

Introduction

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This special issue of *Politeia*, bearing the title *Corporate and Stakeholder Responsibility for Sustainability*, contains papers delivered at the Sixth Annual Forum on Business Ethics and Corporate Social Responsibility in a Global Economy held on February 26, 2010 in Milan, Italy and reviewed by the authors for the publication. In addition, other relevant essays are included.

The Forum was organized by the Research Centre Politeia, in cooperation with the Department of Political and Social Studies-University of Milan and the Promotion Committee (composed of several well-known Italian companies and organizations).

The Forum focused on the corporate responsibility from the perspective of the complex interactions between business and its stakeholders within the context of the sustainability. David Wheeler and his colleagues presented in 2003 a proposal to reconcile a stakeholder approach, CSR, and sustainability with the creation of value (economic, social and ecological) for the constituencies of the firm, not only economic value for the shareholders. As they have stated, if sustainability is “an ideal toward which society and business can continually strive, the way we strive is creating value, i.e. creating outcomes that are consistent with the ideal of sustainability along social, environmental and economic dimensions”. Therefore, “a stakeholder approach (...) offers the best hope in effecting the pursuit of global as well as organizational sustainability”¹.

The stakeholder view framework “places the firm at the centre of a web of stakeholder relationships, and demonstrates that sustainable organizational wealth can be enhanced by a purposeful management of favourable relations between the corporation and its strategic stakeholders”². Under this view, “the corporation is only legitimized in its existence if it creates wealth for and with all its strategic stakeholders”, that is its potential “beneficiaries and/or risk bearers”³. For this reason, the value creation is an interactive process that includes relevant stakeholders. Consequently, more formal processes of “shared governance” are now required to address social and environmental aims and challenges. This would involve invoking processes of stakeholder inclusion in order to construct clearer partnerships arrangements between government, business and civil society. An example of this process is the multi-stakeholder partnerships for sustainable development and for climate change that have received particular attention from companies⁴.

As Simon Zadek has stated, corporate responsibility “will only be effective if and where it evolves to a point where business becomes active in promoting and

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institutionalizing new global governance frameworks that effectively secure civil market behaviour”. Thence, “civil corporations” will be those that “actively engage in promoting governance frameworks that enable, and if necessary enforce, the wider business community to address (...) the aspirations underpinning sustainable development”, that is the corporations that “will drive markets in a more ethical directions”⁵.

The publication of this issue – the sixth since 2004 – is particularly relevant for Research Centre Politeia, because it witnesses the success and the consolidation over time of the Forum, which today represents in Italy a point of reference in the community of scholars and practitioners in the field of business ethics and corporate social responsibility. From 2004 onward, some of the most important scholars and experts of business ethics and CSR at international level have offered, through their participation, a 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 system⁶. Politeia is now planning the Seventh Forum in Milan on “Corporation as Political Actor”. This edition of the Forum will discuss the consequences of a new political role of business in society and examine the implications for the theory of the firm.

The series of special issues of *Politeia*⁷ 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 media. Moreover, the six issues of this series are though 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 ‘experts’ and ‘practitioners’.

Moving on to the content of this special issue of the journal, I would like to stress that it is divided into two sections corresponding to the two main topics covered by the Forum: I. *Ethics and Economic Success*; II. *Ethical Values in Global Business*. Both sections are completed by the contributions emerged from the two Round Tables dedicated respectively to *Sustainability, Stakeholder, and Strategic Management* and *Global Business and Sustainable Capitalism*. The Round Tables have provided the opportunity for managers belonging to different companies to meet and 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 and 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 each paper. Therefore, in the following pages, I will provide a brief summary of the main theses presented at the beginning of each section by the keynote speakers.

The first section is opened by three essays, respectively by David Wheeler (University of Plymouth), Sybille Sachs (Institute for Strategic Management, Zurich), and Stephen B. Young (Caux Round Table).

