Preface

The legitimacy of all firms is at stake. The mainstream business model – still prevailing even after the heavy financial downturn – is characterized by a narrow focus on monetary results, short-termism and a competitive, disruptive approach for the benefit of specific groups of interest, such as main shareholders and top managers, at the expense of society as a whole, human beings, ecosystems and future generations. But, as the current systems crisis clearly shows, this model is self-defeating, ethically questionable and, after all, unsustainable. So, a critical and imaginative perspective is needed to identify, develop and advance innovative solutions and new interpretations. In many cases there are already existing and well-functioning alternatives to addressing the sustainability challenge.

This volume collects a set of cutting-edge contributions from prominent European and North American scholars who reflect upon business ethics foundations, firms, markets and stakeholders in order to envisage more sustainable patterns of development for business and society.

The first part of the book, which addresses the role of business in society, begins from the concept of corporate legitimacy, defining the real conditions that make a company activity system morally justifiable and socially acceptable (Laszlo Zsolnai).

Rethinking the mainstream models also calls for rethinking the concept of corporate responsibility. Thus, if the aim is to intervene to modify actions and outcomes, it is crucial to determine, beyond generic collective liabilities, specific personal responsibilities within the organizations (Christopher J. Cowton). Furthermore, the introduction of the related notions of prospective responsibility and role responsibility is essential to better address the needed change for the better in corporate behaviour (Johan Wempe).

The same idea of corporate social responsibility (CSR) should be deeply revised and reframed to face the intertwined economic, energy, climate, food and social crises (Yvon Pesqueux).

The market, which is at the centre of the analyses of the second part, should also be rethought in terms of its functioning mechanisms, its purposes and its acting players' orientations and dispositions. For example, the new breed of philanthropy-centred enterprises involves the rediscovery

of principles like mutual assistance, cooperation and collaboration, and compassion and generosity, which were substantially denied by the dominant competitive paradigm (Kevin T. Jackson).

But even the more conventional financial players, with their increasing weight and role in the market, could contribute to the sustainability goal: in the case of private equity they could operate under the alternative premise of adding value for the benefit of all stakeholders (including workers and society) in their leveraged buyouts of public companies (Eleanor O'Higgins); in the case of sovereign wealth funds they could adopt appropriate principles for responsible investment and integrate environmental, social and governance (ESG) criteria into their investment processes (Jane Collier).

This means that firms and investors should assume more comprehensive and reliable, long-term wealth-creation goals: that calls for new metrics capable of integrating the financial ones, to assess the genuine success of a firm or an investment (Georges Enderle). That also calls for the introduction of different, more operational approaches – beyond the traditional studies on the relationship between corporate social performance (CSP) and corporate financial performance (CFP) – to understanding how companies create value by engaging, involving and partnering with stakeholders. In particular, evidence suggests that advanced and strategic CSR policies can reduce the overall risk profile of a firm as perceived by stakeholders, and especially the financial ones, and measured by the weighted average cost of capital (WACC) (Antonello Di Giulio, Paolo Migliavacca and Antonio Tencati).

Therefore, relationships with stakeholders, on which the third part of the volume is focused, are crucial and go beyond the market and its financial dimension.

In more detail, because of their power and impact, companies, within their sphere of influence, also have an ethical obligation to foster the protection of human rights through collaboration with public institutions and civil society organizations. This effort is part of a broader commitment to building an equitable and sustainable society where freedom, equality and dignity are respected (Wesley Cragg).

A critical area where companies are required to meet this kind of commitment is along the supply chain. Normally, large customers set the rules, including CSR requirements, that all suppliers have to comply with; however, this approach, called corporate social watchdog (CSW), is far from satisfactory or effective in terms of results and reliability. Therefore, a more appropriate situation would be a wider supply chain responsibility (SCR) where all the actors involved are engaged (Laura J. Spence and Michael Bourlakis).

The crucial idea of shared responsibility is not easy to implement and calls for collaboration and mutual understanding with and among stakeholders. But for a multistakeholder dialogue to foster consensus, legitimacy and best practices in the CSR field is not always possible, especially when the mindsets and role interpretations of participants differ. A clear example of this point is seen in the different perceptions between non-governmental organizations (NGOs) and trade unions (Josep M. Lozano and Daniel Arenas). Thus, an effective dialogue requires renewed efforts in the accountability area to make disclosure a fruitful lever for managing the stakeholder network in which a company is embedded (Clodia Vurro and Francesco Perrini).

Finally, to foster higher levels of responsibility and sustainability a change of paradigm is needed: we should abandon a mechanic worldview to embrace an organic worldview, where the individual is part of an interconnected and interdependent web of life. Such a radical change in the interpretative frameworks can lead to a deep authenticity and a better comprehension of the genuine purposes of a firm. In particular, this implies the shift from partial and wrong goals (like maximizing shareholder value) to systemic objectives such as increasing the enjoyment of life for all stakeholders according to a coherent stakeholder value perspective (Knut J. Ims and Ove D. Jakobsen).

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This conference was a continuation of the Transatlantic Business Ethics Summit, which Laszlo Zsolnai held in Budapest (September 2000); the second TransAtlantic Business Ethics Conference (TABEC), which George Brenkert organized in Washington, DC (September 2002); the third TABEC, which Josep M. Lozano hosted in Barcelona (October 2004); and the fourth TABEC, which Thomas W. Dunfee held in Wharton (October 2006).

TABEC objectives are

- to bring together academic leaders in business ethics from North America and Europe, as well as representatives from businesses and NGOs committed to business ethics, in order to explore ideas and research the subject of the conference;
- to create an ongoing framework to continue these conferences and the related dialogue on a biennial basis; and
- to produce academic outputs based on the papers presented at every conference.

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