the ethical discussion started in 1995¹⁵⁵, at the company's opening into the international market. But it wasn't until 2003, on the eve of the enactment of the law relating to the company's new statute, that the management truly boosted an "ethical course", the realisation of which was entrusted to an "ethics delegation" created for the occasion. EDF's ethics charter was elaborated in a context in which the

¹⁵⁴ www.edf.fr

¹⁵⁵ Tra i primi documenti dell'azienda possiamo notare : EDF, Groupe « éthique externe », *L'éthique d'EDF*, mars 1994 et EDF, *Ensemble – Notre Identité, GDF-EDF*, mars 1995

aims of financial profitability and the means for teaching them, changed the very basis of the public service, on which the cohesion and the internal social regulation were based. As the management explains in various official texts, the charter has as a vocation to accompany these changes that touch both the conditions as well as the sense of the activity: internationalisation, externalisation of some tasks, changing of statute, opening up of the capital and the national market to competition.

One of the functions of the ethical course started by the management is explicitly that of finding answers to the risk of losing clients and identity during the opening up of the market in 2004-2007.

It is therefore possible to read in the “Manager’s kit of the ethics course”, which contextualises “the ethics course” within the opening of the 2004-2007 market for EDF in France and in that of the strategy of the Plan of Industrial and Social Action (PAIS), “the risk of losing our identity and our values, which guide the professional action of all employees and which is anchored in the public service that has characterised them for 50 years”. Consequently it is necessary to “clearly reaffirm these values, both for our clients as well as for the mobilisation of the group’s collaborators; there are drifts that EDF will not admit, independently from the tensions of the market; we produce, distribute and sell energy according to some quality standards, observing behaviour towards our clients, with an ethic that we want to keep”¹⁵⁶.

The charter, addressed to all the group’s employees, is made up of three documents: the group’s values, the principles of collective action, the ethics

¹⁵⁶EDF, Délégation à l’éthique et à la déontologie d’EDF, *Le kit manager de la démarche éthique du groupe EDF* - Livret du manager, février 2004, pp4-5

memo. This text, articulated in three aspects, all translated into English, will also be translated “into the languages of the group’s main countries”¹⁵⁷.

The first of these documents is a presentation of the group’s values. It highlights five values that must be subject to an individual and collective commitment: “respect of the person”, “respect of the environment”, “performance”, “solidarity” and “integrity”. The second describes the principles of collective action to be adopted regarding various receivers (clients, suppliers, shareholders, Community). A third document added, is a type of “deontological code” that is presented as “an aid for individual behaviour”. This “ethical memo” clearly states the way in which the company wishes its employees bring these values to the individual plan. The memorandum places the five values in situations judged to be of professional risk: “respect of legislation”, “conflict of interests”, “political activities”, “corruption”, “gifts”, “protection of assets”, “confidentiality”, “public expression”, “molestation”. For each of these nine “professional risk situations” a reference is made to the general standards of ethics. Following this, a series of questions are proposed that should act as a guide for the argument, with reference to the examining of particular situations and cases: “Am I certain that my behaviour complies with the group’s commitment to respect the OIT convention relating to the fundamental principles and rights of work, in particular child labour, employees’ safety and the struggle against discrimination?”¹⁵⁸

A system of internal control has just been realised. It gives the course a much more coercive nature. This aspect corresponds, moreover, with a

¹⁵⁷ EDF, *La Dépêche*, 2346, 23/04/2003

¹⁵⁸ EDF, *Mémento éthique du groupe EDF*, 26/03/2003 p. 4

general tendency of charters that evolve in this way according to their formalisation. Since 2004, the ethics delegate has been equipped by the organisation with an “ethics alarm system”.

The employees, or any other person (clients, etc.) are invited to note this responsibility in case any ethical *standards* are unobserved, should they be a direct victim or not. “The ethics alarm” is therefore subject to an internal “investigation” that may bring about disciplinary measures. In some companies these sanctions may result in dismissal. Intensifying the course, controls of “ethical risks” are realised. In 2006 one regarded internal fraud, another molestation and discrimination. The charters (of rights), including EDF’s one, therefore have as their subject, not only the mobilisation and the motivation of the employees around values that are considered desirable, but also the normalisation of behaviour, to pigeonhole interpersonal relationships and those with material goods and the company’s interests. Leaving aside the questions regarding the concrete organisation of the work, they nevertheless operated a problematic shift of responsibility basing the “company’s morality” on the sum of the employees’ individual behaviour. In this sense, they tend to deny the importance of the structures while they may bring values that are exactly opposite to those of the charters, on which nevertheless the employees must by now regulate their behaviour. The values delivered to EDF’s charter are referred to in the preamble of the RSE agreement signed in 2005 by the group’s management with the social parties. In some branches, in Poland for example, this agreement was introduced in conjunction with the ethics course, as shown by the initiative of production company Kogeneracja’s management, nominating a manager for “the company’s ethics and social responsibility”.

If ethics generate networks of values, regulations and obligations, the hoped-for management of which is a regulation of the social relationships in the ambit of companies, corporate social responsibility is set at a different level. It generally consists in the declaration of the companies' ability to elaborate a frame of standards of their activity in a context of globalisation of the productive and financial systems. This frame has the peculiarity of having emanated from the headquarters and being applied to all controlled companies, including those overseas. As is stated clearly in the chapter on the agreement's field of application: "This agreement is applied to the companies in which the EDF group exercises direct control (...) In the companies in which EDF is present in a significant way without exercising direct control, the signatories are committed to promoting this agreement, to make it take on and apply the provisions to the maximum"¹⁵⁹. Therefore, it is aimed, according to more flexible conditions, to the sub-contracted companies and to suppliers.

The agreement about corporate social responsibility therefore intends to impose on the group's companies, the respect of some principles negotiated with the social parties in the health/safety sectors; the contribution to the development of renewable energy; aid to professional placing (in particular for young people and people that are professionally excluded, through training provisions, development of tutoring in order to professionally place young people); or industrial restructuring, to cite a few examples. The agreement, on the other hand, recommends the application of international conventions such as the International Work Organisation: guarantee of

¹⁵⁹ Agreement on the CSR within the EDF Group: EDF, P.5
http://www.fce.cfdt.fr/n1/2006/09/bra_ieg_395.pdf. p .4

union freedom and the principles of collective work agreements; abolition of the use of forced and obligatory labour; prohibition of the labour and exploitation of children; struggle against discrimination.

The agreement presents socially undeniable developments, compared to the laws in force in some countries in which EDF is settled (this is the case of the Chinese branch for union rights). Furthermore, as one of the union signatories underlines, the text constitutes a lever on which the union organisations can support themselves, to force the direction “of the controlled companies”, to respect their commitments in the matter of industrial restructuring.

The EDF agreement provides for a regular followup of the course that allows the union organisations to reunite with the benefit of financial logistics charged to the company. This type of agreement cannot therefore be cancelled with a brushstroke, with the pretext that it does not present considerable developments for the employees of the headquarters, often effectively protected by the work laws. Instead, some points raise questions.

At the end, the agreement contributes to setting a perimeter in which the headquarters believes they can and should exercise influence. And so it reads: “When a change of EDF shareholders group or of the EDF shareholders’ pact has the effect of making a company come out of such a defined perimeter, the agreement ceases to be applicable to them”.

How could it be different? This formula, found in other agreements on the theme of corporate social responsibility such as that of Arcelor for example, is bizarre as it introduces specifications that have no reason to

exist except for clearing up ambiguity on the nature of influence exercised in this perimeter. But the codes are acts born from private economic subjects and do not have any legal authority, for which the obligation ceases immediately when the economic link at the origin disappears. Corporate social responsibility, as known, is not part of an international law even though European and international public institutions sustain these steps. These agreements, like the ethics codes, do not even depend on a right agreed between the companies and the public regulative authorities, for economic and social relations in the perimeter on which they exercise control.

Going in this direction would mean waking up the old demons of the industrial past - when the owners, like private institutions, allowed themselves the right to emit policing regulations on work in the ambit of their factory. An era during which the public authorities were tempted, in France, to concede the legality of this power of regulation to them, as shown by a legal project called “project Costaz” and its comment, elaborated in 1799: “it is necessary, in order to guarantee the best employment of the working class efforts, that he who manages the work is obeyed in everything regarding the work itself. It is necessary to be able to establish subordination between workers, according to their different levels of ability, and in compliance with the interest of the establishment; that he can regulate the way in which they distribute the prime materials and the income of the produced materials; finally that he can decide in other circumstances... We will need to effectively supply all of these details with regulations that are issued by the public authorities (...); he best thing to do

is therefore to authorise those that are employed in the running of the work to regulate that which relates to it¹⁶⁰”.

This “project Costaz” was not enacted, something that did not however impede the expansion of corporate regulations during the XIX century, but also their disappearance in the XX century in favour of a social compromise based on another conception of the regulation of social and economic relations.

2. What welcome has it had from the employees?

An initial investigation¹⁶¹, undertaken between 2004 and 2005 of about 50 employees and unionists, on behalf of the EDF Governing Council of

¹⁶⁰ Anne Biroleau, *Les règlements d'ateliers 1798-1936*, Bibliothèque nationale, Paris, 1984

¹⁶¹This research programme was proposed to EDF’s Governing Council of Executive and Heads of Department which has the prerogative of the Company’s Central Committee on the economic side, in the context of negotiations on the agreement in the theme of social responsibility. The unionists that negotiated and then signed the agreement were, therefore, the consignees of this qualitative study. In the context of an initial phase of the research, the work was conducted in two moments. On one side, the analysis of a body of documents that are issued from the management and, on the other, the analysis of a set of interviews of about 50 people, of which around 30 were employees and about ten were unionists of the headquarters and the foreign branches (the translation of the Chinese, Brazilian, Polish, English unionists has been guaranteed by professional translators). Other interviews have been made with members of the general management responsible for the group’s ethics course, the negotiations of the agreement on corporate social responsibility, and sustainable development. Based on the proposals of the managements of the centres and the voluntary service of the employees, the interviews of a semi-structured type have been conducted by agents belonging to the board of executives or equal, intermediary heads, heads of department and local union representatives in varying professional contexts (services, commerce,

Executives and the heads of department, shows how the reception of these discussions is problematic. Based on concrete work and the evolutions perceived by the employees, the interviews have tried to analyse the links between their daily lives and the ethics defined in the charter elaborated in 2003 by the management. Without claiming neither the exhaustivity of the questions nor the generalisation of the results, this study allows us to formulate some points of reflection in order to understand the limits of the steps taken by the companies.

If it is effectively difficult not to agree with values such as, for example, the respect of the individual, the consensus does not persist as soon as the work conditions guaranteed by the company and their translation into daily life are taken into consideration. As a union representative underlines: “We can only adhere to this type of thing as it is gracious, well written... I am trying to find the right term: it is animated with good intentions, it is good.... but we know from the very beginning that it will not be applied, that it cannot be applied”. “I do not have an obvious comprehension of these values”, an executive explains for his part, “in fact, when we talk of values, the management is often reserved in the publication of these values, as many people think that we will never get around to guaranteeing them”.

production, international). This first phase, now completed, is the support point of a new research entitled “ethics and social struggles”. This second phase, regarding all of the energy sector, offers a comparative prospective as it involves five companies of this sector. This research was mobilised in a series of publications, among which Salmon (2007) for Italy, Turcotte and Salmon (2005) in Canada and Salmon (2006 and 2007) for France.

The suspicion, or at times the indifference, regarding the management's ethics talk is not among just one category of staff, but can be found among the executives, intermediaries or heads of department. "To be honest, it is not a coincidence that we now have an ethics charter. It just means that at the moment, the application of ethics is less obvious": a production worker. "Yes, at the moment it is a step forwards, but you know what? That is because we are in a competitive system": a performance agent. "In fact, you can find [these values] in the company's obligations. Therefore this may be part of a management system that says our development is backward, I wouldn't know. After that, it is a means of communication - we would need to see the communications office, how they intend to make it work": an intermediary.

The more the charter is interpreted as a formalised image of the effective management of the company's ethics, the more chance there is that it will be subjected to a violent refusal. "I am fairly 'allergic' to ethics topics, because I am someone who needs to have conformity between words and facts. Therefore, the moment from which I do not feel this conformity at all and where, on the contrary, I feel the complete opposite, my 'allergy' obviously gets worse": a production worker.

So, the difference between talking and reality is evoked to criticise the course, which is suspected of masking a deficit in ethics with declarations of an ideological order. Nevertheless, in some cases the talks published may be considered as a weapon for resisting practices or injunctions considered contrary to the principles and values stated in the charter. And this is underlined, not without nuance, by this other executive: "I do not think that it is important to affirm them (the values). To affirm is to expose

oneself, run a risk. It is to give the director clear information. Today, they tell me (the director) 'ok, you'll transfer so-and-so... because he's a little too old, therefore get rid of him. He's good, he's worked well, but, you see, there in marketing they only have young people... so, you know, if you can put him at the window, we won't hand him any more projects and we'll see if he gets angry'. I can say to my boss: 'Wait a minute, look at what's written here, it's not coherent and therefore I won't do it (...). But, nevertheless, it is the company, in the background, that defends those that are in a good position and punishes those that are not in line with the declared logic'. And the risk is that my position is then made public, but that doesn't help at all. For example: "I enter into conflict with my boss (...) and my boss says to me: 'Listen, just do it, otherwise you won't get that raise and furthermore I will give you a bad name'" (a production executive).

When the employees think that the charter does not show what it is but what it should be, any adherence depends largely on a trust in management. The questions mainly regard its will to put the declared actions into practice and the possibility of collective mobilisation around these orientations.

Executives are divided on these two interpretations: ethics as an expression of that which is or ethics as a longed-for horizon. The critics are not of the same nature in either of the cases. In the first, they concentrate on the charter's inadequacy in the day-to-day reality; in the second, on the behaviour of the management and the coherence between its obligations and its actions, with the charter's idea of the need to offer employees conditions of the possibility of ethical action.

"It is a minimal motivation", a unionist representative explains, "I mean that, even when you want to, you can't always motivate someone.

However, you can create suitable conditions to allow the person to do something. Well, it is the same in this case, you cannot oblige someone to respect someone else; but you can create the conditions that allow that to happen". Nevertheless, the credibility of the course is, in both cases, seriously put to cause. In the same way, when some values meet true interest, the employees doubt their ability to set the collective action. Tomorrow, with all of the uncertainties on the future of the company and job-cuts, we will have many very different situations in the company (...) with jobs that will be under more or less economic pressure and that will then mean that these values, that are shared by all participants today, will risk a decrease" (a production executive).

The idealistic way that managements have of building an outline of standards to stem this feeling of a dissolution of values, brings tension as soon as the employees refer these "ideals in itself" to the social relationships and to the company's prospective evolutions. The enchantment is broken when they compare this values system to that which they wish we would bend in the name of social or human ends, to other pressures that they believe are more coercive even if not desirable: for example, the needs of the market and finances, those of sales and effectiveness, the pressure of short-results, the growth of indicators and objectives, permanent organisational changes, the pressure on the cost of work, the externalisation of occupations, the development of sub-contracting and the loss of skills. These reserves shown by those interviewed must not however give credit too quickly to the theory that their field of worries is merely reduced to defending their material interests, both individual as well as collective. The employees' aspirations bring with them an ethical dimension - solidarity and struggle against isolation in competition, respect for others and the

struggle for recognition in work, are all recurring themes in the interviews carried out. The possible reduction of human relations to pure functionality is a source of ethical anguish. Can this anguish, often individual, be an incentive for collective resistance? Can we identify, at least hypothetically, a rough draft of counterproposals for the revival of a work ethic?

3. Ethics in the workplace, a challenge of social struggles?

The question raised is that of the relation between human and social ends and economic means. This communication between values and the system is not exclusive, and two main positions can come into conflict.

The first position is founded on a more or less clean separation between the means and the end. This separation has, as its guiding line, the idea that the organisation of the means can be rational, based on objectives of unlimited growth, on condition that it, consequently, is put to a common good. This utilitarian logic can lead to legitimising the dehumanisation of work in the name of human wellbeing situated in another area, while the production sector would remain subjected to an involved rationality. In this case, business ethics aim mainly at justifying the sacrifices and rationalisation of work while waiting to make it more effective from a productivity and earnings point of view, by proposing a compensatory ethics system. When the latter is withdrawn from concrete reality, it is linked to a social mystique. And so the organisation of work can, for example, completely induce an individualist conduct of competition and contesting that the charters, for their part, try to control through the promotion of values of solidarity, respect of others, etc.

Those values that are not anchored in interpersonal relations are offered to employees to control the war of one against all, paradoxically prepared by the system at the same time. As we see, in this company employees resist this separation from the system and values.