In the essay *Creating Sustainable Value through Entrepreneurial and Stakeholder Inclusive Responses to Climate Change: An Historical-Institutional Perspective*, Wheeler and his colleagues argue that, given the failure of democratically elected national governments and international bureaucracies to respond effectively to the challenge of climate change mitigation and adaptation, it is important to explore the potential for new approaches to governance and action. More creative and action-oriented processes are in fact now required to address complex problems facing the global commons. All of this will involve new arrangements between governments, businesses and communities with sustainable wealth creation and entrepreneurship as central organizing principles. According to the authors, it becomes important “to explore the concept of entrepreneurship and wealth creation and the institutions and individuals that pursue them if we are to fully understand the potential for creating social, environmental and economic value, and attempt to mitigate and adapt to climate change and other pressing global problems”. Two forms of entrepreneurship are examined – business entrepreneurship and social entrepreneurship – and the role of advocacy and community-based organizations are introduced “as another important component of our contemporary institutional landscape”. Wheeler and colleagues develop an historical-institutional model to help explain the need for a shift in institutional governance and decision-making to place greater emphasis on the facilitation of action by community organizations and entrepreneurs, and apply these ideas to the challenge of climate change policy and action. According to them, “in terms of potential action and delivery with respect to climate change and low carbon economies, it is the Entrepreneurs, Charities and Community Organisations, and those networks involving new combinations (in a Schumpeterian sense) that may have the most to offer, for example the clean tech entrepreneurs, the regional energy efficiency networks, the eco-industrial networks, and the socially grounded, city-based low carbon networks”.

In the essay *Stakeholder Value Creation System*, Sachs and her colleagues argue that “if corporations want to tap their stakeholder network as a source of corporate success, they need a system and a procedure to systematically engage with their stakeholders and build a common ground with them”. Aim of the authors is therefore “to present a comprehensive approach” – called the ‘stakeholder value creation system’ – “which gives insight into how firms can create organizational wealth with and for their stakeholders”. The system “implies a concept of success that is developed in concert with stakeholders, rather than being defined from a firm perspective only”. The stakeholder view states that successful corporation maintain three licenses – license to innovate, to compete and to operate – that form the basis for their survival. According to the authors, these licenses are not only legal licenses, but “they are also entitlements granted by the firm’s strategically relevant stakeholders to perform business activities successfully. By granting these licenses, the stakeholders again play the role of contributors of the firm’s wealth creation process”. Thus, the system bear

the following key insight: “The contents of value creation need to be defined in the field, together with the relevant stakeholders and based on the identified benefit potentials. In order for this to happen, a sound methodology is needed that creates the conditions necessary to bring the relevant stakeholders together”.

The essay *The Social Ecosystem of CSR* by Young focus on the idea that Corporate Social Responsibility plays a vital, yet unheralded, role in mediation among the business sector, which creates the wealth of nations, government, which provides for public goods, and civil society, which fosters and sustains social capital. Thus, CSR theory and practice has become necessary for the smooth functioning of any sophisticated, post-modern social ecosystem. According to Young, “CSR theory and practice keeps business within the zone of responsible fiduciary stewardship, moving the social contributions of business towards social justice”. Young thesis is that, in order to mediate successfully the intersections of business with civil society and government, “CSR theory needs to find a home in financial analysis”, because “if CSR does not embrace financial drives it will not rest securely within the business sector, but will be only intrusions imposed from the other two sectors”.

The second section is opened by three essays, respectively by Amartya Sen (Harvard University), Ans Kolk (University of Amsterdam), and Simon Zadek (Harvard University).

In the essay *Sustainable Development and Our Responsibilities*, Sen focus on the difficult issue of assessing the requirements of sustainable development and states that “this is not really a serious problem to solve if we bear in mind that, contrary to the narrow view of humanity, it is entirely possible – indeed quite natural – to be interested in the lives of others, including those not yet born, and to be committed to make sure that our successors are not left in ruins generated by us”. According to him, “if the reach of public reason extends beyond narrow self-centredness, then there is surely something that democracy can offer to make people more interested in the future. Indeed, (...) if democracy is understood, as John Stuart Mill thought it should be, as ‘government by discussion’, then democracy can bring about a democratic response to the serious problems of the future”. The idea of sustainable development is important, but “yet it must be asked whether the conception of human beings implicit in the prevailing idea of sustainability takes an adequately capacious view of humanity”. Sen argues that people have not only ‘needs’, but also “values, and in particular, cherish their ability to reason, appraise, act and participate. Seeing people only in terms of their needs may give us a rather meagre view of humanity, and of their role as citizens and as participants in democratic public decisions. The question can, thus, be asked whether environmental priorities should be seen only in terms of sustaining the fulfilment of our needs, rather than sustaining our freedom as responsible citizens with the moral power to think about issues that go well beyond our narrowly defined self-interest”. If this is the case, then “the idea of sustainable development has to be correspondingly reformulated” in order to take into account also “our freedoms (including the freedom to meet our needs)”. Thus reformulated, “sustainable freedom can be broadened from the formulations proposed by Brundtland and Solow to encompass the preservation, and when possible expansion,

of the substantive freedoms and capabilities of people today 'without compromising the capability of future generations' to have similar – or more – freedoms”.

