

BEST

*boosting environmental
and social topics*

IO2: Orientation Compass

Conceptual Paper - Part I

**Review of the State of the Art (SoTA) debate on Corporate Social &
Ecological Responsibility**

With the support of the
Erasmus+ Programme
of the European Union



The European Commission support for the production of this publication does not constitute an endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

1. Introduction

The present document was made within the framework of the BEST - Boosting Ecological and Social Topics - project for the purposes of the second Intellectual Output (IO2) “Orientation Compass”; and aims to provide a review of the State of the Art (SoTA) debate on Corporate Social & Ecological Responsibility, inspired by alternative economic models (to capitalism).

For the purpose of the analysis stated before, the document is structured in the following sections:

- 1. Corporate Social Responsibility (CSR) debate:** a brief overview of the evolution of the topic, including CSR theories, conventional and more modern concepts within the topic and the Sustainable Development Goals (SDGs);
- 2. Civil Economy framework:** a summary of the framework, including its origin and principles, as well as a comparative analysis with the current dominant economic model and Social Economy;
- 3. Economy of Communion (EoC) roots and fundamentals:** brief overview of the framework, including its origin and the characteristics of an EoC company;
- 4. Management for a Corporate Social Orientation:** overview of practical applications of Civil Economy and EoC frameworks in the day-to-day management, including tools.

2. Corporate Social Responsibility (CSR) debate

The Sustainable Development Goals (SDGs), the centrepiece of the 2030 Agenda for Sustainable Development, were adopted by the United Nations (UN) Sustainable Development Summit in September 2015. This unique summit concluded with the adoption of the declaration “Transforming Our World - the 2030 Agenda for Sustainable Development”, a universal call to action for the betterment of people, planet, prosperity, peace, and partnership, which is unprecedented in both scope and ambition. To catalyse cooperative, transformative action at the international scale, the 2030 Agenda includes a set of 17 universally applicable, integrated objectives for sustainable development, accompanied by 169 concrete targets and indicators. The 17 SDGs carry on the work begun by the Millennium Development Goals (MDGs), which galvanized a global campaign from 2000-2015 to end poverty in its various dimensions. The SDGs apply universally to all UN member states and are considerably more comprehensive and ambitious than the MDGs.

The European Commission show evidence of the difference between corporate social responsibility (CSR) and responsible business conduct (RBC). “The Commission has defined CSR as the responsibility of enterprises for their impact on society and, therefore, it should be company led. Companies can become socially responsible by integrating social, environmental, ethical, consumer, and human rights concerns into their business strategy and operations; and following the law”¹.

Corporate responsibility can be defined as consideration for others, comprising a diversity of moral acts towards people (including the present and future generations) and the natural environment (including non-humans, such as animal, vegetal and mineral entities), which exceeds the level of legal compliance².

Moreover, corporate responsibility is how “a company takes responsibility for its actions and their impact on employees, stakeholders, and communities. It includes how the company conducts its business, how it manages its impact on the environment, how it treats its employees and how it supports community activities that aim to solve social problems such as poverty or discrimination”³.

Furthermore, CSR is the idea that a business has a responsibility to the society around it. Firms that embrace corporate social responsibility are typically organized to empower them to be and act in a socially responsible way. It is a form of self-regulation expressed in initiatives or

¹ European Commission (2021). *Corporate social responsibility & Responsible business conduct*. Available [here](#)

² Heikkurinen, P. (2018). Strategic corporate responsibility: a theory review and synthesis. *Journal of global responsibility*.

³ Business Development Bank Canada. (2021). *7 tips for putting corporate responsibility at the heart of your business*. Available [here](#)

strategies, depending on an organization's goals. Precisely what "socially responsible" means varies from organization to organization. Firms are often guided by a concept known as the triple bottom line, which dictates that a business should be committed to measuring its social and environmental impact, along with its profits. The adage "profit, people, planet" is often used to summarize the driving force behind the triple bottom line⁴.

CSR is also a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives ("Triple-Bottom-Line-Approach") while at the same time addressing the expectations of shareholders and stakeholders. A correctly implemented CSR concept can bring along a variety of competitive advantages, such as enhanced access to capital and markets, increased sales and profits, operational cost savings, improved productivity and quality, efficient human resource base, improved brand image and reputation, enhanced customer loyalty, better decision making and risk management processes⁵.

Garriga and Melé (2004) divided the main CSR theories into four groups: (1) instrumental theories, in which the corporation is seen as only an instrument for wealth creation, and its social activities are only a means to achieve economic results; (2) political theories, which concern themselves with the power of corporations in society and responsible use of this power in the political arena; (3) integrative theories, in which the corporation is focused on the satisfaction of social demands; and (4) ethical theories, based on ethical responsibilities of corporations to society⁶.