A second position is worth examining. It is expressed in a very widespread way in the interviews. This position tends, on the contrary, to merge the end with the means, it considers the ends as not only conceived at the horizon of sacrifices allowed in a dehumanised work sphere, but confirms that the proposed ends should be placed at the centre of the means. This form of articulation supposes that the ends considered are not separate from the concrete work through which the ends must be realised. Regarding the unscientific analysis realised with EDF's employees, we realise that these questions are far from abstract. They are also decisive on the level of training or maintenance of a work ethic. In fact, the current organisation of work tends to rationalise exchanges and communications while waiting for an increase in performance. This organisation develops competitive practices from which an increase in productivity is expected: the organisation of the work is rationally structured regarding this aim. This organisation, regulating itself increasingly on the model of market relations between individuals and services, has the effect of weakening work collectives and especially the "collective effervescence" that for Emile Durkheim and the solidarists (among whom is C  lestin Bougl  ) is one of the sources of morale. The time for gratuity and autonomy is reduced to profit a strictly productive time that is evaluated and measured. Is it necessary to talk of growing economic morals conceiving companies as a group at risk of becoming a melting pot for them? The unscientific study on which we base ourselves, allows us to doubt it. Separating the means from

the ends, the company economises precisely this “collective effervescence” that is difficult to predict and suddenly controllable. But professional ethics are largely dependent on social conditions and particularly on the vitality of work collectives: it is desirable as proof of a common moral existence that expresses social life in a compound aspect and not the other way around: i.e., the hypothesis that social cohesion depends on the preliminary formulation of an ethic that is, itself, desirable, and with which a group of individuals interested in cooperating should identify itself. It is because there is a collective life that explains itself autonomously, at least partly, with multiple sensations and links, that the Work Community can establish itself ethically. The analysis of the employees’ interviews suggests forms of restoration of a less idealistic work ethic than those proposed in the charters. Among the unwritten values that determine the organisation of work in pre-vision of financial income, and the values published in the charters, a rut can be dug putting the employees before some paradoxical and intolerable orders. A source of individual suffering, could ethical anguish become a lever of struggles capable of collectively resisting the multinationals’ ethical offer, giving value to an ethical need in the workplace? What roles can the unionists play in this plan? The courses described here need to multiply the unscientific comparative studies centred on the ethics dimension of social struggles, to be improved¹⁶². In a context in which suffering at work largely exceeds the single material challenges, how can individual ethical anguish constitute a lever of collective

¹⁶²Such research is currently being held with EDF’s Governing Council of Executives and Heads of Department. Entitled “Ethics and social struggle”, this research regards five companies of the energy sector (nuclear, petroleum, carbon, hydroelectricity). The unscientific base of the study is made up of about 100 interviews with unionists who belong to different union organisations.

emancipation? How do the unionists keep account, or not, of the ethical nature of social struggles? Could this enrich the field of demands? In some cases does it not enter into tension with the defence of strictly material interests? And if so, how do we confront these difficulties?

These questions are far from obvious as, if the desire for recognition, respect for the individual and solidarity are at the centre of the employees' thoughts, the translation of these ethical worries in terms of concrete proposals and changes is not simple. It would be useless to believe that the negotiations around these themes of ethics and corporate social responsibility conducted at the level of national, European or international union institutions can alone change the tendencies that we have underlined. They cannot do this unless they strongly connect themselves to the players in the territory, to the unionists at the foundation, and the identification of the company's concrete problems by the increasing contradictions between words and facts - between values published and the organisation of the work. Other than the problems relating to a power division when we talk about the company's aims and therefore the force of the democratic values at the centre (also of the productive sphere), we ask ourselves about the employees' opinions of the participation of and consideration with the unionists of these emerging debates. In fact, at the moment, the ethics debate is strongly identified with a managerial process run by the managements. From this point of view, the unionists can not subtract themselves from intense training in order to clarify the challenges of corporate ethics. This training obligation suggests an effort to link those concrete difficulties expressed by the employees with the ethical dimension of their aspirations. In any case, these cannot be reduced to a need for sense that a social mystique could satisfy without a problem.

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Sustainability reporting: the Hera Group's experience

Filippo M. Bocchi, Gabriele Magli & Gianluca Principato

The Hera Group's approach to the CSR

The Hera Group was founded in 2002 from the integration of eleven *multi-utility* societies working in the provinces of Bologna, Forlì-Cesena, Ravenna and Rimini. Over the subsequent years, following further integrations, the perimeter extended to the provinces of Ferrara and Modena. With this operation, one of the main operators in Italy's local public services sector was made up, an inheritor of a deep-rooted, widespread and consolidated business tradition in the management of these services. The Group is an expression of a territory in which the principles of sustainable development support the choices of the administrations in the sectors in which the company works and represents a typical and characterising trait of it. In Emilia Romagna, the system of institutional, economic and social relationships introduced elements of high environmental and social efficiency in the territory, disclosing themes about which there is an increasingly widespread sensitivity and attention among the citizens.

In May 2005, Hera S.p.A.'s Board of Directors deliberated the constitution of the organisational unit 'Corporate Social Responsibility in Staff' to the Managing Director. This unit's task was to guarantee that the principles of Social Responsibility are an integral part of corporate planning and management.

The motivations at the base of the Board of Director's choice are above all based on the wish to consider the legitimate expectations of all of the stakeholders and the impacts that their working may have on the social and environmental levels in the definition of their own strategy and daily behaviour. In the second place, is the objective to reach a strategic equilibrium between the different interests through their balance. Finally, a strong awareness that social responsibility does not increase the companies' profits in the short term but is an essential requisite for increasing their worth in the long term.

Thus, Hera's new path in social responsibility is set up with the introduction of a multi-stakeholder approach in corporate management right up to the integration of the corporate planning and management process with the CSR's tools.

This is a course that in the first two weeks of work has included the introduction of a system of defining and monitoring balanced objectives (*balanced scorecard*), the updating of the Mission, Values and Ethics Code, the integration and alignment of the Sustainability Report with strategy planning (Industrial Plan).

Today the CSR unit is responsible for the drafting of the Sustainability Report and the defence of the integration of the *balanced scorecard* system with sustainability strategies.

This course finds its starting point in the Values Charter redefined during 2006 with the involvement of all of the Group's workers. The Charter explains the Group's mission and its values of reference and therefore represents the first step in the application of the strategy in improvement actions.

The new Values Charter has also represented the base for the Ethics Code updating. The Code's updating work was carried out with the same logic used in the redefinition of the mission, i.e. involvement and dialogue with the main stakeholders (with particular attention to the workers). For the Hera Group, the Code must represent the most "operative" reference for the definition and management of the social responsibility objectives.

The planning, control and balance report tools used by the Group are represented by the Industrial Plan (which identifies the strategic lines in the mid-term), by the Budget (which attributes the financial resources to the various activities) and the Sustainability Report (which checks the reaching of objectives and measures the economic, social and environmental impacts produced by the corporate stakeholders). These tools are coherent between themselves and support each other. The contents of the Sustainability Report resume all that indicated in the current Industrial Plan, while any suggestions emerging from the stakeholders during the drafting of the Balance are proposed as input for the definition of the following year's Industrial Plan.

With the Balanced Scorecard, the objectives of social responsibility contained in the Sustainability Report are inserted in the incentive system that involves executives and managers. The trend of the operative projects defined with the Balanced Scorecard system is checked every three months by the Managing Committee.

Particular importance has been given by the Group's management to the presenting of the financial statement of sustainability with the awareness that a good reporting system represents the base for effective planning.

Following the article, the evolutions of the Hera Group's Sustainability Report were run through again, as summarised in the following table.

Summary table of the evolution of Social Reporting	2002	2003-2004	2005	2006
Document structure	Presence of descriptive parts and quality indicators	Introduction of a specific chapter for the dialogue with stakeholders	Presence of a chapter for each stakeholder	Presence in every chapter of the results compared to the objectives declared in the previous balance and the objectives for the future
Indicators	Partial cover of the Group's companies	Partial cover of the Group's companies	Complete cover of the Group's companies and reporting on the subjects considered relevant for the stakeholders	Complete cover of the information required by the guide lines (application level A+ of the guide lines GRI G3)
Dialogue with the stakeholders	Not indicated in the document	Special dialogue initiatives focussed on	Special dialogue initiatives focussed on the	Description of involvement activities in the ordinary

		the Balance	perception of the company	corporate activities and on the structured forms of dialogue
Integration with the other tools of programming and control	Partial coherence	Formal coherence with the Industrial Plan	Complete coherence regarding the improvement objectives	Complete coherence regarding the improvement objectives and the qualitative indicators

The Hera Group’s first sustainability report: the aim is reporting

The satisfaction of the legitimate expectations of the interest bearers and an effective and efficient management require the predisposition of appropriate reporting methods integrated with economic, social and environmental performances.

For this reason, the first version of the Sustainability Report was published in the very first phase of the Group’s creation. While they carried out the works for bringing the company to the Stock Market, the publication of the Sustainability Report favoured the predisposition of information and communication on the Group’s non-economic results.

The Group’s first Report, therefore, is a way of starting to supply, in the presence of a complex process of corporate reorganisation and operative integration, data consolidated at the Group’s level able to report on, with a high level of completion, the obligation to found a company that is attentive to sustainability themes.

The building conditions faithfully follow the previous experience of some companies within the Group and respect the main guidelines recognised at the national and international levels. In fact, some of the companies united in the Group had been publishing social, environmental or sustainability reports for years (in particular we note the experiences of Seabo Bologna, Amia Rimini, Cis Forlì and Area Ravenna).

The Group's first Report, indicated as "number zero", represented the start of a continual improvement process of the Hera Group's sustainability reporting.

The Sustainability Reports 2003 and 2004: from a statement to a management tool

The publication of the first Sustainability Report was accompanied by a widespread distribution of it, in particular on occasion of the numerous meetings that were carried out in 2003 throughout the world with the institutional investors in correspondence with the quotation of the company in the Milan Stock Exchange.

In the following year 2003, a three-year project was started that aims at making the Sustainability Report an important management and communication tool of the Group.

The innovations introduced by this edition concern the editorial project, the structure of the document, the introduction of new indicators, the introduction of a section on the dialogue with the stakeholders and the prevision of a dedicated communications campaign (then carried out in 2005). The Report is conceived as an **editorial product** and its graphic form is aligned to that of the Balance of the accounting period. The graphic form of the first Report had a simple and linear setup, emphasising the contents, data and information contained in the report. In the 2003 Report, on the other hand, an editorial format was used that uses photographic

images to complete and at times surpass the information contained in the Report.

The graphic format exceeds the standard A4 version and introduces a new, slightly larger format, with a hardbound cover giving the document a more important aspect and consistency, comparable to that of an editorial collection.

The printed volume is accompanied by a summary (in Italian and English) and a version in CD Rom. In 2004, the html version **was** introduced to the Group's website. All of these products are part of a coordinated collection that makes the Report very recognisable.

The **structure of the document** partially changed compared to the previous year. In particular the sections "Balance sheet: economic performance" and "Relationship of social exchange: social performance" are renamed while a section on "Government of sustainability" is added along with a section on "Dialogue with the stakeholders".

These changes are not only useful in redesigning the Report's contents, but they also represent a more reasoned and shrewd use of the guidelines. The use of the Global Reporting Initiative guidelines continued, with the introduction in 2004 of the GRI Contents Table (essential element in the application of this guideline) and some formal aspects provided for by the GBS guideline are surpassed, overlapping a little with that provided for by GRI; in particular the section "Relationship of social exchange" **was** more simply renamed as "Social Performance".

A section on "Government of Sustainability" is introduced that sets out the Group's principles of sustainability and the main management systems in the themes of quality, environment and safety. Finally, the section with the detailed information of the territory is eliminated, after having been proposed in an experimental way for the Bologna zone only, in the appendix. However since 2003, the indicators are calculated for corporate totality without particular reference to local realities. Compared to the first edition in 2002, **new indicators** were introduced and the cover of corporate activities completed. For many indicators, an historical trend is supplied of

two, three or more years depending in the various themes treated, while the progressive enlargement of the reporting perimeter continues to align it to that of the Balance of the financial period.

A further innovation introduced in 2003 was the section regarding the **dialogue with the stakeholders**. For the first year, in the building phase of the Balance, dialogue with the stakeholders was expected to check the stakeholders' perception of the company and the Sustainability Report. In this section, the suggestions for improvement proposed by the stakeholders involved in the process are gathered in order to monitor and best orientate future management choices.

In 2003, two focus groups with the workers, three interviews with financial institutions, a workshop with institutions and public administration and five interviews with institutions and associations were organised.

In 2004 three focus groups with the workers, a questionnaire for executives and managers on the approval of the Report, eleven interviews with Mayors of affiliated municipalities and three interviews with environmental associations were organised.

In parallel with the publication of the 2004 Report, a **communication campaign** was proposed centred on sustainability. In actual fact, the key themes of the Hera's corporate communication in 2005 regarded sustainable development and the environment. An information campaign was realised, both to divulge Hera's obligation to sustainable development, as well as to support the main event that engaged Hera throughout the territory - the travelling exhibition "Sustainable" that was visited by about 100,000 people in the squares of the main towns in which Hera works (Bologna, Cesena, Rimini, Forlì, Ravenna, Ferrara, Imola and Faenza). During the exhibition about 5,000 summary folders of the Sustainability Report 2004 were distributed.

The Sustainability Report 2005 : a view for the stakeholders

The 2005 Report presents many important innovations. For the first time, the structure of the report was in part surpassed, set up on the three variables of sustainability (economic, social and environmental) to give more emphasis to the stakeholders. The chapters now make reference to the various corporate stakeholders and set out the composition of the stakeholder (numerousness, variations, etc.), the results gained and future objectives.

The building process of the report was formalised. Alignment of the almost totality of data with the perimeter of the financial period's Balance reporting was completed, historical three-yearly trends identified for almost all of the indicators and procedures of gathering and elaboration of the indicators were further developed in order to guarantee better quality of the published data. Great attention was dedicated to the integration between the Sustainability Report and the Group's strategic planning tools.

The Report presents territorial data that refers to the various zones in which the company operates, making confrontations and evaluations possible about the social and environmental performance in the various areas.

The main innovations introduced in the 2005 report therefore were:

- wide involvement of the corporate structure;
- development of the procedures of information gathering and refining of the quantitative indicators;
- increased development of the most sensible themes for the stakeholders (e.g., fees, quality standards, average wage, incentive system, emissions, etc.);
- reporting of territorial data (projects and quantitative data);
- expansion of stakeholders' involvement;
- definition of "balanced" objectives on the various stakeholders.

The **view for the stakeholders** allows for better evaluation of the company's strategies regarding corporate social responsibility. An innovation of great interest and use regards the identification of specific objectives for every category of stakeholder and the most transparent and effective reporting possible of the results achieved. In fact, every chapter begins with a table that shows the objectives indicated in the Sustainability Report of the previous year, the results achieved compared to the objectives and the new objectives for improvement for the following years. Some of these improvement objectives also foresee numeric targets aligned with the Group's strategic planning and therefore coherent with the Industrial Plan and the annual budget. This effort for the clearest possible reporting for the stakeholders on the results achieved bears witness to the company's will to consider the Sustainability Report completely integrated with the planning tools.

What we said we would do	What we did
<ul style="list-style-type: none"> - Certification ISO 14004: obtain the certification for Hera S.p.A and for the Territorial Operative Companies. - EMA registration: obtain the registration for a further 6 plants of waste treatment and disposal in 2006. - Extend the heating service with the identification and implementation of initiatives for recuperating heat from natural sources. 	<ul style="list-style-type: none"> - In December 2006 the environmental certification ISO 14001 for Hera S.p.A and for all Territorial Operative Companies was consigned. - A further 6 Hera S.p.A plants for waste disposal obtained in 2006 EMAS registration. (see page 29) - The volumetric connection increased by 12% compared to 2005. Energy from natural, assimilated and waste heat recovery sources went from 39% to 46%.

Summary table of achieved results and set obligations

What we will do...
<ul style="list-style-type: none">- Reduce the use of dumps for urban waste disposal with contextual increase of waste separation and waste heat recovery. Objective: to reduce to 15% the share of urban waste disposed of in dumps by 2009.- Increase waste separation: reach 35% in 2007 and 40% in 2009.- Continue the implementation of the research plan and reduction of water leakages: to reach 22% of water leakages in 2008 and 21% in 2009.- Obtain the EMAS registration for a further 8 plants for waste treatment and disposal in 2007.- Start up, by 2008, the installation for the treatment and consequent recuperation of waste with waste heat recovery.

The **reporting process** followed the passes provided for by the standard AA1000.

The definition of the sustainability objectives was carried out analysing the company's strategic programming tools and defining, within the Balanced Scorecard system, objective-projects with impact on the stakeholders. This information was completed with interviews with the Directors of the main Divisions and Managements interested.

The **data gathering** necessary for the drafting of the report happened with the definition and distribution of modules in which specific techniques were defined for the building of the indicators. Around 70 organisational units were involved, distributed throughout the corporate structures.

The 2005 edition saw an effort in the definition of quantitative indicators for the various themes treated and an increased balancing of the descriptive parts compared to the presence of indicators. Compared to the previous year, the report's overall number of pages went from 224 to 191, the descriptive parts were decreased by about 10% while the quantitative indicators increased by about 40%.

The Sustainability Report 2006 : significance and transparency

The Sustainability Report 2006 saw the continuation of the previous years' improvement. The alignment was edited with the GRI G3 guidelines. Between the different levels of application identified by this guideline, the report reached application level A+, corresponding with complete application of that requested by the guidelines and an independent external inspection.

The section regarding the **dialogue with the stakeholders** was changed compared to the previous year. Hera's obligation for the development of listening, dialogue and involvement initiatives of the stakeholder has been significant over time. In the 2006 Report, it was therefore decided not to put into effect specific initiatives in the balance reporting process, but to assess the different forms of dialogue put into effect by the Group throughout their normal activities.

Attention was turned particularly to the more structured forms, to the relationships defined within the agreement or understanding protocols signed by Hera with the relevant interlocutors, and to those forms of dialogue that despite not being provided for in formal acts, have taken on well-structured and regular forms and condition of use over time or, even if not regular, of high relevance for the relationships with those stakeholders.

In the Report, the dialogue conditions that the company has put into effect for each category of stakeholder have been highlighted.

Furthermore, in occasion of the 2006 Report publication, it had been decided to present publicly the Report over the course of a convention that aims "to give a voice" to the stakeholders. Over the course of the convention the speakers were called to express an opinion on the approach

to social responsibility followed by Hera and on the achieved results published in the Report.

In the section regarding **economic results**, among other things, the distribution of the added value of the stakeholders was proposed. Within the Sustainability Report, 'added value' is intended as the difference between the revenue and production costs that does not constitute remuneration for the corporate stakeholders. This indicator, provided for by the GBS guideline (Study Group for the Social Report), is used to quantify how much wealth has been produced by the company, how it has been produced and how it is distributed to its interlocutors; therefore it is useful for understanding the company's economic impact.

In the section regarding the **workers**, the most relevant aspects for this category of stakeholder were highlighted. The investigation into the internal climate carried out in 2005 had highlighted a need for transparency regarding wages and the incentive system and it is for this reason that in this chapter a confrontation between the wages of the various categories of workers and the wages provided for in the national work contracts was presented.

Other interesting aspects were regarding the application by Hera of particularly protective contractual types where 93.2% of workers had an open-ended contract.