In the essay *Multinational and Corporate Social Responsibility*, Kolk aims to shed some more light on the current debate related to corporate social responsibility, specifically considering multinational enterprises and the complexities they face when dealing with international issues and a range of stakeholders. Particular attention is paid to cross-cultural differences, exploring the existing variety in ethical and societal norms relevant to MNEs: those originating from international agreements, those that are part of a so-called 'market morality' and those applicable in home and host countries. Although these norms may overlap, they can diverge as well, leaving ample room for managerial discretion in a 'moral free space'. Kolk states that “the challenge for MNEs and their managers is to reconcile the various norms, and to deal, as best as possible, with existing tensions between them”. The paper also explores recent trends, particularly the increasing importance of emerging economies such as China, which suggests that the picture is becoming even more complex, pointing at clear challenges for research and practice. Kolk proposal is “to distinguish home/host countries into different types: i.e. developed, emerging and least-developed countries, as CSR conditions, stakeholder pressure and norms in the latter two categories in particular differ from those in the first one”. Kolk concludes that “if emerging-market MNEs internationalise to developed countries, adapting to stakeholder-mandated requirements may not be easy. It seems to be most complex for those issues that involve different cultural traditions and divergent levels of economic development”.

In the essay *Emerging Nations and Sustainability. Chimera or leadership?*, Zadek argues that “Emerging nations' business and economy will be the key factor determining how tomorrow's markets count sustainable development”. The essay has a particular focus on China, because China, “whilst certainly not representative of emerging nations, is in many ways the 'litmus test' of how emerging nations might deal with sustainability issues, given its manufacturing focus, and its huge size and growing importance in global markets”. According to the author, emerging nations are suspicious of leading nations' approaches to sustainability, not because sustainability isn't important as an imperative for their future, but because they fear “embedded competitive disadvantage and the acceptance of norms not suited to their circumstances and views”. Furthermore, Zadek points out that “emerging nations are also in many respects imitating and joining-up with some existing approaches, including more liberal markets in some respects, private ownership and sustainability standards” but that, despite this, “we cannot and should not assume convergence towards the current dominant approach”. Among all the factors that may play an important role, “ownership figures as one if not the most important, with growing state-ownership, directly and indirectly, rolling back the period of privatisation and asserting the state more directly into economy activities” and “this different ownership pathway will be a major determinant in how sustainability is dealt with in years to come”.

Concluding remarks of this collection of essays – as well as of the Forum – is by Edwin Rühl, Professor Emeritus at the University of Zurich.

I should conclude with a few acknowledgements.

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Notes

¹ D. Wheeler, B. Colbert and R. E. Freeman, “Focusing on Value: Reconciling Corporate Social Responsibility, Sustainability and a Stakeholder Approach in a Network World”, *Journal of General Management*, 28 (3), 2003, pp. 1-28.

² S. Sachs, E. Rühli and M. Maurer, “The Effects of Liberalization and Privatization on Former Monopolist’s Stakeholder Relations”, *Politeia*, XXII, 82, 2006, pp. 60-74.

³ S. Sachs, E. Rühli and I. Kern, *Sustainable Success with Stakeholders. The Untapped Potential*, Palgrave Macmillan, London 2009.

⁴ J. Pinkse and A. Kolk, *International Business and Global Climate Change*, Routledge, London and New York 2009.

⁵ S. Zadek, *The Civil Corporation*, Earthscan, London 2007.

⁶ More details about the Annual Forum past editions are available in the web page: www.politeia-centrostudi.org/forum.

⁷ The proceedings of the First, Second, Third, Fourth and Fifth 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), “Restoring Responsibility: the Accountable Corporation” (n.89/2008), “Corporate and Stakeholder Responsibility. Theory and Practice” (n.93/2009).