RBC "is an alternative term introduced by the" Organisation for Economic Co-operation and Development (OECD) "in close cooperation with business, trade unions and non-governmental organisations. The OECD has defined RBC as "making a positive contribution to economic, environmental and social progress with a view to achieving sustainable development and avoiding and addressing adverse impacts related to an enterprise's direct and indirect operations, products or services"¹.

"For enterprises, CSR and RBC provide important benefits in terms of risk management, cost savings, access to capital, customer relationships, HR management, sustainability of operations, ability to innovate and eventually profit. For the EU economy, CSR and RBC make companies more sustainable and innovative, which contributes to a more sustainable

⁴ Stobierski, T. (2021). *Types of corporate social responsibility to be aware of*. Harvard Business School Online. Available [here](#)

⁵ United Nations Industrial Development Organization (2021). *What is CSR?* Available [here](#)

⁶ Garriga, E., & Melé, D. (2004). *Corporate social responsibility theories: Mapping the territory*. *Journal of business ethics*, 53(1), 51-71.

economy. For society, CSR and RBC offer a set of values on which we can build a more cohesive society and on which we can base the transition to a sustainable economic system”¹.

“Public authorities play a supporting role through voluntary policy measures and, where necessary, complementary regulation. Public authorities, including the EU, have an important role in supporting and encouraging companies to conduct their business responsibly. Over the last years, we've introduced a smart mix of voluntary and mandatory actions to promote CSR/RBC and implement the UN guiding.”¹

Whether a firm undertakes corporate responsibility (CR) activities for strategic or altruistic reasons, it is important to understand the relationship between such activities and economic performance. CR activities may be distinguished based on which combination of three possible outputs – learning, reputation and CR outcomes – they produce. This distinction matters not only for the ultimate environmental and social sustainability but also for the relationship between CR activities and economic performance⁷.

Under this scope, nowadays we discuss “greenwashing” and “social washing” conduct in some of them. Greenwashing is when a company or organization spends more time and money on marketing themselves as environmentally friendly than on minimizing their environmental impact. Environmentalist Jay Westerveld coined the term “greenwashing” in 1986 in a critical essay inspired by the irony of the “save the towel” movement in hotels. The idea emerged in a period when most consumers received their news primarily from television, radio and print media, so they didn't have the luxury of fact-checking in the way we do today⁸. Similarly, but more recent, social washing is when a company or organization “promote themselves as more socially responsible than they actually are for financial gain. This is done by utilizing various meaningful marketing tactics such as donating to charities or publicizing their sustainability initiatives in order to make it look like they care about making the world a better place”. In 2010, Amnesty International criticized Vendata company, an Anglo-Indian miner who has been in the news for “mining deaths, environmental destruction, and spreading carcinogens in the local communities for almost a decade”, because “13 people protesting against its copper smelting plant were killed in police firing”.⁹

With greenwashing and social washing, companies or organizations take advantage of well-intentioned customers who want to make more responsible and mindful choices about the products they buy in an effort to help fight against issues like climate crisis and human rights

⁷ Lankoski, L. (2008). Corporate responsibility activities and economic performance: a theory of why and how they are connected. *Business Strategy and the Environment*, 17(8), 536-547.

⁸ Corcione, A. (2021). *What Is Greenwashing?* Business News Daily. Available [here](#)

⁹ Emerick, D. (2022). *What is Social Washing?* ESG | The Report. Available [here](#)

violations; more often than not, this is achieved by making vague claims about their processes and products to make consumers feel better about buying them.

3. 'Civil Economy' framework

The expression Civil Economy is often confused with other concepts / expressions that refer to realities other than its correct definition. Just to mention some misconceptions about the definition of Civil Economy: some people think it is synonymous of social economy; others identify it with the Third Sector or non-profit organizations; there are even those who think that Civil Economy is just a different name from the private or capitalist economy.

In fact, Civil Economy has its roots in the Civil Humanism (of the 15th and 16th centuries) a tradition of thought that extended to the golden period of the Italian Enlightenment (both Milanese and Neapolitan¹⁰ schools) and whose main characteristic is a conception of the market that has at its core the principle of reciprocity and civil virtues.

In an introductory synthesis, Abramovay considers that "the term Civil Economy has, among others, one important meaning: It contests the myth that the birth of the modern economy is marked exclusively by the «individualist interest», working the better the less it is contaminated by politics, by ethics or by morals". However, the idea of civil economy "argues against this myth of the modern age, according to which the sphere of economic interests has little to do with civility and the quality of social bonds between citizens". According to Genovesi, "the absence of bonds of trust between citizens, of moral commitments regarding the way to organize society, is an obstacle to the development of the market itself. More, reciprocity and gift, on the one hand, markets, and contracts, on the other hand, are not hostile worlds that modernity has tried to separate but are permanently immersed in one another. (...) Thus, efficiency and equity [can be] presented together and not as trade-offs around which we have to choose."¹¹