Further points of interest regard the obligation for professional training (20.1 hours of training per person, increased over the past three years) and the creation of a training project that intends to give value to the workers' technical skills. With this project, called "Trade School", it is the more talented workers who formalise their knowledge and transmit it to their colleagues by teaching them everything that they have learnt over the years.

Over the years, the section regarding the **clients** has seen an increase in importance within the Report. This was in order to meet with the clients' informative need for clarity on the way in which the fees for the supplied services are formulated and on the trends of the fees themselves. The 2006 Report showed the trend of bills regarding gas, electricity and water

services integrated for a family of medium consumption; it quantified the sum and explained the dynamics in time.

Furthermore, for the first year, urban sanitation and heating bills for the year 2006 were reported.

Still in this section, a paragraph was dedicated to the quality of the water sold to clients. The average qualitative information of water, also compared to those of some mineral waters on the market, was presented.

In the section regarding the **shareholders**, as well as the description of the varied share structure, a summary indicator was presented of the total return obtained by the shareholders. Those who bought the company's shares in occasion of the Exchange quotation enjoyed very significant growth over the following four years.

The most interesting data present in the section dedicated to **suppliers** regards the value of the supplies assigned to local suppliers (70% of the total) and the increasing attention to the quality of the supplies, protection of the environment and the credit worthiness of the supplies to social cooperatives able to develop projects aiming at employing disadvantaged workers.

Finally, in the section relating to the environment and future generations, the main environmental impacts generated by the company were highlighted; among others, the commitment to save energy (and the promotion of this to clients/citizens - tens of thousands of coupons have been distributed for the free delivery of energy-saving light bulbs and devices for saving water), respect of the Kyoto Protocol, emissions into the atmosphere and progresses and obligations regarding waste separation. Concerning atmospheric emissions, the Report quantifies the impact of incinerators, highlighting the control systems adopted and the respect of the law. As a guarantee of further transparency, the atmospheric emissions of the main pollutants provoked by incinerators are published daily on the Group's website.

Conclusions :

The progress made in the five editions of the Report described should not represent a point of arrival but rather a stimulus for a further refining of the Sustainability Report.

Some questions remain unanswered, the solution of which could help to refine this tool. Is the Sustainability Report considered credible by the stakeholders? Is it a statement that can allow them to make decisions concerning the company? Can it allow them to express an objective evaluation on the company's performance? Finally, does the Sustainability Report help the organisation to improve its results?

Certainly, in the described experience, the "internal" benefit appears the most evident one. The reporting on sustainability has in fact, allowed the organisation to learn about sustainability and the impact generated by the company's activities and this should contribute, in the mid-term, to improving the company's performance.

Ten years of the ethics code: innovations and changes in Coop Adriatica

Giorgio Riccioni

1. The Code

Coop Adriatica is one of the largest retail societies in Italy. Its main branch is in Bologna and it has 140 sales points throughout a territory that includes part of Emilia-Romagna, Veneto, Marche and Abruzzo.

Its social base has more than one million partners and it employs more than 9,000 workers. The Cooperative took on the ethics code in 1996, one year before the national meeting of the Italian Retail Societies' Board of Directors approved the values and regulations Charter that is still in force today.

Coop Adriatica's decision anticipated the processing course which pushed the entire cooperative system to look, after all links to the Left-wing parties disappeared, for a truly autonomous identity founded exclusively on those values of which the cooperative is an expression.

In 2005, the partners' meeting decided based on experience, to update the code, both in its contents and in its form. But the most consistent innovation was that of creating conditions for a more efficient and coherent management of the principles and commitments and redefining the tools and procedures that in the first edition had proved to be inadequate.

The new code was approved by the general partners' meeting in June 2006. It was an extremely complex operation that directly involved the Board of

Directors, the ethics committee, the managers, all representatives of the social base and the employees.

Such a varied participation had a very precise objective; to set up, from the analysis phase of the experience and the formulation of the proposals for change, the growth process of the culture of respecting principles and commitments that makes up the premise for a radical innovation of the decision-making systems. The extensive confrontation that followed, highlighted different critical points, linked not only to a lack in content, but also to the difficulty of management after a void of effective regulations and definite procedures.

Of the critical elements highlighted, was also the fact that existing relations between the ethics code and the structural components intervening in management – such as the cooperative mission, the philosophy of *governance*, corporate social responsibility – lack clarity. The work carried out has set the premise for a definition of all modifications and integrations to be made to the code and the management tools of the code itself.

The discussion initially progressed regarding the causes that had determined the insufficient knowledge of the code in all categories of *stakeholders*, in particular of those theoretically more interested in the functioning of this tool i.e. partners, employees and cooperative system.

There is no doubt that when a unit organised by principles and regulations, such as the ethics code, is little-known in its contents and in the opportunities that it proposes in terms of evolution of company culture, it is destined to remain a dead letter and this is unfortunately the destiny of many of ethics codes.

The main cause for all of this is the lack of a wide-spread cascade training process able to reach all of the cooperative's active components. This void of knowledge, coupled with insufficient clarity on the tasks and

responsibility of the tools such as the ethics committee, has effectively obstructed a true and operational management of the code. This is why no operative procedures have been determined, that are able to transfer principles and regulations of behaviour within the decision-making processes and this has resulted in all evaluation of the coherence between decisions and the contents of the principles being left to the free will of the individual. The very role of the ethics committee has ended up as being simply a “Judging Court” regarding transgressions reported by third parties. Therefore, it’s a marginal role that has limited the assertion of a culture of cooperative governing founded on business ethics.

The very existence of the code has in any case produced an overall growth in sensitivity of values and principles and on this wide-spread sensitivity a culture of sustainability has grown. A culture that today is an integral part of the cooperative’s governance is inserted in business management with a well-established practice with the elaboration of the annual and pluriannual balances of social responsibility in both estimated and final terms.

Basically, each one of the company’s management departments is obliged during the setting of their own budget, to set objectives and commitments that are coherent with the sustainability strategies taken on by the cooperative. The links between this setup and the management of the ethics code seem fairly obvious.

In fact, if by social responsibility we mean the declination in business actions of the fundamental principles and values of cooperation towards all interlocutors, it seems clear how ethics and the company’s social responsibility are two sides of the same coin.

On one side, there is a social responsibility that identifies itself with business politics and actions and, on the other, the ethical responsibility that is closely linked to people and behaviour. It is for this reason that in these two sectors of responsibility, it is possible to think of a close combination of management strategies with a particular look at the building of estimates and final balance sheets.

This means that, also for ethical contents, the estimated definition of the objectives is to be followed, both on the company scale as well as that of the individual operative managements. It must become management procedure and on said objectives the consolidated ethical balance must be built.

During updating of the Coop Adriatica ethics code, much has been said with regard to the existing relationship between the code and the cooperative mission. One of the main differences between the cooperative and the joint-stock company is the way of producing wealth and the final destination of produced wealth.

This fact is just marginally acquired by the corporate right and the same statutes of the cooperative companies in general do not fully confront all the consequences that can or must derive from them. Coop Adriatica's new ethics code aims at remedying this need.

In fact, it is within the value production mechanisms that the ethics principles and cooperative values can find the most space to express their innovative potential to transform the decision-making and behavioural mechanisms, founded on the new contents of responsibility.

It is for this reason that the new ethics code contains, together with the general principles and behavioural regulations, the fundamental values upon which the cooperation builds its mission, for which reason it is right to talk of a cooperative ethics code.

Finally, particular attention has been paid to the relationship between ethics code and *governance*. Throughout the cooperative world a reflection on the possible models of governance and on their compatibility with extremely varying situations under the profile of cooperative mission and of the entrepreneurial objects, is in act. The research has particularly interested the existing relationships between social ownership and management.

All cooperatives are united by the aim to give value to the role of social ownership, particularly in strategic and control functions. Particularly in those cooperatives that have vast social bases, such as the retail ones,

exercising the prerogative of ownership has, in the current state, many limits. It inevitably ends up generating a strong imbalance in the company's governance regarding a strong concentration in the managing of powers and functions that are under the exclusive authority of social ownership.

The new ethics code and, above all, the rigorous management of it may represent one possible solution to correct this imbalance; whichever model of governance may be adopted from among those provided for by the corporate right.

These are in brief, the themes confronted in Coop Adriatica in a process that lasted about one year. Management of the new code will be founded on this set of evaluations. The provided tools will be immediately put into action after completion of a training/information programme that will involve each category of *stakeholder*, with particular attention to those most directly committed to the cooperative who are the partners, managers, executives and employees. This course has already started and should be completed in no more than 8 months.

2. The tools

Experience teaches us that almost all ethics codes, once the initial promotional phase of the initiative is over, inevitably end up not much more than a simple testimony.

Cooperatives do not move far from this rule and the ethics code in general is not perceived as a tool capable of influencing the cooperative's governing. The same principles and values are often seen as a component borrowed from the cooperative's history with relative capability of conditioning corporate life.

Coop Adriatica intends to avoid the persistence of the said situation. To this end, along with the training activities finalised during the creation of a company culture founded on respect of the code's principles, a series of

tools and procedures have been provided to make the effects on the corporate behaviour and actions determined by the code both visible and measurable.

The ethics committee, the ethics manager and the ethical relationship are among the main tools dedicated to these ends. Furthermore, a regulation that is currently in the defining phase has been provided that will support the ethics committee's activity and therefore contains a procedural installation that is able to make the set of functions and interventions entrusted to the committee by the code transparent.

The ethics committee is therefore the main organ that oversees the management of the code, interprets its contents and controls the application of it, checking the coherence of behaviour. It is nominated by the partners' meeting and answers solely to the said meeting. It is made up of cooperative partners that are knowledgeable of corporate management mechanisms and cooperative's values and relates to the Board of Directors with proposals of action in the case of any transgression of the code.

The main function of "Judging Court" is unquestionably surpassed in the code's new draft defining, for the ethics committee, an active role in ethics culture training and as guarantor in social ownership - therefore in charge of the management of the code itself.

The committee will in fact have to intervene in the construction of estimations of ethical compatibility and in the checks of the final balance sheets on the corporate scale and on that of individual managements; it must also prearrange the training programmes and draw up the ethics report to be put to the partners' meeting.

In all of this activity the committee is supported by the ethics manager who represents the operative wing in the committee. He is nominated by the Board of Directors after proposal by the ethics committee and answers to the same for its own behaviour. Through the ethics manager's activity, the committee can directly participate in each phase of the corporate activity that implicates a control in coherence with the principles sanctioned in the code, particularly in the definition of strategies of sustainability and the

estimated and final balances that derive from them. Furthermore, the ethics manager represents a reference point for the administration of any critical situations that are reported by those parties entitled to do so; he puts forward training and communication plans, he coordinates the tasks for the drafting-up of the ethics report and he sets the estimated and final ethics balance sheets.

This function is completely new as far as Coop Adriatica is concerned and is destined to consolidate itself in time. In the meantime, it represents along with the new role of the ethics committee, the essential condition for renewing the governance contents and for spreading the culture of business ethics that is still one of the code's main aims.

In fact this character, operating within the company without being subordinate to it, suggests a decisive qualitative leap in the governing structure of the cooperative and sets itself as one of the tools that can re-balance the power system and therefore guarantee social ownership in respect of the code's principles within the entire value production process.

The link between the ethics committee's activity and the partners' meeting and therefore to the highest expression of ownership, is represented by the ethics report. This document contains, very briefly, the final balance of the ethics committee's action as well as a description of the levels of coherence between the decision-making processes and the code's principles.

Essentially, it will be composed in three sections: the first will refer to the final balance of the work plans of the different operative managements; the second will concern the results of all actions of promotion, spreading of knowledge and distribution of the code; and the third will propose a synthesis of the product controls and the proposals put forward concerning intervention requests presented by those entitled to do so.

In the future we expect to make some improvements to this tool, also taking into consideration any experience that will have been gained. These improvements will primarily concern the structure of the ethical compatibility estimation articulated in all corporate functions. This will

make the involvement of social ownership possible in the defining of objectives and, in the final phase, in the calculation of results.

Secondly, we predict the drafting up of periodical reports to be put to the scrutiny of the Board of Directors and the different territorial examples of the cooperative's partners.

3. Management

As with all ethics codes, the Coop Adriatica one also constitutes a set of principles and rules of a general nature and therefore, as such, is open to interpretation. No sanctions are provided for; they are merely tools of management and control.

From this comes the fact that its effectiveness largely depends on the complete independence of judgement of the ethics committee, also in terms of interpretation of the rules and principles and on the absolute transparency in relationships between the ethics committee and the corporate organisations.

But the variable that presents the most critical aspects is represented by the level of contribution by all those that participate directly and also indirectly in the decision-making processes. Contribution, whether it should be reflected with coherence and continuity in decision-making, ends up evolving into a culture and therefore becoming an integral part of the philosophy of governance.

A similar process is produced in the growth of the legality culture. In the cooperative, respect for the State's laws does not depend on the existence of sanctions, but is rather linked to a profound and general conviction that entrepreneurial success must be pursued while absolutely respecting the rules that are equal for all and entrusted solely to the ability, efficiency, correctness of relationships and the quality of solutions to any of the partners' and customers' needs.

Under the same conditions, the same course must be followed also for the affirmation of the company's ethics and this is the aim of the entire management process of Coop Adriatica's ethics code.

This requires an extraordinary activity of involvement and sensitisation that must be long lasting. It is in fact necessary to avoid the real risk that, having acquired the ethics code nothing or very little changes in terms of behaviour or worse still, that the code is lived particularly by some corporate departments as a refined element of improvement of the company's image and marketing and not instead as a fundamental component of the cooperative identity.

To avoid such a situation, Coop Adriatica has decided to work right from the start, on two fronts: that of training and that of code management strategies.

Staff training/information programmes are already being completed with the aim of incrementing the perception of the code's contents, both within as well as outside of the company and consequently, to develop and transmit the culture that is at the very heart of the ethics code. The programme invests primarily in the directors and the wider management group. At the centre of the training proposal is the relationship between ethics and cooperative company and the ethics code as a tool for change within the company's governing culture.

Such a setup aims at enlarging the training contents to match the expected effects of code management, such as the variation of principles and values in observable policies, actions and behaviour, the integration of ethics variables with corporate plans and the management procedures and controls systems. The phase that immediately follows is the setup of training programmes organised throughout the territory aimed at active partners, executives and gradually to all employees. A plan of staff information is also expected that will involve all of the cooperative's external stakeholders. But training, especially if intended simply as a moment of knowledge and sensitisation, cannot be in itself an agent for substantial change in the corporate culture.

Therefore it seems essential to give structure to any contents of the ethics management that are to be a reference point for the cooperative's new way of working. On this fundamentally important aspect, the code management strategy has been activated and the first decision was to analyse the current situation in relation to the principles and defined rules.

Practically speaking, for every principle contained in the code itself, it is suggested that one "measures" the grade of coherence currently found in decision-making practices. The results of these analyses will be again included in the first ethics report and will be the reference point for the defining of aims to follow and the evaluation of the level of change over time.

The second decision was to transfer precise references to the ethics profile's aims to the strategic and industrial plans. Consequently, all management offices must insert the said objectives in their sector work plans. Basically, we aim to change in managerial and operative terms, the contents of the code and this may represent the base to build decision-making and behavioural processes within and outside of the company.

Under this profile the ethics code management proceeds in conjunction with that of the sustainability objectives that are a stable point of Coop Adriatica's corporate culture that contribute to the widening and systemisation of the concept of social responsibility and the managerial processes that result from this.

The third decision was to introduce the report procedure of any result that refers to the commitments taken on by every department. In the future, the aggregate of this reporting will make up the central part of the ethics report.

These are, in brief, the results of the considerations and the decisions reached within Coop Adriatica.

However, the research and confrontation does not stop with this important result. In fact, we are aware that corporate ethics, like every culture, is subjected to continuous evolution and the same managerial tools and methods are destined to gradually change.

But there is also the conviction that only by affirming this culture, can we determine a new way to conceive “business” and fully pursue the cooperative mission. In Coop Adriatica, this conviction has been transformed into a strategy for change.

This is basically what social ownership expects; that a million or so partners do not ask for a share but, above all, want coherence with those ethical values and with those principles that define their cooperative’s mission and identity.

Social and public organisational reporting: the case of health authorities

*Giorgio Gosetti and Eno Quargnolo*¹⁶³

1. Social responsibility

The subject of social responsibility is by now commonly confronted both with regards to the product-services of an organisation, as well as with regards to the methods through which the product-services are built, with the relations and the effects that are produced between the organisation and its context of reference, and finally, also with regards to the specific connotation that the operative declination of the responsibility takes on for private companies and public organisations. Effectively it has been highlighted that we consider as irresponsible “any company that believes that, beyond the basic obligations of law, it does not have to answer to any public or private authority, or public opinion, regarding the consequences in the economic, social and environmental field of its activities”(Gallino, 2005). The organisation is therefore pushed towards irresponsibility when it adopts an orientation aimed at the maximisation of the results at all costs, and in order to be in the market or for other reasons it shows itself to be inattentive to the internal and external reflexes of their own activity. The responsibility of an organisation, productive or of services, private or public as it may be, should not be separated from the structural and macro-political questions: those, for the sake of understanding, that regard human rights, deregulation, liberalisation, the power of conditioning of the companies of the social, economic and cultural processes, the processes of externalisation of the costs, and so on.

¹⁶³ The contents presented stem from a reflection reached by the two authors; from the formal point of view they are, however, to be attributed to Giorgio Gosetti, the paragraphs 1, 2 and 3 and to Eno Quargnolo, the paragraphs 4, 5 and 6.

Reflection on social responsibility is therefore to be necessarily contextualised regarding the social, economic and cultural phenomena in force, paying attention to the concrete dynamics and the relationship between global and local decisional processes, introducing the company within the ethical and economical dimensions (La Rosa, Morri, 2005). Furthermore, the theme of social responsibility becomes of particular interest in a phase in which we talk of a crisis of the welfare state and of the necessity for a renewal of the systems of social protection, induced also by changes relevant in the working world (Gosetti, 2007). From the conceptual point of view we dispose of a range of particularly important analyses on themes such as risk, uncertainty, vulnerability, which characterise the societies of these last few years and which are called into question to effectively place the confrontation on social responsibility.

