

Introduction

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This special issue of *Politeia*, bearing the title “Restoring Responsibility: The Accountable Corporation” contains papers presented at the *Fourth Annual Forum on Business Ethics and Corporate Social Responsibility in a Global Economy* held on September 13 and 14, 2007, at the University of Milan, Italy. In addition, other relevant essays – not presented at the Forum but prepared for this issue – are included. The Forum was organized by the Research Centre Politeia, in cooperation with the Institute of Philosophy and Sociology of Law (University of Milan), the Department of Political and Social Studies (University of Milan) and the Promotion Committee (composed of several well-known Italian companies and organizations). Politeia was responsible for the academic organization and supervision of the Forum, while the Promotion Committee defines the Forum’s annual agenda and guarantees its sponsorship.

The publication of this volume is particularly relevant for the Research Centre Politeia for two main reasons. On the one hand, this special issue witnesses the success and the consolidation over time of the Politeia Forum, which today represents a point of reference in the community of scholars and practitioners in the field of business ethics and corporate social responsibility in Italy. Since 2004 onward, some of the most important scholars and experts of business ethics and CSR at international level, through their participation in the four editions of the Forum, have offered their contribution of knowledge and experience to the Italian public, discussing a number of very important issues related to the emerging ethical challenges in the global economic system: among them, how to define CSR; why CSR is a better way of doing business and the key to sustainability; what are the emerging challenges for business concerning socially responsible business practices, measurement and reporting; how companies may improve profitability and sustainability by adopting processes and tools necessary to manage their social and environmental performance in the same way as they manage their economic performance. The next annual meeting of the Politeia Forum, the fifth, which will be held in Milan in May 22 and 23, bearing the title “Corporate and Stakeholder Responsibility. Theory and Practice”, will tackle corporate social responsibility from a perspective that is relatively new, although more and more relevant, in the field: that of the reciprocal responsibilities of corporation to stakeholders and of stakeholders to

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corporation and other stakeholders¹. The series of special issues of “Notizie di Politeia”², of which this volume is the number four, gathering the proceedings of each edition of the Forum, is a valuable tool for all those who work in the field and are interested in better understanding the benefits and the complexities of delivering a more sustainable and profitable business via socially responsible practices: academics, top managers, Ethics Officers and CSR managers, consultants and trainers, NGOs and stakeholders’ representatives, business and union organizations, political institutions, but also the media. Moreover, the four volumes of this series are thought as a further contribution to the fulfilment of the main aims of the Forum: those of providing the theoretical support necessary for the programmes on business ethics and CSR recently emerging in numerous Italian companies, and of increasing companies’ awareness and knowledge of the ethical and social responsibilities of economic organizations, through an approach that fills the gap between ‘practitioners’ and ‘experts’. Most of the contributions presented in the editions of the Forum and then published in this journal are framed in an analytical style. This is a most useful contribution to Italian culture. Much of Italian culture is dependent on continental frame of ethics, which is not interested at all to applied ethics. I think that philosophical attitude devoted to analysis is a precious gift to our culture. If people are used to thinking in an analytical way in one field, hopefully will extend such an attitude to others as well.

The second reason why this volume has a special meaning for Politeia is that its publication coincides with the celebration of the 25th anniversary of the research Centre’s foundation. Since the early 1980s committed in promoting discussion on the relationship between ethics and public choices, in these years Politeia has developed research programs that include political and moral theory, business ethics and corporate social responsibility, bioethics, computer ethics and environmental ethics³. In these years the Centre also issued several editorial works, and for twenty-four years it has been publishing the quarterly journal “Notizie di Politeia”, which has a fairly good diffusion in Italy and internationally. As already mentioned, the journal gathers in special issues the proceedings of each edition of the Annual Forum on BE and CSR.

Moving on, now, to the content of this special issue of the journal, I would like to stress for the readers that it is divided into four sections corresponding to the four main topics covered by the Fourth Forum: *I. Ethics and Economic Success*; *II. Managing Ethics and CSR in Business Organizations*; *III. Global Corporate Citizenship*; *IV. Ethical Values in Global Business*. In addition, the volume includes also three sections, which develop the themes discussed in the three round tables that closed the first, second and fourth session of the Forum, and which bear the title, respectively, “Etica, reputazione e competitività” (*Ethics, Reputation and Competitiveness*), “CSR e sicurezza sul lavoro” (*Ethics and Workplace Safety*) and “Global Business e capitalismo sostenibile” (*Global*

Business and Sustainable Capitalism). These round tables provided the opportunity for managers and representatives from various organizations to exchange ideas and opinions with scholars and experts.

As the readers can see from a quick look at the table of contents, this issue collects the contributions of leading academics and research experts, representatives from businesses, unions, industry associations, consumer associations and NGOs, and representatives from some of Italy's institutions that are particularly active in the area of CSR.

Given the large number of contributions and the richness of the themes treated, it will not be possible here to introduce all of the papers. Therefore, in the following pages I shall provide a brief summary of the main theses presented by the keynote speakers at each of the four sessions of the Forum, which are reproduced in this volume at the beginning of each section.