According to Bruni and Zamagni¹², the political-institutional framework of reference in which the discussion on 'Civil Economy' must be framed is characterized by the contrast of "two ways of conceiving the relationship between the economic sphere (which synthetically you can call it market, in the broad sense of the term) and social (or solidarity) sphere. On one side are those who see the expansion of markets and the propagation of the logic of efficiency as the solution to all social ills; and on the other, there are those who interpret the advance of markets as a threat to social life and, therefore, fight them and protect themselves from

¹⁰ Historic note about Genovesi

¹¹ Basilian edition of "Economia Civile: Efficienza, Equità, Felicità Pubblica" – Il Mulino Editrice, Bologna 2004

¹² Bruni, L. & Zamagni, S. (2004). *Economia Civile: Efficienza, Equità e Felicità Pubblica*. Ed. Il Mulino

them". It was from this polarization that, in the political sphere, emerged "two conceptions, still predominant, of the role played by the market in our societies":

- i) one of them sees the market as a means to solve all the needs, in harmony with the spirit of classical liberalism (...); and
- ii) "the other conceives the market as a 'necessary evil', an indispensable institution but, even so, always an 'evil' which, therefore, must be controlled by the State"¹¹

The development of this framework was built on a theoretical infrastructure that based its analysis on the reality of the 1st Industrial Revolution, in which the social order was based on two main institutions: the State and the private market. 'Liberal thought' emphasized more the market pillar, seeking to keep the State within the limits of the "minimal State"; and 'Socialist thought' emphasized the opposite approach, but the terms of the study were substantially the same. For more than two centuries, this was a kind of peaceful point on economic reflection¹².

In fact, the dominant economic model has been developed based on an almost strictly division between:

- ❖ **The Market** - where companies operation is based on the principle of the exchange of equivalents, regulated by contracts and with the focus on efficiency and profit maximization. In this approach (based on liberal ideology) the social component is clearly distinct from the market dynamics, which presents itself as an ethically and socially neutral institution. "What is required from the market is efficiency and wealth generation. Solidarity must start where the market ends". "The market is the place where is tried to achieve the individual objectives and the contract is their main instrument of regulation". More recently, with the development of CSR, we can see some evolution, but the majority of companies are still leaving their social function (when they have it) as a completely marginal activity;
- ❖ **The State** – On the other hand, the State (as a space of public affairs) has the monopoly of political action exercised by the law, which must be general and abstract. So, the State provides public goods and services to promote the wealth redistribution function; and ...

Therefore, contracts and laws have been defined as the basic instruments for the maintenance of social order." However, if between the State and the Citizens there is nothing, the space is open for the action of civil society.

It was in this context of polarization that the so-called Social Economy or Third Sector has been growing (especially in the last 30 to 40 years) and have been trying to "compensate" (or fill the gaps that resulted from) the inefficiency of the State in its role of wealth redistribution and the distortions generated by the Market.

Anyway, before we go on a more detailed analysis of the Third Sector, we must emphasize that the polarization between market and State is no longer valid because, at least, for two reasons¹²:

a) “There is the so-called 'crowding out effect' which establishes that if the market/economy is reduced to instrumental exchange only, we enter into one of the most worrying paradoxes of our time: 'bad currency expels good currency' (Gresham's law). (...) In fact, this mechanism can also be applied whenever intrinsic motivations (such as gratuity) are confronted with extrinsic motivations (such as monetary gain): in the long run, the bad motivations drive out the good ones. Exchange based only on prices and contracts drives out other forms of human relations. Thus, if the market is just that, when it develops it undermines the assumptions of its own existence, such as trust and the willingness to cooperate.”

b) “In the era of globalization, the logic of the 'two times' (according to which, first, companies produce and then the State takes care of the social aspect) no longer works, as the basic element of this logic has disappeared: the close link between wealth and territory, on the basis of which the western welfare state system was conceived (especially in Europe). In fact, with the growing globalization of markets, this mechanism stopped working.” The relationship between the jurisdiction of States and the geographical area of action of companies and citizens (both as consumers and workers) has changed a lot... “In fact, if we insist on thinking that redistribution should be the exclusive task of the State and should happen post factum, we will inertly watch the increase of inequalities. It is also necessary to act at the time of production. Under current conditions, acting only on redistribution is too late. Therefore, what is required of the Company is also to become “social” in the normality of its economic activity...”

Back to the analysis of the Third Sector and to simplify the terminology, to refer to this sector we will follow the orientation of the 'International Society for Third Sector Research' which decided, at a congress in 2000, to promote the unification of the expressions 'Third Sector', 'Non-Governmental Organizations', Foundations and similar organizations in a single definition of “Civil Society Organizations”. So, we will use the expressions ‘Third Sector’ or ‘Civil Society Organizations’.

Regarding the direction that the 'Third Sector' has been taking, there are two dominant views/positions:

- i) “one view that see the 'Third Sector' as an exception to the rule (which is defined by for-profit organizations) (...), that needs to be preserved, even with State support; and
- ii) other who consider the 'Third Sector' responsible for hiding – through purely cosmetic social actions – realities such as the increase in social inequality or the fissures inherent in the new forms of precariousness in the labour market.”