From more parts, for example, we theorise and invoke the passing to a mix system of welfare and welfare society, as a prospective able to give concreteness, sense and importance to the relationships between public intervention, actors of the civil society, people and community, and confront, in this way, the aspects of crisis of convenience and legalisation of the welfare policies. Some ambits of reflection in particular seem to us important from this point of view. In the first place, the confrontation on the passage of a *negative* welfare to a *positive* welfare (Giddens, 2007), inside which the State plays a 'central but not dominant' role and one aimed at the social investment and the regulation, increasingly putting the self-esteem and autonomy of the person at the centre and adopting a preventive approach that levers on the personal 'activism' and the involvement of the local community. In the second place the debate relating to the active policies, to the passage from government to governance, to the possible negotiable and deliberative character of the local policies, centred on the construction of decisions through various tools of participation, also direct, and on the prospective of the public interest and the public goods as emerging property, which is developed by themes in the branches and the processes of local confrontation between 'reciprocally orientated actors' (Bifulco, de Leonardis, 2006).

A critical dimension, not to be underestimated for the reflections that are intended to be proposed in this instance, is that of passage to a company in which the development of the networks highlights how appearance is no longer 'previous' but follows the identity (Bauman, 2007), and how the 'struggles for recognition' are increasingly relevant to be permitted to the

games table. All of this makes the construction of reciprocity, of loyalty, sense of obligation and responsibility to the local community problematical, in the measure in which the revocability of the participation on the network does not imply consequences, like those that derive, on the other hand, from the belonging to a community, assigned or chosen. In this prospective, therefore, the analysis on how to translate the activation or the involvement becomes relevant in a system that gives value to a network and how the idea of social responsibility is placed within the plan of relationships of network, which in the current state maintains the character of voluntary choice.

A solution to be adopted to help the reflection proceed in this direction can be that of measuring ourselves with the objective and subjective dimensions on the quality of life, as well as with the methods of building relationships of reciprocity that give responsibility and of models of social regulation that on a local level, favour the relationships between social actors.

2. Responsibility, reporting and public organisation

A relevant problem is surely that of translating social responsibility and connecting it with social reporting, therefore identifying tools suitable for the communication and the reporting of the different interlocutors of the activity of the organisation.

On the companies' side, an important contribution to the identification of operative dimensions on which attention is centred was supplied by the Green Book of the Commission of the European Community (2001), that invited consideration of social responsibility as an *internal* dimension (centred on the management of the human resources, work security, etc.) and an *external* one (centred on the relationship with the community, the relationships with suppliers, environmental reflexes, etc). One aspect that has been fiercely debated is that relating to the voluntariness of "social and ecological concerns", therefore going beyond the requests of the existing law in a country, that implies an investment in human capital and in the environment, this being a supposition that takes on a very particular

connotation in a phase in which the processes of globalisation and organisational change make it difficult to establish, in comparative terms, which is the commitment taken on by the organisations that work in contexts that are also very different among themselves (Rusconi, 2006).

Social responsibility therefore takes on various forms, from the concern for the internal and external relapse of the activity, to the participation in social objectives, to the attention to the community's quality of life, to the research for the transparency of the activities, etc. From this view point, the public organisation is by definition socially responsible, and its actions and the objectives that it follows are to be considered for their impact on the community, on the socio-economic and cultural contexts within which it works (Hinna, 2004). The balance of the public administrations "cannot but be social by definition, as it originates from the use of common resources destined to generate benefits for the society" (Department of the Civil Service, 2004). Paradoxically the social dimension, however often does not appear, is not communicated, does not constitute a reporting subject, despite being the main aim, insofar as "social is the pact that founds and legitimises" the workings of the public administration and "social is the horizon of its spaces of intervention". Social reporting cannot therefore constitute an "added or residual key of the administrative action, but the original one" (Department of Civil Services, 2004), and become one of the unique moments through which the organisation builds and maintains a relationship with the civil society, that same society that renews for it, periodically, a task to act democratically on its behalf.

Social reporting therefore is a multidimensional process, that interests relational, managerial, institutional, professional elements, and implies the necessity to interrogate oneself not only on the specification of the public service (prevention rather than cure, correspondence between demand and supply, link between need and intervention, etc.), but also on the way of guaranteeing and developing a public service (coordination and regulation of resources of different nature rather than direct management, involvement of local players, etc.), as well as on the methods with which we identify the interest and the public good, therefore the process for emerging the community's problems and creating a sharing of objectives of quality of life.

Social reporting furthermore becomes a method for confronting the problems of informative asymmetry and control, that traditionally

characterise relations between public intervention and civil society. Without pretension of exhaustiveness it is possible to identify, among the reasons that justify the necessity of a social reporting, aspects such as: creating the conditions of reporting, involvement and reciprocity; defining and expressing the identity of the organisation; legitimising, creating trust and obtaining the consensus on their own objectives; constructing and consolidating relations between the organisation and the territory; developing involvement of the internal population and improving union relations; creating conditions of increased symmetry, without which the maintenance of a network is unthinkable; improving the process of formulation of objectives and actions and their communication methods; stimulating the systems of inspection and evaluation. Other, less explicit, reasons can be identified that are ascribable to the necessity of governing the network that constantly presents problems of connection consolidation; keeping social dynamics through communicative strategies under control; justifying oneself and defending oneself, documenting and anticipating a possible binding regulation.

One of the themes that particularly involves the reflection on the responsibility and social reporting is that relating to the identification of the stakeholders, or rather the unit of the interlocutors that have direct interest relating to the results and the processes of the organisation. Over the years, analysis has put the building of different approaches (instrumental, strategic, ethical and so on) into the light, that at times have privileged the stakeholders as collaborators of the organisational processes, mobilisers of relevant resources, interest and expectation holders, etc. Also for the public organisations, this constitutes evidently a central crux, as it rotates around interrogatives on the relevancy of some interlocutors rather than others, on the necessity of guaranteeing a universalistic and/selective service, tending to privilege subjects in more difficulty, on the methods of realisation of the networks for integrating skills and resources, on the building of connections of trust, etc. The stakeholders have so been identified in various ways, thinking of all of those that have to do with the organisation, of the interlocutors of the fundamental organisational processes, to all those who can claim a legitimate interest.

In conclusion, we can identify some areas in which public organisation finds itself in confrontation in order to develop an approach to social responsibility and reporting:

- the product (specific contents of the public service), the process (method and tools with which we obtain results) and the relationship between the two elements;
- the past (that which the action has produced), the present (what we are producing) and the future (the predictable consequences and the effects also on the long-term);
- the responsibility to the interior (towards the employed population, therefore relating to the different forms of protection and guarantee, to the quality of work, etc.) and towards the exterior (referred to the community);
- the behaviour of the organisation as a whole and the behaviour of the professionals that interact with citizens;
- the decisional processes, the managerial and operative responsibilities;
- the relation between the offer and the possibility of accessing the service systems;
- the relationship between structure and action on one side and value sum of reference of the organisation on the other;
- the continuity in communication and reporting and the choice of contents and the forms of communication;
- the direct and indirect interlocutors of the hearing and communication.

For the public organisation, therefore, social reporting makes reference to an accounting dimension (use of the economic-financial resources), a communicative one (governing of the relationships with the exterior), a political one (attention to the transparency and visibility of choices), one of internal governance (engagement of responsibility on the sustainability of public spending), a strategic-organisational one (orientation of the processes of planning, programming and control) and a professional one (attribution of sense to public work, giving value to skills, motivation of people, etc.) (Department of Civil Services, 2004).

3. The mission statement and the relationship between organisation, planning and reporting

Social reporting can be translated in multiple outcomes. Within public administrations the social report and the mission statement are progressively finding space. The balance logic that these tools engage

requires – something that does not always happen – an *estimated* and a *final* moment, just as for the traditional forms of balance sheet, and therefore comprises both a phase in which to establish objectives and actions for reaching them, attaching expected results to each objective, standards of reference and indicators of measurement, and a phase of inspection of the reaching of the objectives and a broader evaluation of the impact that the objectives and the actions for reaching them have produced. In this way we could find ourselves in front of institutional objectives that have an implicit content linked to social responsibility, and to objectives that are fixed in order to attain results linked explicitly to social responsibility.

In terms of balance sheet one of the main elements, and at the same time one that is difficult to “record”, is made up of trust and reciprocity, and therefore on one hand, of the credibility that the public organisation matures after its obligation following determinate objectives for the community, and on the other, of the level of active involvement and of the valorisation of the different local interlocutors compared to the way in which it reaches its objectives. For the public organisation the social or mission report consequently allows us to “fill the space that is found between the frontier of regulations or the frontier of ethics”, attributing specific attention to the reasoning of the different interlocutors interested in the organisation’s activity (Hinna, 2004).

If we briefly pause to reflect on the specifications attributable to the mission statement, adopted for example by the Emilia-Romagna Region as process-document of social reporting for the health authorities, we see that it is specifically centred on the organisation’s mission and integrated with the final end-of-the-year balance; aimed at continually giving account of the organisation’s conduct and therefore strictly linked to the activity of planning and communication; developed as a process for building a structured and comprehensible document; orientated on the results and the internal and external impact and aimed at the interest holders of the organisation; and built, involving the different internal components of the organisation.

Therefore, if the end-of-the-year balance is centred on the economic-financial-patrimonial trend and answers the institutional aims; social reporting is centred on the fulfilling of obligations towards all stakeholders interested in the organisation’s activity and satisfies a need for legality; the

mission statement is centred on the fulfilment of obligations towards the “mission” stakeholders and answers an institutional aim (Rusconi, 2006).

In the current phase, also regarding the still limited number of experiences of social reporting, the identification of the stakeholders and the indicators of measurement proves particularly critical for the public organisation, as well as the definition of the contents and forms of communication and the continuity of the reporting, the attribution of the same relevance to the quality of life of the community just as the quality of the work of the population within the organisation and the direct involvement of the operators in the decisional process and in the process of social reporting, that evidently remains in any case a responsibility of those who have the task of overall governance of the organisation.

A final consideration regarding the relationship is necessary that is created between the social reporting and the organisation’s activity, regarding whether it constitutes an occasional fact or rather, is an integral part of the functioning of the organisation, linked without solution of continuity to the procedures and the processes of the organisation, and in the first place, to the planning of the activities. Especially in a phase of change of the organisational models that see the introduction of logics of networks (and therefore of symmetrical relations, of development of connections and transactions between the cruxes, etc.), and of alteration also of the planning systems, more orientated at involving local players in a relational and reasoning system of identification of aims and sharing of responsibility, social reporting takes on a particular relevance and importance, for the reasons briefly illustrated in the previous passages.

Levering the valorisation of the realised experiences will be increasingly necessary and therefore anchoring the social reporting to the organisation and planning, for example measuring the outcomes of the institutional activities and foreseeing the destination of quotas of resources for reaching of aims linked to specific areas of social responsibility, towards the interior (such as the improvement of organisational wellbeing and the quality of work) and towards the exterior (such as the reduction of environmental pollution and the support of social activities).

In final analysis, it is in the connection that we can create between planning, organisation of the processes of intervention, evaluation and

social reporting, a further added value to the action of the public organisation, that supplies services to the person.

4. Accounting: valorising the capital and social responsibility of health authorities

The health authorities are increasingly more urged to adopt new systems of measuring and monitoring their most important capital, the “intangible”, or rather human capital, the relational capital and the organisational capital :

The human capital, made up of people, or rather by the sum of the abilities and skills, talents, motivation, spirit of initiative, that represents the necessary requirements for the Company’s development.

The relational capital, or rather reciprocal trust and recognition, alliances, shared values, relations of building up customer loyalty, that is to say the relational capital, that depends on the quality of the relationships that people are able to realise.

The organisational capital, or rather the scientific knowledge, corporate culture, ability to valorise the human resources and the ability of innovation of a company.

These are the elements that, more than the others, represent a challenge for the future of the health authorities that are looking for their own strategic positioning for uniting the expectations of the people working in the company (the main internal stakeholders) and the expectations of their own local context (external stakeholders).

Corporate social responsibility therefore is played “within”, with the people that work in the company. The expectations of the operators push the health organisations to the research of a “new contract” that must give, first and foremost, sense and value to their participation and belonging. A contract played on the “reciprocal expectations”, where reporting, transparency in the decisional processes, participation in the strategic choices, responsibility decentralisation, professional development,

reciprocity and cohabitation among different professions, development of talents, training, systems for recognising, awarding and differentiating become common ground of communication, exchange and cultural growth.

Health authorities give the professionals expectations with the inherent necessity to share the strategic premises and corporate aims (as a base for guiding the behaviour), the internal reorganisation of responsibilities (as a condition for answering the challenging objectives), the facilitation of cohabitation between professions (such as the condition of cultural and professional growth).

On the other hand, professionals expect coherence, transparency, participation and clarity in the mandates (a condition for respecting the “contract”), as they also want the expectations of autonomy and decentralisation of the responsibility recognised, their own career and that of their collaborators awarded, they want to be able to differentiate between the people (praiseworthy and non-) and award them with “credible” and reliable appointments, material and immaterial.

A “structure that is stable in reciprocal expectations” is, in substance, that which can qualify an organisation with a true recognisable and recognised identity (internally and externally), individual place of development and of resolution of collective problems.

The “external” challenge, on the other hand, is among those that more than anything, ask the companies to expose themselves, make themselves public, come into the agora. Corporate social responsibility becomes a strategic opportunity that puts into play the ethics of an organisation. The cultural development of a company must firstly pass here, by social responsibility playing towards the exterior, by the ability of its management to balance all the interests and ethical expectations (equity, reciprocity, trust, respect) of the stakeholders and to activate all the forms of hearing that can develop active partnership in the programming processes, in the definition of the strategies, in the quality of the welcome and services offered, in the very efficient use of the available resources, exceeding unilateral and one-dimensional logics (Borgonovi, 2005), as well as in the “increase of the level of reciprocity of the relations and the transparency of the interests in play” (Tanese, 2006).

5. The Mission Statement of the Health Authorities of the Emilia-Romagna: towards a “contract” with the local community

The ability to promote organisational relationships to produce a result of health and quality of life implies the ample involvement of local players participating in a network and influencing each other to build a real and reciprocal “responsibleness pact”, that produces knowledge, learning, social connections between communities and citizens, that orientates the services (social and health) in inserting themselves in vaster contexts and policies (urban, economic, etc.) and redesigns the welfare systems, qualifying them as active welfares inserted in processes of widespread responsibleness (Gosetti, La Rosa, 2006).

The health authorities’ role is increasingly played in these contexts where the “contract” with their own local communities becomes binding. The health authorities are implicated as players in this system of reciprocity, where they and the institutional players in this reciprocity system are asked to respect all those guarantees given to the citizen, made transparent and debatable in the various organisational forms (assets, processes) and above all in the results obtained (health products and derivatives).

The experience of the Emilia-Romagna Region’s health authorities starts from here, that is to say from needs of social reporting that insert themselves in this cultural context even if, in this first phase, the companies are called upon mainly to “answer” the institutional bodies: the Region itself and the social and health Conferences on the territory of the local administrations in the province ambit (Regional Health Authorities, Emilia-Romagna Region, 2005).

The experience, started three years ago as an experiment involving some companies, interested all of the companies of the Region from 2005 with a well-orchestrated team-work of the region itself with its technical and political apparatus.

It was the same regional law, n. 29 of 2004, that brings back to mind the mission statement, that “presented together with the end of year balance takes into account the following of the aims assigned to the health authorities of the Region and the social and health conferences of the territory”.

The mission statement is characterised as an instrument aimed at giving transparency to the health authority's institutional action, answering the information necessities of the subjects to which the health authority must 'account'. This is, in fact, aimed at illustrating the outcome of the institutional activity aimed at the company and supporting, in an active and dynamic way, the system of relations between the company and its main institutional interlocutors.

Therefore the Region has made available an informative tool that – while respecting the prerogatives of the corporate autonomy – allows a structured communication on the institutional activity between the single companies and their main stakeholders and identified parameters and indicators to also use for triggering a revision and coordination process of the planning, programming and control of tools and those of redefining the corporate informative systems.

6. The experience of a Mission Statement in a USL (Local Health) Centre

The regional USL authorities confronted the theme of the mission statement for the first time between the end of 2005 and the beginning of 2006, giving themselves the aim of starting up a concrete path of involvement of the various corporate components on the theme of social reporting, intended not only as a documental product but as a real data processing shared by the results gained both in the internal prospective (the policies of the staff, communication, etc.) as well as the external (the results produced in terms of economic-financial and patrimonial sustainability, of respect of the basic levels of assistance, health outcomes, etc.), in this recognising itself with that desired by authors who for some time have promoted processes of *accountability* not as “communication products”, but outcomes of a “process of construction on various bases of the relationship between companies and their reference interlocutors” (Tanese, 2006).

The contents of the Mission Statement follow a pattern-type identified by the Region. In the first chapter the companies are invited to describe and comment the context of reference through the analysis of the socio-demographic and epidemiologic frame. Then, in the second chapter, the

frame of economic-financial and patrimonial sustainability is presented with a unit of shared indicators, many of which are innovative, that interest, for example, the economic impact, the “weight” of the company on the territorial context with the surveying of the employees on the corporate territory or the movement of economic resources for the purchasing of goods and services, or the analysis of the social impact, from which the local community’s recognition is derived. Furthermore, the analysis of the Basic Levels of Assistance and the quality of the assistance follows (expression of the corporate mission). The third chapter is dedicated to the corporate strategies. The work conditions and the aspects of efficiency of the organisation are described in the fourth chapter that gathers information about the identity of the operators who work in the company, the participation of the workers in the corporate management and direction, the structure of responsibility, the protection of the workers’ and users’ health (risk management), the rules for the systems of evaluation and professional growth and development. Further chapters are dedicated to communication, relations with the citizens and research and innovation.