The first section, "Ethics and Economic Success", is opened by the essay "Economics: Friend or Foe of Ethics", by Norman E. Bowie. In this paper, the author takes the relationship between ethicists and economists, which is usually characterized by a certain degree of suspicion. He argues that, although ethicists have good reason for this suspicion in traditional macro economic equilibrium analysis and in the behavioral assumptions of agency theorists and transaction cost economists, yet, many concepts in behavioral economics and transaction cost economics are useful for them. In this essay, Bowie shows how the distinction between high asset specificity and low asset specificity in transaction cost economics can show why codes of ethics are not good indicators of a corporate culture, why many international corporations impose universal standards rather than adopt a policy of "when in Rome do as the Romans do," and why companies do not learn from the mistakes of their peers. He also shows how modifications in agency theory and equilibrium analysis will turn foes into friends. As economists have given up the assumption of perfect information and no transaction costs, they should also give up the assumption that all individuals are utility maximizers. This would allow economists to introduce notions like fairness into their analysis. Bowie highlights that concepts like fairness play a more important role in economic transactions than most economists realize.

In the second section, Michael Hoffman and Mark Rowe, in their essay "Reinventing the Corporate Ethics Officer: A Strategy for Superior Governance and Integrity", focus on the role that ethics officers may play in improving the governance and integrity of corporations. The EO's primary mission is to strengthen and maintain the organization's ethical culture and reputational integrity. However, according the authors, presently, the ethics officer position (and its essential responsibility and mission) is not functioning properly, nor will it until it ceases to be part of management and becomes a function of the board of directors. They highlight three major problems with the way in which the EO role is presently structured, and which are related to what they call "ethical governance dysfunction" in corporations: (1) there is an inherent conflict of

interest in EOs overseeing the management which has essential control over them; (2) in most cases, EOs do not have the power or authority necessary to carry out their primary mission; and (3) EOs do not have a proper relationship to the board, which inhibits or negates effective collaboration, thereby hampering not only the ethics and compliance program but the governance process as a whole. To overcome these problems, the authors put forward to make the EOs agents of the board. By this way the board would be better informed and would have ready access to improved resources, tools, advice and support to perform its governance responsibilities, especially with regard to ethical oversight.

In the third section, the essay “Cittadinanza d’impresa e allocazione di beni pubblici nell’era della globalizzazione” (Corporate Citizenship and the Allocation of Public Goods in the Era of Globalization), by André Habisch, tackles an important issue related to corporate citizenship: that of the role of public goods for sustainable development and the quality of living. According the author, this role has been largely neglected in Economic theory. European countries traditionally produce a large amount of public goods (legal framework, public infrastructure, educational institutions, cultural facilities etc.); many Europeans attribute their high standard of living to this fact. As the research of Economists like P. Samuelson, R. Musgrave and others has shown, even in a market economy special mechanisms must be in place to assure the allocation of public goods. Habisch argues that while in the 20th century, the fiscal state used to solve these problems and guaranteed the overall production of public goods, in the 21st century this is no longer the case – due to the reduced role of national administrations in a globalised world. Thus, how may the production of public goods – including a legal framework of economic exchange, a system of basic education, protection of natural resources etc. - be organised in the future? According the author international civil society comes into play, here. Networks of cross-sector cooperation between NGOs, international institutions and corporations may serve as ‘pathfinders’ in search of Global Governance structures in the 21st century and Global Corporate Citizens may contribute in a sustainable way to the provision of international public goods in the 21st century.

John Kline, who opens the fourth section of the issue with his essay “Value Choices for Global Business: Who Decides, and How?”, focuses on two central ethical questions that corporations confront in managing global operations: 1) What should be the extent and nature of corporate responsibilities relative to other societal actors? 2) What priority values should guide corporations in fulfilling their responsibilities? He underlines that, despite many strong opinions and increasing social activism, little international consensus exists to give clear and specific answers to these questions. As most important business decisions are not dichotomous choices between “right” and “wrong,” particularly in international, cross-cultural environments, global business requires constant interface with a diverse array of value systems derived from varying political,

economic and social experiences, often embedded in differing religious and cultural beliefs and traditions. If a clear global standard is absent, when values clash, the critical issues become who decides, and what value process or criteria are used. Kline argues that applying ethical values in a global business requires designing an approach to guide “best choice” decisions when confronted with complex ethical dilemmas. He claims that, at a minimum, corporations should establish a self-identity based on core operational values that are maintained globally, wherever the firm does business. According his approach, greater attention to ethical risk assessments could also improve corporate decision making by identifying potential challenges to core values when corporate control is highest – before new business is begun or expanded. He also highlights some other challenges that corporation confront in a global economy. Specifically, he claims that globalization has increased pressures for direct business involvement on an array of international political and socio-economic issues. However, with greater responsibilities must go parallel rights to take action. According Kline, care should be exercised to balance the desire for near-term results on single issues with longer-term concerns about the role of business in determining societal value outcomes. He concludes that corporate social responsibility should not become so institutionalized that it leads corporations into expanded roles for which they are ill-prepared and lack a legitimizing public mandate.

I should conclude with a few acknowledgements.

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Notes

¹ More details about the Fifth Annual Forum and the other past editions are available in the web page: www.politeia-centrostudi.org/forum.

² The proceedings of the First, Second and Third Forum, edited by Emilio D'Orazio, are published in *Notizie di Politeia*, respectively under the title "Business Ethics and Corporate Social Responsibility in a Global Economy" (n. 74, 2004), "New Perspectives on the Stakeholder View of the Firm and Global Corporate Citizenship" (n.82, 2006), "Corporate Integrity, Ethical Leadership, Global Business Standards. The Scope and Limits of CSR" (n. 85/86, 2007).

³ Information about those programs are available in the Centre's website: www.politeia-centrostudi.org.