The perspective of Civil Economy offers an alternative perspective, both to the vision proposed by the neoliberal approach, and to the one presented by the neo statist approach.

According to Bruni and Zamagni¹², the conception of the market-society relationship typical of 'Civil Economy' is placed in a very different perspective. It conceives "the experience of human sociability and reciprocity within normal economic life; neither parallel nor anterior nor posterior. 'Civil Economy' asserts that other principles, in addition to profit and instrumental exchange, can find space within economic activity". In fact, "the flourishing, in the last 30 to 40 years, of a set of social organizations characterized by a civil vision of their role and capacity for action, is not a mere accident in the evolution process of the capitalist economy." In fact, these expressions of civil society (...) constitute the presupposition for the sustainability of the market and the State. They thus argue that "the principle of exchange of equivalents (which regulates the market) and the principle of redistribution (which characterizes the action of the State) are not primitive categories and, therefore, cannot sustain themselves. Ultimately, both stem from reciprocity. Thus, a society that removes the principle of reciprocity from its cultural horizon and, in its institutional structure, prevents or discourages the autonomous action of social actors (individual and collective, whose action is based on the symbolic code of reciprocity), is a society with a future probably compromised and certainly not able to satisfy the search for happiness by its members".

In this context we find the central argument of the Civil Economy. According to Bruni and Zamagni¹², "there are many scholars who remember that any social order needs to have three distinct (but not independent) regulatory principles in order to develop so harmoniously and be able to future". These principles are:

- ❖ **The principle of exchange of equivalents**, whose main purpose is efficiency. It defines that an economy in which exchanges (of goods and services) between agents are based on the principle that everything that is sold, receives a counterpart of equivalent value, it is an economy that (under a robust set of conditions - those of Walras' theoretical system) manages to ensure an efficient use of resources, avoiding various types of waste;
- ❖ **The principle of redistribution** that aims at promoting equity, in the sense that it is not enough for an economic system to be efficient in the production/creation of wealth, but it must also find a fair way to redistribute it. This is not only for ethical reasons, but also for economic reasons, as the market system itself cannot work well in the long run if large part of the population cannot access the market because of lack of purchasing power;
- ❖ **The principle of reciprocity** that has two main purposes:
 - a) "The consolidation of the social bond (bond of society), that is, the generalized trust without which not only markets cannot work, nor society itself;

b) Freedom in the positive sense, that is, the possibility for each individual to carry out their life plan and, therefore, the possibility of being happy in the sense of the Aristotelian *eudaimonia*.”

These authors consider that the challenge of Civil Economy is to find ways to allow the coexistence of the three principles within the same social system. They use the word coexistence because they do not consider a project that idealizes the division of society into three separate spheres (market, State, and civil society, however contiguous), each capable of ensuring the realization of only one of the three Principles.

We conclude this summary of the ‘Civil Economy’ framework with the following interesting quotes:

“A society that can put together efficiency and equity (which would already be a good achievement) is still not a good society to live in if it lacks reciprocity, which is the principle that translates the spirit of fraternity into facts. (...) There are still many people who identify fraternity with solidarity, failing to distinguish that, while the latter is compatible with an impersonal perspective, fraternity postulates a personal perspective. We can be solidary with those we don't know (since solidarity can be directed towards an abstract community), however, fraternity generates a kind of reciprocal relationship. (...) Fraternity is anti-paternalistic (although it presupposes paternity), but solidarity may not be the same”.

“The question is to understand what happens, what social configuration arises over time when the three Principles put into practice (in a given society) are contagious and/or collide with each other.” (...) Bruni and Zamagni, “claim to have encouraging (initial) results that show that (even under a wide range of conditions) a social order in which the principles of exchange of equivalents, redistribution and reciprocity are implemented together is possible and sustainable”. And they refer “as circumscribed, but eloquent and significant examples of this to the 'Economy of Communion', 'Microcredit', 'Fair Trade', all of which are institutions that use market mechanisms to also achieve ends of a social nature. (...) They also emphasize the importance of “verifying how much and how the logic of action of non-profit organizations manages to penetrate the logic of action of for-profit organizations, contaminating it and vice versa”.

“The market itself, in order to function, needs not only instrumental exchange, but also some dose of gratuity and various forms of wealth redistribution. Thus, alongside the multinational company, there must be a place for the artisan's studio, the cooperative, the social business, the 'Economy of Communion' companies, the civil companies – realities that, by simply existing, introduce non-instrumental reciprocity into the market, the gift and cooperation. With their action, these realities claim the possibility of a plural market, conceived, and lived not only as a place of efficiency, but also of sociability practices and, above all, of relationality. Furthermore, “while all traditional economic theory revolves around commodities, the Civil

Economy vision turns its attention to goods (i.e., the good things), above all to the more fragile goods, such as relational goods.”