In the case of the Bologna AUSL¹⁶⁴ it is no coincidence that a preliminary training-intervention has been finalised for the preparation of the Mission Statement, with these aims:

- a. the internal involvement of the organisation, of its different components, that passes through keywords such as reporting and responsibility;
- b. the connection, both with the strategic design of the corporate policy as well as with the daily operation, with the aim of identifying a sort of “mission budget” strongly integrated in the corporate annual budget process;
- c. the involvement of the institutional interlocutors (Region and Territorial Health and Social Conference) also in the phase of identifying objectives and indicators.

The Company (and together with it all of those in the Region) has taken on the challenge and the sense of this new process trying to reflect on the internal and external impact of the corporate action, on the connection of

¹⁶⁴ The author has worked in the Bologna company coordinating the direction group for the drafting of the Mission Statement. Everything reported here comes from personal considerations matured regarding not only this context and not only in reference to this but also beyond these.

the Company with its territory and distributing the theme of social responsibility in order to make it become something that belongs to all.

Certainly that radical change is not yet concluded (and it was impossible in such a short time), explicitly and implicitly required by this new 'task' for the health authorities. Accountability, the above-mentioned author reminds us, "is not a solution but a point of arrival of a process of building relationships of trust and reciprocity between an organisation and its interlocutors" (Tanese, 2006).

On the external front, for a health authority the experiences of social reporting can represent an occasion for "reading" and making known the organisation in different ways, discovering the complexity and variety of its relationships with stakeholders and the local community. The involvement of the local administrations, throughout the entire course, is an essential condition for an active participation and for giving a sense to all of the work of reporting, as well as for consolidating processes of knowledge distribution and above all of responsibility, towards the policies of health and the consequent outcomes, of all of the players involved in the governance functions (Quargnolo, 2007).

On the internal front, it is about aligning and balancing the internal needs of programming and control and the relative information fluxes according to the perspective that imposes the social reporting.

The challenge is knowing how to 'see' beyond the walls of their own organisation, seeing the needs and behaviour of consumption of our populations, seeing that which can guide and orientate, seeing the outcomes of health and knowing how to align the internal processes (both in care as in programming and control), as well as regarding objectives of service, objectives of health, building also on these the measure (through a multidimensional instrument panel of indicators) of the quality of the corporate performances. And so the passage from traditional programming, concentrated in particular on the management of expenses and responsibility, gains substance, to a 'non traditional' programming, aimed at the management of quality and value (Beltramello, Quargnolo, 2003).

Furthermore, the internal communication and the participation of the people who work in the Company make the link with the courses of programming and responsibility even closer.

Making understand the sense of this work to the internal stakeholders is, maybe, the most burdensome commitment for a complex company such as the health one, but it is also an inescapable obligation of the same if it wants to increase that 'tacit quality', that intangible capital that is represented by the same vocation and the motivation of the people that make them feel participants of a project, of an 'enterprise'.

In particular, the people that work in the companies and enterprises with a public function can take from the ethical behaviour of their own organisation a motive for a 'sentimental' involvement that takes them to search for that 'common good' upon which the same corporate social responsibility could find a definitive structure (Zamagni) and overcome the risk of being counted among the others, like a managerial innovation or a 'communication product' (an 'ingredient', just as could be the same practice of accountability) to be instead a direction and leadership style, inspired by principles and ethical values incorporated in the policies and the corporate values, not ephemeral, not iconographic, just so: "...I don't want to be a real tree but its meaning" – a desire already expressed many centuries ago by one of the protagonists of the events of the Islamic illuminators told in Pamuk's novel (2005).

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Stories of professional life between deontology and relationships

Mario Esposito

I have many memories in my professional experience, especially of moments of intense relationships stemming from my desire to help those that suffer. These memories are still even today, after a long time, burned into my memory and leave me with a warm and deep feeling of complete wellbeing.

I still remember Valentina, a nine-year-old girl who was suffering with a terminal illness who would start to laugh every time she saw me arrive. Unlike my colleagues, my white uniform was not a barrier or obstacle to our relationship as we had created a relationship of esteem, trust and great respect which over time became a very caring and sincere form of love.

Playing time had neither roles nor skills to be followed, but represented a means for communicating the desire to spend time together, to share those moments when my caring for her was not merely based on rigid procedure but was animated by a sincere desire to relate and share emotions....

In that ward, the strict rules set the distance between mother and hospital-ridden child and, based on a hypothetical principle of safeguarding small children's safety, they were harnessed with cloth girdles to stop them falling out of the bed. The poor creatures' tear-streaked faces, whose only fault was to be ill, brought pain to the pit of my stomach.

This brought about a desire to rebel against these strict rules and like Don Chisciotte against the wheels of rigid bureaucracy of rules and regulations, I acted when I could - my afternoon shift; when I could act freely we would leave the small hospital wards, get out of those high and narrow beds and we would play in the corridor that was so long and wide that it seemed a great living room; we would play happily and carefree, not thinking of the fact that at around 6pm we would have to undergo therapy.

As well as making me seem like one of them, this was also determining in creating a deep relationship and it allowed me to slowly win over their respect and trust even when, in my institutional role as a nurse, the medicine was disgusting or the injection hurt. From me, it was accepted thanks to the synergy that came from living with them and being attentive to their needs, not only as little patients, but also as children. The emotions that came from living together with them in that part of their lives when illness had arrogantly invaded their happy and carefree world, where there should be no room for pain.

The anger that I felt coursing through me was due to the fact that I could only partially change the system, as the behaviour of many of my colleagues strictly mirrored those rules that in some ways stole free and carefree moments of activity that wasn't linked to the illness.

Some behaviours was ruled by a routine that often dulls those senses and emotions that characterise relationships between human beings. Still today, in a legislative system that has radically changed that old way of ruling the hospitalisation of children, having lived with great intensity and strong emotions those empathetic moments of human relations makes me believe that I was doing the right thing.

The spontaneity and the genuineness of the human relationship which was naturally created and which took shape during the hospitalisation of those children exhausted by suffering and feelings that leave visible and deep signs in their souls, all created in me the desire and the joy of going to work, waiting impatiently for my shift to start and happy to answer their needs as children.

During my afternoon shift, anticipating Patch Adams' theories, we laughed, joked, sang, drew, played tag in the hallways: for a couple of hours we were able to escape from that sanitary world that was not suitable for those young lives. I can still hear their voices, laughter and songs today in my mind and the right - wrong evaluation still betrays no remorse in having lived my profession with those human and relational components that allowed me to give much and receive more.

Deontology is a branch of Ethics which has the correct aim of establishing that which is good and bad, right and wrong in the professional sphere, it aims to generalise those values and principles that characterise the professional's way of working. All this must deal with an individual

interiorisation process that makes the science – conscience relationship unique.

When a profession such as nursing puts you in contact with another person who needs to see in you a glimmer of light, it is not only the operative-technical aspect that characterises the professional but it is a mix of situations and sensations where compliance, the care relationship, the educative, relational and human aspect represent that spark that creates such empathy and synergy as to develop and nourish relationship and emotional skills.

These are aspects that still do not have the right centrality in training courses despite the fact that they cover a relevant part of the activities that determine motivation.

The values that characterise human thought contribute in determining the correct emotional tension, the right balance that characterises behaviour between equals where the satisfaction is in giving rather than receiving.

Behaviours and action can be standardised and adapted: we must consider the scientific evidence, but the care relationship and the emotions that come from the union between ill person and professional are unique and unrepeatable, made up of many exclusive particulars that make each relationship different.

The charge of negative and positive emotions that come from the nurse-patient relationships must find the correct safety valve in order to maintain that correct psycho-physiological balance that avoids situations of burnout. The strong emotions that derive from negative events such as death or the worsening of the illness and by positive events such as improvement or cure, contain within them many nuances that allow you not only to grow professionally but also to enrich your empathetic and relational abilities with people.

Professional skills and abilities together with emotional and relational values are two sides of the same coin represented by the nursing profession, and one is directly proportional to the other in a correct balance that does not allow excess or lack.

The well-known elements of this interaction are characterised and nourished by experience while the unknown ones feed the discovery of new

paths that characterise the unrepeatability of the empathetic relationship between two people.

In every relationship new elements are born which emerge and which characterise that new way of reacting to situations known in type but different specifically. In every professional activity there are stimuli and situations that tend to the discovery and the interiorisation of experiences, emotions, knowledge and at the end more than affirming it, it comes naturally to ask is it right or wrong?

Valentina's big black eyes filled with joy as soon as I entered the room, then her eyes checked my hands and if there were no strange work tools such as needles and syringes a huge smile crept over her lips that lit up her entire face. Hi Mario, what game are we going to play today?... Otherwise her attention would be taken by the object that I had in my hand... Oh no, more injections, I can't take any more, and turning her face to her mother she would calm her by saying: it's Mario, mummy, he doesn't hurt me so much...

Valentina's mum was hiding a terrible secret: Valentina's twin sister Chiara had died a couple of months before, and Valentina was not to know it; in the remotest part of her mind the terrible truth was clear, in a short time Valentina would also go to Heaven and join her sister. This was an enormous weight to carry without letting this terrible reality come to light.

Marco was also in Valentina's room, and he also was suffering a terrible illness... leukaemia... He was celebrating my birthday with me and the other children; in the birthday card that came with a beautiful fountain pen he had written: to Mario, you are a gift among the nicest people, from 86. That number represented his bed and was a perfect rhyme for his birthday card...

The children's mothers had brought some desserts and that afternoon we all played together in the dining hall of the ward. Between one dessert and another we sang songs, causing echoes in the air: two elephants were swinging on the thread of a spider's web and as they found it interesting they went to call another elephant... and as the number of elephants gradually increased, so did the children's singing and the echoes that it caused made everyone happy.

By now it was almost 11pm on that 17th August and the day was drawing to an end. The doctor on duty was also a very sociable person and so this shift

was the ideal time for a nice spaghetti dinner all together. The children were all asleep and the parents had some time to relax and chat for a while before drawing close to their children and facing another night in the hospital.

While some mothers were helping in the kitchen, others told stories of some small steps forward that their child had made and any worsening situation that destroyed all hope. In the meantime a smell of bacon spread through the hallways, attempting to overwhelm the annoying hospital smell. A brief moment of relaxation for everybody before having to start all over again tomorrow....

Professional skill represents the contents for efficient communication, then there is the relationship that allows me to focus on the target: to fully involve the sick person and his family and make him protagonist of his own care project. Management as a professional is external, at times undercover and imperceptible to allow the other person to gradually become a protagonist in fighting his battle against the illness.

The person being cared for cannot be a victim of the course he is facing and on the battle field where the two armies confront each other on one side there is pain, difficulty, marks, symptoms, therapies.... On the other there is an inseparable couple made up of the professional and the sick person that represents the front line while the nurse is at the back, representing the rearguard with reinforcements, supplies and logistical support.

Team playing involves the patient and his family members in the care project and gradually the intentions become synergic where initially the person is transported by the professional in the basket of a hypothetical bicycle with which to undertake the care path. During the journey this bicycle is transformed into a tandem where both the professional and the patient actively pedal towards a common objective.

Antonio is a happy and smiling Sicilian, in his seventies. Sometimes he even interferes too much in that big 20-bed room, from the far end of which his voice echoes and keeps everything under control. By now it is many years that he has been fighting against an incurable illness that is consuming him, we are at the very end of the final phase; his bones, invaded by the cancer, are very weak – a mere coughing fit is enough to cause him much pain and a brusque movement is enough to cause him a fracture. By now he knows everything there is to know about his illness and

the treatment that he receives – he knows every single procedure that is practiced on him.

The morning of my first training day as a student nurse in the second year of the course he saw me come into his territory with the “various treatments” trolley that is the accessory of second-year students. The material that crowded the three shelves jostled from the jerks and jolts that the trolley’s old wheels gave out on the way towards signor Antonio’s bed, and a hearty jingling of various small bottles and containers drew the attention of everyone there.

My clean, white and well-ironed uniform shows a flaming red cloth cross that represents the symbol of the Red Cross school. As soon as I reached his bed I said hello and started to prepare everything necessary to carry out the “urinary tract wash” according to the techniques learnt at school.

I was so emotional and the anxiety of doing my job well showed in every movement, my inexperience was easily seen. My eyes met his, a warm smile reassured me and slowly his words guided my inexperience, he suggested a sequence of actions that he had seen done to him so many times before. Thirty years have by now passed, but the emotion of that first meeting is still present in my mind and my heart. That day, I understood what it means to take care of someone who is in need...

In the professional relationship the nurse establishes what is wrong or right according to the objective and subjective parameters that are given to him and which regard him also as a person. The knowledge, skills, relational qualities create a relationship of trust between the patient and the professional but also between person and person. A professional relationship is not enough to ensure that the person cared for trusts the professional opinion of a team of professionals: the person gains a sense of safety and trust towards those who take care of the person as a whole.

The solo vision puts into play a network of sensations, emotions, values and regulations that make a relationship that must be installed and that must fully satisfy the needs of the person who entrusts himself to the professional’s skills potentially efficient. The ethical and deontological commitment of the nurse infers on the abilities shown by the latter when he interfaces with a person’s state of mind when he is looking down into a chasm that represents the illness, creating an empathy based on parameters shared by both.

Nowadays nursing knowledge has reached high levels compared to the concept of assistance with uniform levels compared to the relational and educative technical-operative aspects, but the question about what is right for the patient cannot only be of general and objective value but must be specific and modify itself every time the interlocutor changes.

Trajectories of local corporate social responsibility: indications from the field

Massimiliano Monaci

1. Introduction

In the current discussion on corporate social responsibility (CSR) there is no lack of stimuli to treat it as an acquired and shared matter; among these stimuli we mention the recent appearance of manuals in our country (on the model guide of numerous handbooks written in the Anglo-Saxon context) (Hinna 2005, Sacconi 2005), moreover of considerable use in familiarising oneself with the terms of the question but firstly dictated by an effort of progressive systemisation of the field.

On the other hand, the fact that the area of CSR theory and procedure remains characterised by noteworthy ambiguity is witnessed above all by how the real conducts tend to often withdraw from dominant rhetoric, offering the daily news examples of 'social irresponsibility' (Gallino 2005, Levi 2006). Among the other more specific, but equally critical, cruxes identified by the research (e.g., the connection between legality and ethics in corporate behaviour, the role of the formal proceduralisation in the development of socially-orientated approaches), the present article intends to contribute to the topic of recognition of CSR instances in small and

medium businesses (SMB) mainly operating locally, or rather a category of subjects generally ignored by the current debate.

The need to involve SMBs in paths of CSR knowledge and practice has often been emphasised in the announcements by the EU and national institutions. Such attention must first confront itself with a series of factors that, for this type of company, tend to work as a deterrent compared to explicit and strategic investments in responsibility actions. Among these: the financial costs and the other expenses connected with the adoption of responsible management tools such as the various quality certifications (of processes/products, environmental, ethics); the traditional, and not totally unmotivated, mistrust of models that are more or less indiscriminately imported from the world of big business; the natural predisposition to function with informal and evolving mechanisms, rather than with formalised structures and planned procedures.

On the other hand, the necessity to recuperate the patrimony of experiences already accumulated or, in any case, potential in SMB action is imposed, a reality that in the viewpoint of CSR cannot be relegated to second place - if nothing else, because in the Italian case this simply represents the dominating trait of the entire national socio-economic scenario. The idea implied by this focus of research, and by no means weakened by the lack of literature on the matter (e.g., Milan Chambers of Commerce and Formaper 2004), is that SMBs are often able to activate practices of social responsibility 'without knowing it' or without expressing it in conventional language and in the forms accredited by the SMBs. In the measure in which we will succeed in strengthening this type of indication, it will then become even more plausible to believe that the full involvement of the SMB in the current discussion regarding CSR can happen in not only adaptive but also original terms, offering proposals and allowing us to discover useful practices for the entire movement.

2. Outlines of a research project

Starting from the questions introduced above, the aim of the article is to briefly draw on the results of some recent research dedicated to exploring the methods with which CSR is perceived, evaluated and actuated among business operators in the local context (the Piacenza area)¹⁶⁵.

Conducted with the approach of the case's qualitative studies (Yin 2003), the investigation was based on the analysis of a 'sample group' of ten case studies chosen according to three main criteria, coherent as much with the explorative nature of the project as with the intention of ensuring a relative representation of the reality observed compared with its universe of reference:

- a) *sector varieties*, with specific attention to the driving sectors of the local economy, the metal-mechanical, agricultural and building departments;
- b) *dimensional variety*, in order to investigate the situation of both the medium-large companies as well as that of small businesses (the vastly dominant profile in the territory)¹⁶⁶;

¹⁶⁵ The project was realised between January and December 2006 on behalf of the Provincial Administration of Piacenza. The research team, from the Department of Sociology at the Università Cattolica di Milano, was made up of – as well as the author - Eugenio Zucchetti, Barbara Barabaschi and Egidio Riva. The investigation is presented and discussed in full in the book edited by M. Monaci *La responsabilità in azione. Prassi socialmente responsabili nell'impresa locale*, currently being published by the editor Franco Angeli. With the permission of their representatives, the identity of the organisations involved in the survey is reported in the book.

¹⁶⁶ Small-medium businesses are considered those with less than 50 employees, medium-large with a number between 50 and 250, large are those with more than 250 employees.

- c) *variety of experience*, in order to give account of both the more formal or consolidated CSR paths, as well as those that are more informal or latent.

To increment the growth of the sample group compared to the link between commitment in the field of CSR and organisational configuration, it has furthermore been decided to add two internationalised companies, two cooperative companies and a public service organisation. Considering such options, the final set of companies subject to the survey is therefore: three metal-mechanical companies (one small-medium, one internationalised medium-large and group leader, one internationalised medium-large subsidiary of a foreign multinational); three construction companies (two small-medium, one medium-large and one cooperative); three agricultural companies (one small-medium, one medium-large, one medium-large cooperative); a large public service organisation, working in local transport.

The frame that has arisen from this seems rich and multi-faceted, as much as it was (as rightly expected) tinged with a couple of problematical aspects, and has allowed us to gather in this local ambit a recognisable horizon in CSR procedures; or rather of the important organisational trajectories with particular reference to the quality of the practices and work environments but also compared to further fields in the management of responsible companies. Turning to the mentioned publication for further observation¹⁶⁷, here below we synthesise some of the most interesting indications of the field.