“Civil Economy perspective (...) has the peculiarity of considering the principle of gift and of contract as derived from another, more primitive and more basic principle: the principle of reciprocity. This perspective does not consider the gift and the contract as alternative forms of regulation of human relations, but two different expressions of the principle of reciprocity, which underlies the very possibility of civil coexistence.”

We will go back to these two topics – ‘Communion Relationships’ and the principle of reciprocity – at section 4 when presenting the Management for a Corporate Social Orientation.

4. Economy of Communion (EoC) roots and fundamentals

Serge Latouche, in an article published in 2000, questioned the process of globalization underway in the following terms: “What to do, in the face of globalization of the world and the planetary triumph of the market?” And the same researcher replied: “It is necessary to start by seeing things differently, so that they can become different, so that truly original and innovative solutions can be conceived”.

It was “a new look to reality” that led Chiara Lubich, the founder of the Focolare Movement, to challenge the members of the Movement – and not only – to put into practice an original concept of enterprise, which she called the “Economy of Communion”. In fact, it was during a visit to the community of the Movement in Brazil (May 1991), that after flying over the city of São Paulo and impressed by the contrast between one of the largest concentrations of skyscrapers in the world and large slum (“favelas”) areas, that Chiara decided to launch the “Economy of Communion” (EoC) Project, as a concrete response to the needs of the poor.

It was also considering all the experience of the Focolare Movement since its foundation, especially the practice of communion of goods and inspired by the Encyclical “Centesimus Annus” of John Paul's II, that came up the idea to increase the communion of goods through giving rise to businesses, which would be managed by competent people who would be able to run them efficiently so as to make profits:

- One part of these profits would be used to reinvest in the company, so to help business to grow / be economically sustainable;
- A second part would be used to help those who are in need, giving them the possibility of living a dignified life while looking for work or through offering them work in the business itself; and
- A third part would be used to develop educational structures for the formation of men and women motivated by a “culture of giving”: “new people”, since without new people it is not possible to build a new society.”

In fact, according to Luigino Bruni, “EoC was born from Chiara’s encounter with the favelas. It was the suffering experienced by Chiara when she thought that people, including some of her “children”, lived in those inhuman conditions, that gave rise to EoC's intuition. It was not, therefore, the need to make the company more ethical or humane, but the need to make a contribution, through the Movement, to a fairer world, with less people forced to live in conditions which are often inhumane. This is why EoC cannot and must not become a social responsibility project: it was not born to renew the company, but to renew the world. EoC is not an organized formula for a more ethical or socially responsible company. It is a project for a more just and fraternal humanism.”

Chiara's first idea was to consider companies as creators of wealth and jobs. It was in the dialogue established with entrepreneurs and economists that Chiara extended the project to the renewal of the company's internal and external life. In other words, the novelty in the management of the company that was born naturally (and necessarily) from the project could also happen without the emergence of EoC in 1991. (...) But at the same time, there is also a charismatic importance in the 1991 event, relevant to the business organization. Chiara, in response to a problem, essentially of injustice and the wrong distribution of wealth, thought on companies as a natural "instrument". The normal logic could have led her to think on other organizations: foundations, NGOs, fund raising activities. In fact, the natural mission of the traditional company is to create jobs, to produce goods and services; therefore, it does not have, as a usual objective, a prevalent aim of redistributing wealth (even if this should not be totally excluded: if we think about taxes, but also about wages). But Chiara, charismatically in 1991, thought on traditional companies (or production cooperatives), thus inviting them to transcend themselves, to go beyond their normal vocation.

Indeed, as Pope Frances stated in his address to EoC members on its 25th Birthday:

"Economy and Communion. These are two words that contemporary culture keeps separate and often considers opposites. Two words that you have instead joined, accepting the invitation that Chiara Lubich offered you (...) in Brazil, when, in the face of the scandal of inequality in the city of São Paulo, she asked entrepreneurs to become agents of communion. (...) By introducing into the economy, the good seed of communion, you have begun a profound change in the way of seeing and living business. (...) With your life you demonstrate that economy and communion become more beautiful when they are beside each other. Certainly, the economy is more beautiful, but communion is also more beautiful, because the spiritual communion of hearts is even fuller when it becomes the communion of goods, of talents, of profits. (...)"

The EoC enterprise does not deny the principle of profit, but restores it to its condition of mean, removing from it the character of an absolute end, which it acquired in the current neo-liberal capitalism. Chiara Lubich's proposal is not the first that seeks to give the economy another objective beyond the desire for profit as the central engine for entrepreneurial and creative capacity. However, one of the most important aspects of the proposal is in terms of motivations, as well as the vision of the person who is at the center of everything. The altruism to which Chiara Lubich appeals goes far beyond justice or equality and, I would say, even simple solidarity (at least if we understand it as the moral obligation to take care of the other in situations of need). In this case, the point of arrival is "communion".