3. A multi-stakeholder approach

¹⁶⁷ Especially in merit of two points: a) the factors (economic, organisational, of context) that tend to build obstacles or criticism in the choice and implementation of the CSR commitments; b) the identification of a working agenda of the local public institution aimed at the promotion of CSR requests on the territory.

On the level of CSR conceptions, the interpretations drawn tend to go beyond the identification of the two ‘preparatory’ levels of CSR – the economic and the regulation-legal ones – to gather some decidedly more discretionary dimensions. In general, this vision corresponds with a real commitment regarding a variety of social interlocutors or stakeholders, which concretely take on forms which we will identify below.

3.1 Employees and collaborators

Employees represent by far the main receivers of CSR procedures, through actions that are distinguished by their number and variety.

Firstly, in the majority of cases we have been able to survey a positive company climate, marked by a general respect for the rights, dignity and individual needs of people and based on models of collaborative internal relationships and characterised by trust and dialogue in the same realities hierarchically more structured. This trait seems prevalent also in circumstances that on paper are more delicate under the profile of the company-employee relationships; for example where the needs of the productive cycle increase the return to temporary employment contracts (such as in the agricultural sector) or in absence of union representatives, a condition recorded in two cases in which this appeared to be a solution agreed between the parties (that interact effectively through a system of direct negotiation) more than the outcome of a unilateral choice of the owner. Indeed, compared to the quality of the corporate climate, it is possible to note some deviation from the average situation reported above. In a positive way, this regards the two cooperative groups, in which attention to the human and relational dimensions of the work relationship is amplified by the unique traits of this organisational model, statutorily predisposed to finalise the company’s activities to creating benefits for the

member-partners and to pursue said mission via relationships of participation. A rather similar situation emerges in the case of the small, family-run agricultural company, in which the accentuation of the community aspects of organisational life comes from a business culture that is historically based around the 'values of the person', as well as the interior of the Italian multi-national, even if with effects that are necessarily filtered by the main structural complexity. On the other hand, the indication offered by the public body is more ambivalent. Although it is accompanied by respectable commitments in ambits other than CSR, such as attention to the environment and users, here a level, in some ways endemic to internal tension (linked to the traditional conflict between management and representatives of the workers in the transport department), is currently stimulated by the way in which the recent processes of economic-management restructuring are generating uncertainty around the future politics of human resource developments¹⁶⁸.

In the sample groups the area of personnel management, mainly characterised by procedures of responsibility, has to do with safety at work; an unsurprising fact if we consider that the specificity of the productive processes implies, for the workers' health, considerable risk profiles in two of the chosen sectors (mechanics and construction) and, however, not indifferent in the others (food production and transport). On the whole we find valuable indicators in the reduction of the injury rate; having said that, it should also be stressed that conformity to general regulations in force – though in some cases the law provisions have been anticipated – already in itself implies various investments and attention (regular maintenance of installations, naming of supervision officers, risk evaluation, regular medical visits for the employees, the supply of protective devices, training

¹⁶⁸ A fact that is coherent with the position of those who do not believe it is superfluous to ask the question on social responsibility regarding organisational forms aimed 'by definition' to the following of aims of public utility.

activities, etc.). In addition, in the field commonly defined as 'health, safety and prevention', it was possible to identify a series of lines of intervention that appear to make our companies' practices relatively advanced. In particular:

- *techno-productive innovation* (e.g., through the periodical renewal of equipment), which, parallel to the advantages of competition, allows us to obtain more reliable and comfortable working procedures (under the ergonomic, climate, mobility and physical effort profiles, etc.);
- *the routinisation of control standards and procedures* that are often more binding than the regulative requisites, a road taken prevalently in the more complex realities (such as public companies, the two multinationals and the two cooperative companies) through the application of certified management systems (from the base level of the ISO 9001 quality system to systems that are more calibrated on safety aims such as SA 8000, ISO 14001, the other eco-efficiency standard EMAS, the recent OHSAS 18001 standard of risk managements for workers' health and safety);
- *the strengthening of training and information initiatives*, through continual training interventions (and not contingent to critical moments such as the insertion of new employees or the introduction of new machinery) and the predisposition of *ad hoc* supports (handbooks, guides);
- *the sensitisation to the safety culture*, strengthening the very fundamental communication of instructions and directives with the effort of taking attention to the problem a basic habit and skill in the professional baggage of the collaborators, rather than a bind obliged from outside (an attempt to stimulate personal participation of the workers in the creation of safe environments, passing through both structured, such as the accompaniment to the letter of the procedures,

- as more informal channels such as – method favoured in small businesses –collaboration with the owner and more expert colleagues);
- *the activation of voluntary programmes of medical-insurance support*, almost in the prospective of corporate welfare¹⁶⁹.

A second area that is generally well-picketed in personnel management consists in training. Partly connected to the previous point, or rather the promotion of safety, investments in training include actions of ample breath aimed at increasing human resources abilities and therefore with important returns for the improvement of their professional know-how and their employability on the market (other than for the awaited aim of an increase of corporate competition). Also on such a front, the ability of initiative seems linked to the dimension and grade of organisational structuring, translated in a major systematic nature of the training intervention through, typically, the presence of dedicated roles and processes of planning coordinated by the referent of the personnel office. Nevertheless, it is necessary to signal interesting variations on the theme that involve the same players of small businesses: for example, the explicit investments in training of the small mechanical company, supported by a vision that is rather distant from that ‘residual’ approach that often brings the small entrepreneurs (for conviction or for necessity) to coincide training with learning on the field; as also the ability of the family-run agricultural company to extend their training practices, in compliance with the under-written disciplinary needs of the supply chain, to the personnel of a participating North African company.

The commitment to collaborators also involves incentives and career development. Regarding salaries, the surveyed companies guarantee overall

¹⁶⁹ Although this line of commitment characterises just the Italian multinational, the fact takes on added importance if we consider that usually we find such initiatives in sectors where they are more or less directly linked to a business ‘vocation’ (e.g., large pharmaceutical companies, banking-insurance groups).

salaries in accordance with the individual employee's professionalism and family needs, which is often accompanied - also based on the contractual agreements of the sector and corporate supplement agreements - by the recognition of supplementary monetary benefits (e.g., added monthly salaries) and compensation policies that link part of the treatment to achieving results. Similar practices of economic attention represent a qualifying point of the relationship with employees in some of the more structured realities, such as the Italian multinational, in which the encouragement of a management culture originally aimed at the involvement of the collaborators is strengthened by the commitments taken on in the SA 8000 certification system; and the two cooperative companies, where the reference values of the underwritten social model (mutual assistance, participation) again cover a recognisable role, in one case, in a communicative policy aimed at sharing not only the benefits linked to the results but the information regarding the trend of the cooperative project and, in the other, in the decision to assign the partners with recompense shares that are higher than those established by the law. It is, however, necessary to add that distinctive procedures on this side have also been affirmed in smaller companies, in a contingent way (e.g., the single payment of bonuses in accordance with positive phases) and occasionally in a more systematic way (e.g., advances on the retribution of seasonal employees).

While concerning the promotion of career paths, it is not surprising that the more revealing examinations come from the more structured companies, also in virtue of their higher ability to invest in training as well as the presence of functional variety and of scales of vertical progression that favours attention to internal work markets. This emerges in an evident way in at least three situations: the construction cooperative, by means of employing worthy young people in positions of responsibility vacated by

older colleagues; the foreign multinational, in which professional growth is taken care of by – among other things – offering opportunities of experience at the Swedish headquarters; and the Italian multinational, for which internal mobility constitutes one of the commitments codified in their ‘Values Charter’. On the other hand, we cannot ignore the experiences of valorisation of the human capital conducted in small businesses, that, without taking shape as formal policies of development, are advantaged by the unique predisposition of the small business favouring dynamics of direct collaboration and interaction between the personnel and the owner. On the subject, it is emblematic how, in one of the construction companies, a refining mechanism of the employees’ professional repertoire through their involvement in the key-processes of the company’s activity (evolution of projects, management and possible re-orientations of the realisation phases, etc.), seems to have been institutionalised.

A last ambit investigated invests the themes of equal opportunities and diversity, with specific reference to the feminine component of personnel. On this level the signals result in realities that are more ambivalent. In particular, a certain asymmetry of kind in the horizontal (compared to the professional fields) and vertical (compared to collocation in the organisational hierarchy) distributions can also be traced back to structural and contextual factors such as: a) the sectors of belonging (the mechanical and construction departments continue to make up male-intensive employment areas); b) the wider social-cultural environment, which – in the Italian case – sees the persistence of occupational and career paths links to the difference between the sexes; c) the dimensional variable (it is in any case in the more structured settings that there is a higher possibility of female access to formal management positions, even if it is mainly in staff positions). However, there is no lack in attempts to research the combining of life and work, practiced at a level of direct negotiation with the

companies' referents and not through the initiatives aimed at the *work-life balance* (accessory child-care services, etc.) currently introduced, also in Italy, by some large companies and in particular by multinational subsidiaries. Furthermore it is necessary to underline at least one original example in the approach to the difference between the sexes, supplied by the Italian mechanical multinational; a player that, on the provision of its internal social evolution even before the requests of their formal system of responsibility, has for some time had a policy of female employment in production lines, accepting the possible operative spin-offs (e.g., the reorganisation of the work teams during maternity leave).

3.2 The natural environment

The natural environment represents the second reference term of the responsibility commitments proposed by the sample group. In all of the companies the various regulations regarding the cycle of production-separation-disposal of rubbish are strictly respected. The legal obligations are particularly severe for the mechanical sector, in which the industrial processes tend to more directly generate harmful residues and emissions. Therefore it is not surprising that in such a sector further investments have been made for the management of environmental impact; from the two multinationals, through the adoption of the ISO 14001 certification system and other actions (e.g., for the Scandinavian company, the application of procedural standards indicated by the mother house according to the persuasive parameters of the Swedish reality); the sole small business, through the choice of taking on external professionals for keeping the refuse management registers: without doubt an advanced commitment for a minor company.

On the other hand, an extension of the ecological attentions beyond the terms of the law emerges at the level of the entire sample group. Therefore, the choice of both medium-large food companies to add two certification systems of environmental management (ISO 14001 and the accreditation according to the European frame EMAS), to an already-consistent repertoire of tools for quality and safety control, cannot leave us indifferent. The policy of the public service body is also substantially inserted in this trend, where the certifications for quality and environmental management, while motivated also by reasons of contingent opportunity (the purchase of requisites for the assignment of the local transport service), have in fact allowed them to reach important results in the reduction of pollution and in the use of ecological fuels. More generally, investment in eco-efficient technical solutions are common (e.g., the introduction of installations for purification and heating through alternative sources); as well as – especially in construction companies – other voluntary practices (from recycling of production refuse to a reduction in the use of paper) that, even if not placed in formal frames, presuppose and together encourage the employees' involvement in environmental management.

3.3 The final clients and consumers

In general, the relationship of the surveyed companies with their clientele is characterised by the high quality, and not rarely innovative, contents of the products offered, with decidedly positive effects for the client's satisfaction and the reputation of the market. The performance on the level of technical quality and the commercialisation of the products is moreover reflected by important economic-financial results, that in some cases do not seem to define success.

To gather the role of the practices of responsibility in this ambit, a junction consists in the difference between the companies that are active in the *business to consumer*, whose products or services are directly used by the final customer, and those working in *business to business*, whose clients are other players in the market who engage such output for the aims of their own operations.

In the first situation, the 'service' regarding the final customer is offered and interpreted primarily in terms of guarantee of the safety of the products on the market, considered a fundamental component in their qualitative standard. It is particularly in the agricultural companies that the safety of the 'external client', legally reached via the large-scale retail trade, acquires an importance comparable and maybe superior (as the health risks can be more important) to that assured to the 'internal client', or rather the employee. In all three companies in the sector such attention is concretised mainly by means of a range of formalised tools aimed at guaranteeing food quality beyond the law regulations (such as hygiene-sanitary regulations), including the certified adherence to protocols and disciplines of production of various origin (regional, national, European) and aim (e.g., traceability of the supply chain, control of the origins of the prime materials, regulation of the gathering, working and transport procedures). The encouragement of business factors is no stranger to the adoption of these certifications, ascribable, on one side, to the pressure of the commercial partners of the large-scale retail trade both Italian as well as international, and on the other, (especially for those present on the market with their own brand), to a competitive long-term strategy, aimed at the building of loyalty of those customers inclined to give such requisites a value superior to the simple price economy. Besides, the grade of conviction with which in almost all cases these investments have been carried out leaves a glimpse of the weight of an original motivation for the protection of the citizens' health.

Important practices of responsibility to the final customers can also be found in the construction field, in itself less characterised by mechanisms of internal regulations of the sector. In the end, it is not surprising to see the commitment to responsibility of the construction cooperative where, next to a certified quality policy of the processes and the technical solutions, we find a clear indicator of social sensitivity in the realising of projects in convention with local public bodies for the edification of affordable housing destined to categories of disadvantaged people. More peculiar is the ‘orientation to the client’ – not codified but rooted in the company tradition – of one of the private companies towards the personal needs of the user, through the availability not only for the protection of the counterpart with further interventions after the conclusion of the purchase but possibly for the disuse of the acquired economic rights (e.g., in the form of down payments) in front of motivated waiver of the clients.

In the business to business ambit, represented by the three mechanical companies, both the investments in the quality of the products (with the implications for the safety of the final clients), as well as the factors of a strategic-commercial nature connected to the competitive requests of the same business context and in a special way of the organisation-clients are proposed again. An influence, the latter, which is obvious for the two larger companies, called to confront themselves with the high quality standards of the international market; but also for the small business, which – in proportion to its own dimensions and resources – seems subject to pressure towards objectives of even more intense rationalisation of the workings. On the decrease however, in a considerable way, compared to the previous two situations, is the possibility of making one’s practices of responsibility recognisable in the external world by means of direct contact with the final clients and the audience of customers. There is a sort of ‘invisibility’ to the public, in particular to that segment of citizens sensitive to the symbolic

and social connotations of the consumer products, and for data aimed also at the market, as witnessed by the propensity of the commercial partners of both multinationals to selectively award investments in certification systems (emphasising those for the control of quality, safety and environmental impact but not giving, for the moment, the same weight to social responsibility management tools such as ethics codes and certifications).

3.4 Suppliers

For the majority of the sample group, and above all the medium-large companies in the mechanical and construction departments, the contribution of the suppliers and consequently the relationship with them covers a role that is not negligible for the trend of corporate activity. Beyond the general tendency to manage such relationships in a frame of collaboration and, not rarely, of reciprocal trust, a more direct dimension of the behaviour of responsibility towards the suppliers consists in the commitment to aim them or start them up in respect of the criteria of ethics coherent with the high standards in areas such as safety at work and for the final users, environmental protection and the regulation of employment contracts (something especially shown by the construction workers also in virtue of a clear knowledge regarding the distinctive risk factors of the sector). Starting from the certification systems with which they are equipped, for the majority of these companies a formal impulse of monitoring and improvement of the practices of the suppliers is present, particularly intense in the application for the SA 8000 but already not indifferent based on the requisites of quality and environmental management systems. Nonetheless, you can once more notice a typically cultural influence, visible, for example, in the scrupulousness with which

the processes of selection-inspection-evaluation of the suppliers are often carried out avoiding, giving these mechanisms a merely ritual value.

On the other hand, the push towards ethical operative options exercised by some of our companies on the suppliers, takes on an even deeper worth when it has the effect of diffusing good procedures in various socially sensitive areas of action (regularity of contracts, safety, safeguarding the environment...) or even – stimulating a process of learning which is slower and more difficult – to help other operators to re-read their own role in the context of socio-cultural evolution. In the measure in which such a mechanism is effectively put to work, it seems plausible to perceive a contribution of ‘dispersion’ in the action and communication towards the suppliers, or rather a wider contribution to the promotion of the instances of CSR in the economic-entrepreneurial system which – following that suggested by some of those interviewed – can definitively be interpreted as a service to the local community.

3.5 The community

Apart from the ability to offer goods/services that are able to satisfy the demand of the customers and the case of the public organisation¹⁷⁰, the main aspects of service to the community recognised by corporate witnesses coincide significantly with contribution that we have already been able to report. In almost all of the cases those spin-offs of the

¹⁷⁰ In this ‘situation-limit’ not only the formal end is made up of a public function but the latter coincides substantially with a range of services to the population of the territory. In other words, if it is true that under other profiles it seems justified not to take for granted the social performance of the organisation, from this point of view its institutional vocation to the following of aims of collective interest has in effect a central role – confirmed by the positive outcomes of the periodic surveys on use – in socially connoting the organisational activity.

corporate activity that are majorly positive for the territory are identified in the investments for the protection of the natural environment and the support of employment volumes advantageous to the resident employees and their families (an element especially noticed in the companies of areas outside the capital city). To this are added other contributions linked, as seen, to actions such as corporate welfare services and the work of 'education' of CSR procedures regarding local suppliers, situated mainly in the galaxy of small and micro-companies of the Piacenza area.

In the sample group that attention expressly focussed on the community stakeholder, which head the discretionary responsibility of the philanthropic action, is not rare: from true donations to the availability (e.g., of the two more structured mechanical companies) to collaborate with training agencies of various levels offering opportunities (and therefore time, skills and other resources) for the carrying out of corporate internships. Furthermore, more subtle methods emerge with which the link to the territory is cultivated, made emblematical by how one of the small construction companies expresses a sense of belonging to the community directly by means of their particular skills in business, engaging themselves in the realisation of architectural solutions that are able to valorise entire areas of the local urban fabric.