Vera Araújo, a Brazilian sociologist, considers that the productive agents of the EoC are inspired by principles rooted in a 'culture of giving', different from that which prevails today in practice and in economic theory. Economy of "giving" is an expression of "giving oneself" at the existential level. In other words, it reveals an anthropological conception that is neither

individualist nor collectivist, but one of communion. (...) The “culture of giving” qualifies any person as a human being open to communion. Individuality and sociability are found in the gift of oneself, in one's own being and in the circulation of material goods necessary for the development and growth of all. A “culture of giving”, which, therefore, cannot be considered as a form of philanthropy or assistance, but as an openness to the other in respect for their dignity.

So, EoC's novelty is also a cultural and theoretical novelty; or in other words, the novelty of the EoC project is seen in a broader cultural horizon with regard only to the dimension of its praxis (business, projects to help the poor, etc...).

According to Bruni, in charismatic economies, as is the case with EoC, life precedes the theoretical reflection that always accompanies it, because life has much more truth than any theory (which serves life if it is born from it and nourishes it). So, all economic experiences that are born from the charism of unity have another characteristic in common: they are always fraternal, simple and ‘for the people’. “We are poor, but many”, was the slogan that Chiara launched in Brazil in 1991.

“If over time the EoC will lose this fraternal dimension of “we are poor but many”, I believe that its prophetic impulse would quickly fade away. I am convinced that if EoC were to donate many millions of euros to the poor, but this wealth did not come from entrepreneurs and workers who experience, firsthand, poverty and fraternity, it would not unleash the typical fruits of the charism of unity, which are fruits of communion, joy, celebration, gratuity, Providence. Currently, the economy and the market have a vital need for communion, happiness, celebration, and Providence: The EoC will remain a “Claranian” economy if, day after day, it is ever more capable of producing these typical «goods».”

According to Manuela Silva, the great merit of this concept lies in its prophetic vision which is, at the same time, a clear NO to the inevitability of social and ecological dysfunctions inherent to the dominant system and the creation of a horizon of hope for new experiences of humanist roots in which the human person is the centre and the ultimate reference of all economic activity and communion and solidarity are criteria that humanity cannot lose sight of, at the risk of digging up its own destruction.

5. Management for a Corporate Social Orientation

4.1 Communion applied to Corporate Management (or Communion driven Organizational Culture)

As referred, we chose Civil Economy and EoC as the basis for the conceptual orientation of BEST project. So, in this section we will present the framework developed by Giuseppe Argiolas' book "Il valore dei valori"¹³. Argiolas' approach of a 'Management for a Corporate Social Orientation' applies some perspectives of Civil Economy and EoC to management theories and practices and explores the important role of 'Communion Relationships' on day- to-day management and long-term view of the business.

The company is a network of relationships that take place within it and with its external environment. Among the EoC characteristics we have the recognition of the centrality of the human person (workers, customers, suppliers, competitors, community members and the poor) and the relationships of communion that should be present at all levels of the company's activities, which means that every person's contribution is fundamental to build a socially and ecological oriented business.

Argiolas¹³ considers that a Culture of Communion can be developed and internalized in a company when relationships of communion are practiced in the organization in a way:

- that builds opportunities for shared development and for professional and human flourishing that benefit individuals and the organization; and
- when this relational perspective is expressed at all levels, not just within the company but also with customers, suppliers, investors, partners, competitors, and all its stakeholders.

"This is an organizational culture that assumes a precise anthropological vision that refers to the person as one who is able to give and receive, to give of herself and receive the other as a gift (...). But what distinguishes a reciprocal gift from the exchange of equal values is that the latter requires a counterpart with an equal value, while in the case of the gift that is not required (Bruni and Zamagni 2009); so, the reciprocity that develops from it builds and

¹³ Argiolas G. (2014). *Il valore dei valori: La governance nell'impresa socialmente orientate*. Ed. Città Nuova, Roma

nourishes the social bond between those in the relationship, with spill over effects in the [surrounding] context.”

The complexity of organizations suggests several ways can be adopted to bring communion inside it, but one particularly effective way to reach this goal is through dialogue, in a broader sense that allows one to identify with the other. The dialogue will obviously be facilitated if those in dialogue are motivated by trust, and if their interaction develops into reciprocity.

Therefore, Argiolas considers that Dialogue, Trust, and Reciprocity are the real ‘managerial pillars’ of a socially oriented company, that works as a system of determinants that together create the conditions to bring about communion.

a) Dialogue - Argiolas emphasizes that relationships between people happen through dialogue (meaning that it can be much more than an exchange of ideas or a conversation), which fundamental rule is “the moral willingness to understand others and to make oneself understandable by others”. So, dialogue can be accomplished through two tightly linked and complementary relational modes: listening and speaking. While speaking is important, the author considers that dialogue primarily means knowing how to listen and an important characteristic of listening is silence, which can be expressed at different levels, such as (Argiolas, 2014):

- Silencing one’s voice – represents the simplest form of listening such that the speaker can express himself without interruption during the conversation;
- Silencing one’s mind – occurs when the person makes a mental space for the other’s thought, trying to understand what the other is trying to say. The antithetical situation—which happens all too often in organizations—can be clearly illustrated by phrases such as “I already know what you are about to say....”
- Silencing one’s cultural roots – allows the one speaking to be fully welcomed. Not just her words, but her ideas, motivations, values, and goals, sharing in her emotions, feelings, aspirations, difficulties (possibly even helping her), and successes.”