On the other hand, a situation coherent with the conceptions of *avant-garde* (e.g., Andriof and McIntosh 2001) seems more sporadic, placing at the centre of the interventions of *business in the community* the requisites of projecting and network action, via the activation of forms of partnership with other subjects (public institution, category associations, players in the civil society) aimed at shared social objectives. Only some of the realities studied are close to a similar profile, which in particular, tends to characterise the construction cooperative, for which the rootedness in the community is expressed – other than in the participation in projects of a

social nature promoted with partner-bodies – in a distinct inclination to ‘make a network’ with other subjects of the cooperative world operating in areas of activity contingent to their own (such as the housing agencies). A relatively advanced model is furthermore demonstrated in the case of the small family-run agricultural company, moreover with a unique propensity to moving between ‘local’ and ‘global’. Here, in the frame of an annual programming of the initiatives of charity and collaboration with non-profit organisations, the support of various social initiatives in the province are combined with projects of fair trade in an African country, directly co-managed by the company with Coop Italia and some non-government organisations. The collaboration with such partners and, even more, the availability to accept non-profitable economic returns from the relationships with African producers, stresses the essential role played by the value frame in which investments in positive actions for the society are placed; in this case, an already-rooted entrepreneurial approach whose consolidation is no stranger to the influence of the cooperative model through the privileged relationship (internally and externally of the business) with Coop Italia.

4. Between ‘structure’ and ‘culture’: the channels of CSR practices

The concise description outlined here allows us to note how, in the surveyed companies, the mechanisms that give body to CSR practices are usually both formal as well as informal.

A considerable vector of the procedures of responsibility consists in proceduralisation: the employment of formal tools of planning and control, based on defined rules of conduct and standards of activity, which contribute to incorporating different principles of CSR (personnel management, in the environmental and safety ambits, etc.) in the methods

of work and management. Apart from the channels of monitoring provided for by the laws in force (e.g., the creation of an internal structure assigned to safety), the process of formalisation is sustained by the implementation of various certified systems, the adherence to sector protocols, internal self-regulation by means of codes of conduct and the presence of units or figures dedicated to the management of the ethical-social sphere¹⁷¹. In such a general frame, and not in an unexpected way, the recourse to proceduralisation, above all, marks the larger companies. Furthermore, in various cases in which a consistent repertoire of formalised management tools is stratified, or is accumulating, we can note an incremental process of self-strengthening of the proceduralisation, linked not only to the progressive noting of the advantages of major rationalisation but also to the high level of compatibility and contiguity between the requisites prescribed by the various certification standards. It is exactly this factor which stands out among the conditions that have facilitated the following of the SA 8000 by the sole certified company in compliance with this standard and which have encouraged another five companies from the sample to plan to obtain it (typically starting from the possession of the quality certification ISO 9001 and/or the environmental one ISO 14001).

Moreover, like for the others, the aspect of social performance as well procedural rationalisation can be crucial for giving systematic nature and effectiveness to the corporate practices, allowing in particular a more punctual knowledge and monitoring of the global impacts of the company's action and the expectations of the stakeholders (Rusconi and Dorigatti 2004 and 2005). These advantages are surveyed by the witnesses of most of the studied companies, which nevertheless appear just as ready to recognise some of the problematical cruxes connected to proceduralisation and

¹⁷¹ – For the moment, the absence in the sample group of cases adopting social and/or environmental report should also be noted.

especially to the certified systems: for example, the risk that such tools are transformed in complicated workings that bureaucratise the organisational activities and, even more, that the procedural systems take on an essentially symbolic worth, dictated by opportunistic conduct (e.g., in a mere logic of communication of image), as well as truly coercive pressures to conformity (e.g., in the measure in which their possession proves to be a necessary condition to access determinate business opportunities).

On the other hand, in the majority of cases characterised both by a consistent formal proceduralisation which gives important indicators of social performance, it is possible to gather the presence of a third factor: an *organisational culture* through which the company has progressively institutionalised a nucleus that is more or less equal in values, predispositions and motivations coherent with socially orientated options and therefore, in its turn, able to orientate the relationship with the outside world and/or the methods of relationship and coordination within the company (Magatti and Monaci 1999, Treviño and Nelson 2006) in such a direction. This is a very recognisable situation for the Italian multinational, the two cooperatives and the family-run agricultural company (sole small company with a certain level of formal rationalisation); but in some ways also the other mechanical multinational and the public service organisation come close. More generally, this brings to identifying precisely in the cultural dimension the second privileged mechanism, or ‘facilitator’ channel, of CSR practices.

In the experiences quoted here we do not merely report the coexistence of socially orientated climates of company and procedural systems. More precisely, the link between the two spheres – at least in the first two reported cases – seems to be of reciprocal (and virtuous) strengthening, based, that is, on the relationship between, on one side, the principles of responsibility/conformity inscribed in the formalised systems that

encourage the attention on determinate results and the stimulus to present a financial statement of them and perfect them, and, on the other, the social orientations originally developed by the company in the course of its own history in virtue of illuminated entrepreneurial approaches, of a tradition of opening up to the ethical-social consequences of their working or, as for the cooperatives, of the possibility of reaching a particular repertoire of values and aims such as to favour the translation of their organisational project in socio-economical resources benefiting the reference members and territory.

On the level of wider implications, this indication authorises us to advance some doubts concerning the interpretations - common in literature - that tend to establish a sort of dichotomy between 'cold' and 'hot' CSR channels, considering the tools of technical-formal control and the more informal processes through which is expressed the socio-human dimension of the company as if they were alternative mechanisms or in any case not easily compatible with the practices of responsibility. Differently, our study suggests that the relationship between the formal and informal dimensions of the organisational life is structured in a complex way, also with specific regards to the field of CSR. And so, still starting from the above-mentioned cases, we are led to believe that a formalised or even certified management system will have difficulty in adding 'value' where this is completely lacking, but that it can contribute to strengthening it if it already exists. Conversely, as the situation of one of the companies not included in the previous group leads us to suppose, it is probable that in organisational contexts where the culture of responsibility is not institutionalised, it is precisely the routinisation of formal management methods that can promote the learning of new skills and procedures favouring the sharing of CSR guidelines.

In the smaller companies of the sample group, the mechanisms at the base of the carrying out of responsibility conducts, beyond the terms of law, are

largely of an informal type. Furthermore the neuralgic role of the cultural element as a channel of attentions and behaviour of social importance seems to propose itself again, for example – as seen – in the cases of the two private construction companies, respectively through a traditional (though not written) philosophy of reporting with regards to the clients' needs and the realisation of housing solutions that expresses a sense of belonging to the territory giving recognition to entire zones of the reference area.

Combining these indications with further cues taken from the other cases of small businesses, we can instil a sample group of the main aspects of responsibility of an informal or even tacit nature (in the sense of not being rationalised in an explicit way or immediately in the terms of CSR), that marks the behaviour regarding the internal and external stakeholders:

- creation of quality work contexts, under the material (salary, attention to physical environment) and relational (direct dialogue, relationships characterised by transparency and mutual respect) profiles;
- relative autonomy and flexibility, for the employees, in the management of shifts and timetables;
- direct participation of the collaborators, with their own supply of professionalism, to the key-processes of the company;
- availability in the personalisation of customer service;
- procedures that pay attention to the natural environment, not linked to codified management standards but often highly participated in by the personnel;
- guidelines for selecting business partners (clients, suppliers) that are reliable for the quality of performance and methods of treating their employees;
- behaviour of rootedness in the territory.

Some practices, such as the monitoring of partners and the consideration of the environmental question, reproduce attentions that are found in a more organisational form in the more complex companies. Other aspects seem more decidedly to anchor themselves to the constituent traits of the small business, in which the functions tend – compared to the medium-large company – to be more indistinct, the relationships between the owner and the employees (and among the latter) are structured according to methods of personal and direct acquaintance rather than hierarchy; from here, moreover, the larger facility descends with which it is possible to establish a climate of involvement and mutual trust and with which an entrepreneurial vision (and in particular an ethical vision) is transformed in business culture.

On the other hand, the fact that traits of informality tend to emerge also in situations marked by a considerable recourse to CSR management tools suggests that for the same more structured companies it is crucial to maintain – so to say – some characterisation of ‘small business’; a condition that shows itself in an exemplary way in the case of the Italian multinational, in the last decade at the centre of an evolution uniting impressive market growth (almost 20 companies participating overseas, profit in constant growth, quotation in the stock exchange) with the safeguarding of some references (culture of work, autochthonous management, presence in the local entrepreneurial circuits) of a reality originating from the Piacenza artisan trade.

5. Conclusive observations

The study outlined here offers a variety of starting points for identifying examples of good social responsibility procedures in the conduct of the

local company also in its configuration of SMB. In this last case, such experiences seem mainly – though not exclusively – realised through informal practices that are variously linked to: the ideal encouragement of the entrepreneurs; the (more or less tiring) development of individual and collective sensitivities open to socially important requests of value; the gradual and sometimes intuitive incorporation of the social orientation as a distinctive factor of their own business model, if not exactly for competitive positioning and strategic innovation as for some of the more structured realities; as well as the existence of an historical-cultural *milieu* tuned with a social and united vision of ‘doing business’¹⁷².

After all, among the other implications, the investigation gives value to the current idea that the application of the principles of CSR feels the effects of the smaller corporate dimensions. This, however, not necessarily in the sense of a scarce diffusion among the minor companies of initiatives in favour of the social interlocutors, which can be carried out despite the knowledge of the more codified CSR tools. The influx of reduced dimensions is noticed rather in how the actions of social importance, for the minor grade of formalisation, are mainly realised on a personal and intuitive base, by means of unstructured channels with a low inclination to valorise such contributions in communication, not therefore facilitating the possibility of surveying based on ‘objective’ indicators. Also for this reason, the choice – as in this case – to account ‘from the inside’ for single corporate experiences can reveal itself as being suitable for focussing on the possible characteristics of social responsibility.

¹⁷² Although the theme lies beyond its objectives, the research has left a glimpse of different traits of the local economic-entrepreneurial fabric that seem to be able to favour consent around a social vision of corporate activity.

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Ethics and work: free thoughts

Claudia Belli

In sales: What to sell? Should we sell only what will please, only that which will be useful or also that which the client likes (which isn't useful to him at all)?

In financial institutions: *on ne prête qu'aux riches*. It is a French saying which is widespread throughout the world, meaning, that only the rich can borrow money, those that don't need it. With the consequence that if a company or a person really needs the money, it is best not to lend to them.....they may have problems in paying it back.

So how can we unite such a restrictive practice with the world of finance and risk? How can we unite the objective of making a profit, creating wealth for the shareholders and the social actors of a company, with the obligation to not lend money to those who maybe really needing it?

Bloodsucking banks? Competitiveness is all right, but for how long?

Perhaps I accepted a job in the finance sector as I was trying to find an answer to these questions; in a very unique sector and a very special niche of structured financing, which is export finance.

Briefly, *export finance* means funding companies or governments in developing countries using insurance cover. We lend the funds that will be used to buy industrial goods from a developed country (usually an OCSE country). The bank pays the supplier for the goods instead of the purchaser and then funds the latter (*Buyer Credit*).

It is a type of financing that will be insured by the ECA (*Export Credit Agencies*) – for example, Sace in Italy, Coface in France, ECGD in Great Britain, Sinosure in China and BNDES in Brazil.

Thus, this is a type of funding that I would define “ethical” (obviously when it concerns “sensitive goods”).

Some examples - We finance the Finance Ministry of Vietnam when they build a 2,000 million Euro refinery, Vietnam’s electrical company (EVN) to build a part of the transmission network between the South and the North (for a value of 25 million USD), Chile when they build a metropolitan line and an Indian shipping company that wishes to purchase some container ships in Korea (for 350 million USD).

We financed China when it was building the great electrical power stations. Now, we often lend money to the governments and societies of other developing countries which purchase not only in Europe, Japan, Korea and the United States but also in China and Brazil.

But..., if by helping a Chinese exporter we were to indirectly damage the interests of OCSE exporters?

The Chinese economy is taking great strides ahead and is winning market shares; so far it is winning for price rather than quality. But like in Japan 30 years ago, after having progressively acquired market shares, China eventually will also have to start improving the quality of *Made in China* products.

What about rejecting help to China in order to promote our national/European societies? No, as the market is going in a clear direction and companies that do not look in this direction will die.

I always remember my first meeting with Huawei with a sense of discomfort. This was the Chinese company in the telecommunications sector and is now one of the leading global companies. It was 2004, or maybe even 2005, that we had successfully funded a large export contract with Algeria and we had to see if there were other possibilities.

...Together with our colleagues we remained glued to our seats for two hours, watching and listening to the presentation of their balance and

positioning. Their aim was not to be the leading Chinese company but to quickly close in on the leading global companies.

They told us that 20% of their profits went into research and development, that they had already won large contracts with European telephone companies (Bouygues Telecom, for example) and that soon they would have invaded our markets.

My colleagues and I were a little scared. We asked ourselves if we really wanted to offer funding solutions for a company that wanted to destroy the Old World. But yes...

So we told ourselves that thanks to people and companies like this, Europe (of companies, research and development) would improve.... that even our dear old Europe would have to confront them in order to get back in the race. This is market ethics.....

The Chinese financial system is still very backward compared to the competitiveness of Chinese industry. What if we were, at least in this field, to leave them alone and continue to enjoy our own income?

We often work with Chinese banks. They are much more old-fashioned and bureaucratic... We could "let them be" and take advantage of their disadvantage! But we know that it would be a winning solution only in the short term.

So is it better to let them come into the large economy through the front door? Yes. In order to preserve our companies' profits and development capacity, we must work together with the Chinese – even better, we should be the ones to give them the necessary training so that entering into a competitive market, they abide by the same rules and customs.

Maybe we are handing over to them the weapon that will destroy us... or maybe it's not a weapon to destroy us, but one to wake us up... This is market ethics.

ABSTRACTS

Educating responsibility (Barbara Bertagni)

Educating responsibility is one of the priorities in the world of today, that is in ethical crisis. We need developing strategies in order to promote the awareness of responsibility, leading to think to oneself, our own values and the consequences of our own behaviour. We must get trained so as to pause within the limits of the request, to take nothing for granted, to know to question and confront ourselves with a purpose to face life as thinking beings, again getting hold of the right and the capacity to be informed and choose.

We need company vision and country vision: an interpretation of corporate social responsibility (Josep Lozano)

The essay emphasizes the necessity to build up strong corporate social responsibility through entrepreneurial choices coupled with coherent social policies in order to affirm an interpretation of corporate social responsibility involving a plurality of social actors.

Solidarity and sustainable development: a theoretical framework for reflecting on corporate responsibility (Jean-Louis Laville)

In the modern democracies, the polysemic concept of solidarity has been one of the references allowing the construction of social rules and institutional frameworks in which the market economy has been

embedded. The so-called Fordist compromise between market and welfare state was an emblematic example of such an embeddedness. After the end of this compromise, the text suggests the following hypothesis where the notion of sustainable development becomes central to imagine a new phase of compromise between economy and society. But this notion implicitly evokes two contrasted projects, one based on “philanthropic” solidarity, the other one based on “democratic” solidarity. It is possible to better understand the role of corporate social responsibility when referred to these two projects, reactualizing constant debates about solidarity.

The spotlight and the microphone: is a socially responsible economy possible or necessary? (Philippe Van Parijs)

The author explains how and why, after ten years of teaching at Leuven University, he has moved from a skeptical point of view towards corporate ethics (or corporate social responsibility, as many scholars prefer to define it nowadays) to a positive option, leading the same author to consider corporate social responsibility as one of the main instruments for a development process towards a more equal and fair society, together with participatory democracy.

The “spotlight”, the “microphone”, the “stage” and the “table” : four devices for a sustainable economy (Jos Leys)

This essay refers to Van Parijs’ paper, completing and integrating it with new elements concerning the evaluation of the devices implemented, to highlight corporate social responsibility with

particular regard to the concepts referring to functional specificity in the firm and between firms.

Ethics and Economics : Conceptual Backgrounds of Division and Unity (Lorenzo Morri)

Considering the recent financial capitalism development and the ethical 'collapse' in this specific sphere of economic action as the new figure of classical contest between ethics and economics, this paper is intended to be a record of the sources both of ethics and economics division and unity in the contemporary conceptual horizon. In particular, the aim is to show how difficult it is for our dominant views in ethics, coming out from a long way of antithesis against the instrumental rational pattern of economic action, to focus attention on the real Unitarian model – the Aristotelian one – that embeds economics inside ethics. By this also, Amartya Sen's proposal of an Aristotelian connection between ethics and economics is analyzed and criticized because of his subterranean link with the divisionistic contemporary positions.

The ethics of instruments and the managerial job (Fernando Salvetti)

The organizations: contexts where work takes place, or where there is a fight at various levels, so that people work possibly together and reach targets. The instruments of ethics: the charter of the values, declarations in principle and evaluation systems more or less coherent, ethic codes and research of congruent behaviours. The ethics of instruments: to ensure that the instruments for the implementation of the organizational ethics do not have too diverted, bureaucratized, institutionalized or useless lives. Paradoxical: Practically as far as the negation of the values established in principle are concerned. In business it is easy to wander off the proper path

because professional standards are a vocational option and not part of a territory. They are standards difficult to code, unavoidably imperfect, often incomplete, inadequate and redundant in reverse order with regard to the requirements of the concrete case. Though useful, they are often essential.

The corporate social responsibility: an unavoidable movement to the 21st Century (Emmanuel Toniutti)

Today our world has to face an event without precedents in history being the possible disappearance of mankind if we do not find new operating models and new energies, the use of which will not endanger our planet. The urgent economic, social requirements and policies of universalization make Company Ethics and Sustainable Development one inevitable challenge for the next 30 years. We recognize that sustainability offers a world of opportunities to improve the quality of life and deliver value to individuals, communities and the company. We're committed to contribute to sustained profitable growth creating a better world for our future.

Once upon a time in America: short accounts on the origins of corporate social responsibility (Lorenzo Morri)

Where did the so called "doctrine of social responsibility of business" arise from? What social demands did that doctrine have to face up to? Finally, under which figures had it been appearing during the first two decades of its spread? The present article deals with these questions and is intended to suggest some answers focused on the following issues: a) the social and political pressures on business throughout the Depression age; b) the search for a new social legitimacy of the firm by "free enterprise system" as an ideological frame, by the concept of "businessman" as an economic, civil and human development leader; c) the aim to justify separation between

control and property in the modern corporation behind professional ethics adopted by the executives and the new obligations they declare the society to assume.

Corporate social responsibility : directives and guidelines of the European Union (Marina Monaco and Claudio Stanzani)

After a promising beginning that saw all the bearers of interests involved and the Commission like promoters, the debate about the social responsibility of enterprises seems to have arrived today at a stalling point, with the only dominant actor, the entrepreneurial world. Great importance to worry in Europe of years '90 and part of the strategy of Lisbon, the communitarian plan has taken a backseat by the priorities of economic increase and then has been abandoned to a fictitious dialogue between social parts. The role that the public authority has not known or intentionally played has left space nearly, only in the world of business, of which, the same Commission has made just the interlocutor privileged, constituting in 2006, the European alliance. The “impasse” between a pure unilateral conception of the CSR and a tightening regulation that gives uniform and guarantee standard European minimums with instruments heteronymous concerning a sanction, could perhaps have been exceeded with a more incisive action of the Commission, with soft legislation stimulating instruments and embezzling the CSR to the single interests of enterprise despite a strategy of economic increase in a picture of responsible competitiveness.

The implementation of the CSR distance: the operative steps (Luca Nannini)

The process of implementation of corporate social responsibility, focus on four essential moments being strategic decision, identification and management of the stakeholders, instruments of management and financial statement phase, as a synthesis of the run and support to the communicative

process. The theoretical reference is represented by the flow previewed by the Copenhagen Chart and by the previewed strategic run from the model of Zadek.

Moral mazes: the world of corporate managers. An interview with Robert Jackall (Hervé Laroche)

What is the “managerial ethos?” What are the key forces within the corporation that form it? Corporations want men and women who are smart, quick-witted, well-dressed, cool under pressure, ambitious team players willing to subordinate themselves to their bosses’ judgments, capable of discerning ‘what has to be done’ in particular situations, adroit enough to avoid trouble or to extricate themselves from it quickly, morally flexible, able and willing to live with constant ambiguity.

The Changing Work Ethic (Giuseppe Fortuna)

The aim of this essay is to speculate about the changing work ethic. It is divided into two synthetic parts. In part one I will discuss the changing workplace. In part two, I will speculate about the changing work ethic hoping to stimulate further discussions. I do not pretend with this essay, to include all the contradictions and work ethic changes of the workplace. It is well known that all over the world, millions of workers do not have a job. For them the work ethic is not even part of their daily life. Lately, the workplace is changing very fast thanks to the technological revolution and in social science we have to dedicate more attention to all these changes.

The force of the young one and the wisdom of the old: common place or new perspective for the companies? (Silvia Battisti)

The progressive ageing of the population is destined to become one great challenge for the organizations and the enterprises in the next few decades. Today, great changes in the labour market and in the common conception of words as "old" or "third age" can be seen. More and more individuals live the dissociation between the perceived inner youth and the undeniable process of ageing. For these and other reasons, many organizations and companies have moved, opening shops and launching plans to help the permanence at the job of the people in advanced age, working on their formation and using their experience in order to improve the new employees.

Corporate ethics and social responsibility: a challenge for capitalism (Anne Salmon)

The formalization of ethical conduct or of behavioral norms at work in the texts of firms is not in itself, a new phenomenon. Already, the owners of businesses in the 19th century, in published rules for workshops, imposed a moral code on their workers. Over the past twenty years, the charters published by multinationals in a far more abstract and diverse form, have raised a new debate. The object of this contribution is to propose a certain number of routes for reflection and hypothesis on the subject of this transformation. This is why we will start from the more contemporary examples by contextualizing the corporate social responsibility movement in a larger set of initiatives. In the second part this paper will rehearse, through an historical perspective, certain traits that characterize relatively these contemporary transformations in the relationship between ethics and capitalism.

**Ethical issues in the social research industry: the enemy within?
(Roger Penn)**

The paper examines the growth of 'ethicalization' in all aspects of the social research industry. Conventionally, issues of ethics have been applied by that industry to the wider societal phenomena. However, the present paper focuses attention on the industry itself. The 'new ethics' involve a systematic de-professionalization of the social research industry. Such developments are the consequence of three underlying forces namely, American hegemony, New Labour authoritarianism and the resurgence of an exclusive natural science paradigm to encompass all research activities within the industry. The paper concludes that the result of these trends has produced a bureaucratically-massaged, anodyne form of social inquiry and ends with a call to arms by those working in the industry.

Responsible enterprises: for love or by force? (Enzo Argante)

The reading keys of the sustainability processes involve the entire social-economic system. The criticism at the dawn of the third millennium that is recorded in all fields of civilized living imposes the activation of processes of regeneration of contexts and values that we call Sustainability. It is an articulate and rich of shadings concept that the article explores, with many references to concrete cases.

Corporate social responsibility (Cesare Romiti)

It is popular opinion in Italy that economic and business thinking represent a minor component of the national culture. This is a

decidedly anomalous way of thinking compared with that of other European countries, the USA and the Far East. This situation derives from various factors and conditions linked to ideological and religious considerations. Although removed from the Protestant and Calvinist context, Italy has attempted to respond to the expectations of social responsibility that supporters of laissez-faire assign to the economic system. So began a powerful process characterized by the forming of public economic corporations and of companies with state participation that's a very atypical situation compared with the systems of other democratic regimes. Only recently does this process seem to have changed direction in Italy, moving towards a comforting, if gradual, reversal of trend.

Corporate responsibility: social or political? (Piero Bassetti)

The question of responsibility is certainly a topical matter. Contrary to what it might appear, the central problem is not moral but pragmatic. We should not therefore ask whether a business should respond to social problems with a sense of social responsibility, but rather concern ourselves with the ability of a business to respond to changes which are necessary to provide punctual, efficient and effective responses for its position. The world is changing and it is changing by the process of innovation, which is to say about the developing alliance of knowledge with capital. Knowledge is assuming ever-increasing importance in business, sharing a leading role in innovation, having inevitably met with politics. The role of a business therefore, is no longer politically subordinate but equal. As such, a business must take on responsibility much greater than that of 'worthy actions'. A business cannot define itself as neutral, but must rather recognize the fact that it has played a part in guiding the

processes of innovation. In short, a business must admit to having taken part in and continue to take part in politics. The business person must therefore assume responsibility for the morals or better, the ethical values of these actions. Modern politics is not only a battle of wills and of power but also of knowledge and when these are intertwined in a decision, everyone involved, must recognize the ethical imperative.

Corporate social responsibility and ethics (Adolfo Guzzini)

“Voluntary integration of companies’ social and ecological issues in their activities and relationship with third parties involved.” Companies need to integrate with their behavior the existing European and international legislation of CSR. A set of values dictated not only by government or international rules but also intentional expression of companies’ behavior which will have a positive, direct or indirect repercussions on their productivity, being this the mission of every enterprise.

Corporate ethics and social responsibility (Francesco Merloni)

For some time now there has been a strong need to define ethical conduct in the business world. This necessity is a manifestation of the loss of certainties which has characterized economic and social life in the last 50 years. The need arises for new rules, adapted to the new course of human history in all of its aspects; rules with universal value for a global world. The important thing to understand is that it is not sufficient that these rules be listed in codes and manuals, however necessary they may be. Such ethical rules must be deeply rooted in the human conscience. This is crucial because it is people, with all their complexity and “imperfection”, who

determine the course of history and form the society in which they live. Inevitably, therefore, the central role of people is also the fundamental reference point in the conduct of a business which must be conceived as a “community of individuals” united in the pursuit of common and shared objectives. The starting point of this essential way of considering a business lies in recognizing the value of the people who operate within the business, regardless of the pressures of productivity and market competition. Particular attention should also be paid to the consequences that the production process has on the natural environment. This issue also brings us back to the principle of the central role of people; the environment is our home and its protection is a very real moral obligation.

Corporate social responsibility: an interview with Alessandro Benetton (Laura Radi)

Social and environmental pressures enormously influence companies’ management decisions. That is why there has been an affirmation of the awareness that apart from the economic dimension a business also has an ethical dimension. It is precisely in relation to this dimension that a profound change has taken place: that of the disintegration of the opposition between the shareholder’s view and the stockholder’s view. Obviously satisfying the interests of investors remains the central and indispensable element of a company’s activity, but now the quest to reach that objective is increasingly linked to a commitment, on the part of managers and business people, to facilitate a sustainable development of the area in which the business operates. It is undeniable that the market is the best judge and it is precisely the dynamic nature of the market which lends such complexity to all the variables that characterize the life of a business. The theme of social corporate responsibility is now at the centre of many debates but perhaps, despite this, there is not yet sufficient clarity in the definition of ‘social corporate responsibility’. There is also a certain amount of confusion between issues such as sustainable development, social equity and business ethics: all terms pertaining to Social Corporate

Responsibility, but which certainly do not exhaust its meaning. Social responsibility is a guiding principle which transversally concerns all aspects of the life of a company. It is first and foremost a question of moral responsibility, even before legal responsibility. This is sufficient to suggest that the behavior of financial institutions is not all neutral with regard to all those who are influenced to a greater or lesser extent by their business activities. It is enough to consider the connection between financial activity and local development, the battle against unemployment or protecting the environment. It is indisputable then, that financial activity is very closely linked with the huge debate about social corporate responsibility. The important thing in this type of evaluation is the awareness that the value of a company does not depend only on numbers. In the face of definitions and declarations of objectives, it therefore becomes necessary to ask oneself what social responsibility means for a company in its daily business, in order to make this the essence of the commitment and the duty that are at the core of the activity and development of the company.

Some references: a compass to orient yourself in the world of corporate social responsibility's literature. An European, mainly Italian, point of view (Giuseppe Castelli)

A recognition of the witnesses, mainly meaningful on the argument, subdivided by thematic areas in order to supply a useful and flexible instrument to approach, or in other cases, deepen the topic of the corporate social responsibility.

**Managing by values: corporate ethics and philosophical counselling
(Barbara Bertagni and Fernando Salvetti)**

Living within the confines of an organization requires, goals and values to be shared, confrontation between corporate cultures, development of an action strategy and reflections on our personal role and professional identity. Philosophical counselling is one of the most effective methods of bringing out and exploring personal, non expressed assumptions which heavily condition the life of organizations.

Ways of self-empowerment : people development as a dimension of social responsibility (Fernando Salvetti)

The corporate social responsibility is a central challenge that is articulated along various directions; the corporate ethical codes, the social balance next to the financial balance, the search for sustainable development strategies for the environment and the social context in which the companies operate, the certification of environmental quality, the ethical investments funds and the introduction of the *Ethics Officer* as a new professional figure inside organizations. Self-empowerment is a challenge for the organizations careful of all CSR aspects.

**The corporate social responsibility and the consumer's involvement
(Maria Luisa Parmigiani)**

The aim of the paper is to analyze how a CSR company can get in touch with the consumer, maximizing its value. We start from a research carried out for ECR in 2002 to understand what the consumer means for CSR, what he wants from a company (kind of information, evidences...) and we compare these ones with what the companies are doing. The consumer

wants to have reliable and perceptible information in the shops or on the packaging. He doesn't know the social report or the ethic code of the company and also if these are on the web. We believe at the same time that the consumers have to know more about CSR of the companies, not only because it is their right, but also as it is the only way to maximize awareness and demand. To work and to develop new communication tools and solutions to communicate a company's CSR at the consumers, is not a marketing problem (to sell more) but a social problem (to enforce the values system).

**Social responsibility for enterprises and training on job safety
(Fabrizio Monteverde)**

Safety at work is a topic that has really increased its media relevance in the last years because of the enormous ethical and economical impact on the community, as well as the possible incidence on the image and the social reputation of companies. In spite of this increasing relevance, it is not possible to take for granted an injury risk prevention promoted in a competent manner through projects and initiatives of CSR inside the companies. Drawing on a training initiative performed in Italy by a big company, some considerations and thoughts will develop on the role that company politicians, concerning their inside-company communication and collaborators involvement, can act on implementing a work security culture shared that is really sustainable for every organizational actor.

**Philips and sustainability: a strategy to grow, building a better world
(Sergio Tonfi)**

Sustainability is an integral part of the way we do business. We want to be a company that simplifies solutions for the people (following our brand

promise “sense and simplicity”) and concentrate on areas where we can make an impact with our capabilities and expertise. We are focusing our sustainable approach on healthcare and energy saving. Sustainability is in our DNA...We have been improving people’s lives with pioneering innovations for more than 116 years, ever since our company was founded in 1891 and today we continue to be true to our heritage, integrating social equity, environmental quality and economic prosperity together with localized projects dedicated to the communities we live in.

Budget of sustainability and the stakeholders’ involvement in the Granarolo Group experience (Sebastiano Renna)

The row, architrave of the sustainability - Granarolo born as a row company, accustomed to reason collectively and to consider itself part of a system that embraces more subjects; the agricultural world, the manufacturer one, the distribution operators, the consumers, the institutions and the banks. The bottom choice has been to interpret the row of our field according to a strategy of increase, based on the continuous search of a distinguishing position in quality and innovation. In this strategic choice, it inhabits the cooperative chromosome that in Granarolo, it has always induced others to look at the company like a community of persons and not simply a physical place of encounter between capitals and resources and a look at the market like a collective set of citizens, not of simple consumers.

The dialogue between company and stakeholders: the contribution of the information and communication technologies (Lorenzo Caselli and Giovanni Lombardo)

The ICT management and value creation into a multi-stakeholder model - The AccountAbility1000 new standard, the stakeholder engagement and the European Union - ICT, web 2.0, web portals, peer-to-peer, consumers and democracy. The many challenges in the banking sector - revenues, competition, financial risk, evolution of customer needs, changes in ICT and related consequences; multi-channel banking, e-nomadism, network communities, Web 2.0 and so on. The cases of Banca Intesa and SanPaolo Imi, now Intesa SanPaolo bank.

Lifestyles and cultural patrimony - the chosen new ethics (Fabio Mostaccio)

The opulent society, far from giving life to a consumer with a "happy conscience", with a taste accredited totally, ended up promoting one unexpected condition constructed from infinite stratifications and differentiations. Within these kaleidoscopic scenes, has come to constitute the "tribe" of responsible consumers. In this article, the first results of a search (currently in course) based on the collection of history of life of the consumers' customs taken from the "fair and loyal trade shops" of various Italian cities are exposed.

Ethical risk and social responsibility of the EDF Group (Anne Salmon)

Numerous international companies are diffusing today, a speech that they characterize as ethics. Far away from replacing one with the others, the code "ethics", the devices about social responsibility of enterprise or more recently the long-lasting development, complete each other and they are strengthened mutually in order to compose an architecture of which, the coherence is striking. It is necessary therefore, not to examine these elements separately in order to analyze their relations and the sense they

produce. It is in this perspective that we will examine the case of enterprise EDF. This enterprise is very interesting, because of the approval of its ethical path, that led in 2005 to an agreement of "social responsibility of enterprise" with the trade unions that embraces a period of approximately ten years. It directly offers a great view of this phenomenon, connected to the internationalization of the enterprise and the opening of capital. Used from the management as an accompaniment of these deep changes near the employee workers, the ethics definitively will be colonized from the managerial logic. Or will it be different?

Instruments of corporate social responsibility and management in Hera (Filippo Bocchi, Gabriel Magli and Gianluca Principato)

The CSR model of Hera Group, a leading group for local services in the Italian market. The "multi-stakeholder" approach and the sustainability report - balanced scorecard, mission, vision and ethical code, the integration between industrial plan and sustainability's strategies.

Then years of ethical code: innovations and changes in Adriatic Coop (Giorgio Riccioni)

The first Ethical Code of Coop Adriatica was made in 1996. Ten years of experience produced a general empowerment about business ethics in the whole cooperative. The article analyses the qualities and faults in this experience and the reasons that have carried to the definition of a new Code, approved by the general members' meeting in June 2006. It describes the innovating contents of the Code, stretching on its management and the relationship between the Code and corporate culture.

The “budget of mission” and the public company: the case of the health organizations (Giorgio Gosetti and Eno Quargnolo)

Social accountability has become one of the most interesting themes for public organizations, referring to both the constructing ways and the effects that services produce themselves with a special focus on relationship between an organization and its context of reference. Reflection on social responsibility and accountability has a particular meaning for public organizations, for its in their essence, being socially responsible. Their actions and objectives are to be considered mainly for their impact on community and the socio-economic and cultural context in which they operate. Starting from this point of view, this work examines the specific case of health agencies in Emilia-Romagna Region with specific attention to the process to realize the mission balance, institutionally defined as a process and an instrument of social accountability.

Stories of professional life between deontology and relationships (Mario Esposito)

I have many memories in my professional experience, especially of moments of intense relationships stemming from my desire to help those that suffer. These memories are still even today, after a long time, burned into my memory and leave me with a warm and deep feeling of complete wellbeing.

Trajectories of social responsibility of the local enterprises: indications from the field (Massimiliano Monaci)

Corporate social responsibility has developed as one of the most influential rhetoric of our times. Despite an intense on-going debate, little in-depth investigation has been conducted on themes such as the role of socio-ethical orientations in the behaviour of the local firm and especially of the small-medium enterprise. In this regard, the article outlines the main results of a qualitative research dealing with CSR practices in an Italian district. The emerging picture displays the many ways in which, within this local area, a set of business organisations act responsibly in domains ranging from human resource management and environmental sustainability to customer service and community care. Above all, the study sheds light on the complexity of the processes by which the selected firms address relevant stakeholders' needs and make sense of the inclusion of social objectives. In this scenario, the structural mechanisms of planned social performance intertwine with ethical cultures and climates with well-established and clear-cut routes of responsible conduct that coexist with the informal or even tacit (but significant) practices enacted by small business actors.

Ethics and job: thoughts in freedom (Claudia Belli)

Selling, banking and finance, Chinese competition.... *On ne prête qu'aux riches?* Competition, but till when? Frank opinions of a protagonist in export finance.

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Ethics and business: the main challenge. The key issues: sustainability, social responsibility and the ethical instruments. But what are the instruments of ethics? How do we recognize a form of behaviour as ethically correct? What is a social responsible organization? At the European Union level, what are the main directives and guidelines? What about at the international level?

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