In any case, the author argues that “this does not require uncritical acceptance of the other; rather, by suspending judgment the listener allows himself to openly, deeply, and completely grasp the other’s thought. In this environment the speaker experiences being fully accepted, and the listener can hear within himself what the speaker is living out and intends to communicate.”

b) Trust - Spreading trust as an essential characteristic in interpersonal relationships among all people and at all levels, creating the conditions in which reciprocity can [be developed], is in itself a strong element of cohesion and sharing. For example, extending trust by

ensuring that employees have room to express their own discretion and autonomy, and then reciprocate with performance showing strong motivation and high levels of commitment, is a path that leads both to efficiently and effectively pursuing organizational goals and to people's personal fulfilment.

Anyway, conflicts regularly arise in the company, so Argiolas¹³ emphasize that "the quality of relationships must be periodically verified through reciprocal listening; by doing so even moments of crisis can be transformed into growth opportunities for the entire organization. One must be aware that conflicts should not be suppressed but rather overcome, making the differences between people a real source of wealth. Furthermore, open, sincere, and continual dialogue, practiced with commitment, care, and perseverance, constitutes a significant antidote against the temptation to betray trust."

c) **Reciprocity** - Bruni¹⁴ stated that while reciprocity is one, the ways in which it is expressed are many. In particular he considers three forms of reciprocity that we can define here as: conditional reciprocity, partially conditional reciprocity, and unconditional reciprocity. It is extremely important that all three forms of reciprocity be present in the company¹³:

1. The first, or *conditional reciprocity*, introduces market dynamics into a firm, thus ensuring greater freedom to those in the relationship. In fact, a contract defines the normative framework in which each one can act. While this may seem a constraint, at least in the early stages, it can in fact be a freeing element, in the sense that by defining the duties of each party (such as number of hours worked, overtime, vacation, salary, and so forth) it guarantees the parts that are outside what the parties can negotiate.
2. *Partially conditional reciprocity* recalls the fact that the logic of the contract alone is insufficient for a company to be managed efficiently and effectively. Contracts by their very nature are incomplete, and it is difficult to operate if workers' reasoning is typically "that's not my job." At the same time, when a contract works it protects against a totalitarian logic. Consider the behaviour of one who feels compelled to show company loyalty by constantly remaining beyond working hours or not taking vacation time. Such reciprocity emphasizes the requirement that each one take a step towards the other by eliminating opportunistic behaviours; such behaviours by any party erode the reciprocal relationship and block achieving communion, much less efficiency.

¹⁴ Bruni, L. (2006). *Reciprocità*. Ed. Paravia Bruno Mondadori.

3. *Unconditional reciprocity* encompasses gratuitousness and unconditionality, essentially and primarily directing action towards building bonds of gratuitousness between people. In this sense it differs from philanthropy in that “where a philanthropic organization works for others, gratuitous action works with others” (Zamagni 2006). If we consider the characteristics of communion here (liberty, plurality, universality), one can understand why this form of reciprocity is necessary for fully attaining communion. Indeed, a truly gratuitous gift is both free and liberating, in the sense that one who intends to give without strings attached also neither intends nor exercises any form of domination over the recipient.

4.2 Building Corporate Mission, Values and Culture

Argiolas¹³ underlines that “Communion within companies cannot be considered as property bought outright; rather, it must be continually sought. That is why it is important for companies to equip themselves with tools that can promote paths to increase it or rebuild it where it has been broken. Without ignoring the network of formally defined relationships, such tools should implement, develop, and strengthen the network of informal relationships, which plays an increasingly decisive role in the economic and social success of every organization (Drucker 2002; Foss et al. 2010; Gruman and Saks 2011)”.

Therefore, he proposes the implementation of the following tools: a Pact on the Organizational Mission, Sharing Oneself, Sharing Knowledge and Experiences, Regular Colloquies, and the Verification Matrix. Next are presented more in detail the Pact and the Verification Matrix.

4.1.1. Pact on the Organizational Mission

Defining and implementing the mission is highly relevant, not just for what it communicates, but for long-term direction and daily management of the company. So, the author considers that “the importance of a well-formulated mission statement [especially for social values based/driven organizations] is partly that it can attract workers who have a high pro-social [and ecological] motivation (Grant and Sumanth 2009), partly because it clearly transmits the core values that must then apply to behaviour. This contributes to formulating the key factors that generate the organizational culture (Ardichvili et al. 2009), and it steers the entire company, not just its most motivated workers, towards achieving the system of goals that similar organizations set before themselves.”

Introducing the category of communion and its pillars into the Pact on the Mission implies participation in defining the mission, the vision etc., and the mutual consent to it that is defined by the content of the Pact itself. Choosing to commit to the Pact on the Mission has a threefold nature:

- Willingness – that refers to the disposition to commit on pursuing the terms of the Pact;
- Commitment on trust – where “one declares and approves a reciprocal commitment that surpasses that of a contract, entailing that one [will] actively participate”;
- Experience – that “refers to feeling firsthand the effects of consistent behaviour and lived communion”.

We transcribe below some excerpts on how the author presents the Pact¹³:

“The Pact on the Mission is not merely a contract, although it does preserve some characteristics of a contract. While in a contract things and transactions take centre stage, people are the actors of Pact on the Mission. All this requires the personal involvement of the signatories that, by its nature, cannot be contractually imposed; participation must remain within the sphere of a free choice that is continually renewed and chosen anew. (...) there are bilateral rights and duties for all parties, but there is also leniency, a willingness to overcome misunderstandings, to go above and beyond wrongs suffered, and not keep a record of past divisive events. In this sense renewing the Pact from time to time by explicitly recommitting oneself is a sort of rebirth, whether the renewal follows forgiveness for a relational failure or as an appreciation for having experienced a relational success.

Signing the Pact does not mean imposing a legal arrangement that supersedes those defined by law or established by employment contracts. Indeed, what facilitates its application is a substantive (in the sense of not merely formal) agreement that is implicit in the principles that govern action. (...) The Pact relies on the morality, the motivation, and the individual personal and group commitment by those who comprise the business; turning it into something merely legal would severely limit its scope, and probably its effectiveness as well. (...)

It is rather a valid tool to remind ourselves, and others by example, of the commitment to mutual support in the process of socially orienting and re-orienting ourselves.” (...) Participation is required, which can happen in different ways from company to company according to individuals’ abilities and skills. Signing a Pact on the Mission requires that it be clearly defined in a dynamic manner, indicating the basic values that will inspire the business in the relationships it establishes with its internal and external stakeholders. (...)

The protagonists of the Pact thus commit themselves, their knowledge, intelligence, values, characteristics, and unique abilities towards constructing harmonious relationships. Continually analysing one’s own way of being and working in the light of the values underlying the corporate mission is an exacting way of not settling for mere declarations of intent (which in the long run have no effect on operational practices) and basing one’s pro-social [and ecological] attitude on solid facts.

Starting from its identity, understood as the whole of the attributes that particularly express its uniqueness, the firm's corporate mission emerges as the set of goals, strategies, and values that define and underlie its way of being and operating."

Therefore, Argiolas considers that it is crucial to identify the mission for which the company was created, from a number of different dimensions, including identity, purpose, strategy, and values. These dimensions are interdependent, mutually influence each other and must be considered systemically. So, he proposes the "4W" approach — Who (Identity), What (Purpose), Ways (Strategy), Why (Values) — as a process through which a company can elaborate its mission and build it in four steps¹³:

First Step Define the mission in terms of identity. Who are we? What is the history of the company? What particularly expresses its uniqueness? What are the identity dimensions of its being and operating that the market and society do not see, which are deemed a priority to bring to their awareness? What are the identity dimensions that stakeholders have understood from its way of being and operating that it does not sufficiently understand and that it wants to internalize?

Second Step Define the mission in terms of purpose. What do we intend to do? What is our reason for being? What are the purposes of the business? What is the role it intends to pursue in the market and society? What are the expectations that the market (customers, suppliers, investors, and so forth) and society (the community in which the firm is located, the broader general and international context, the public administration, and so forth) legitimately hold with regard to the firm and to which it intends to respond?

Third Step Define the mission in terms of strategy: How do we intend to reach the purposes that have been defined? Through what product and/or service offering? To whom will it be offered? Do we intend to offer just a product and/or service, or something else, something more? At what price will we offer the products and/or services? How do we intend to operate in producing and selling these products and/or services? To what do we give priority in production (quality, functionality, usability, accessibility, etc.), in internal relationships (efficiency effectiveness, mutual support, independence, standardization, creativity, etc.), and how we operate as a company (external stakeholder relationships, with regard to environmental and legal concerns)? How do we distinguish ourselves from our competitors? What do those outside of us find unique about us?

Fourth Step Define the mission in terms of values: Why are we operating in this way? What are the dimensions of values, principles, and ideals that are the basis for acting? What have we received as traditions and what are the social innovations we intend to effect, at least eventually? What value do we attribute to the "conditions of communion," and thus to relationships in dialogue, trust, and reciprocity, both internally and externally? What contribution do we plan to offer in terms of economic, social, and cultural value as an outcome

of our actions in the larger environment and in relation to various stakeholders? What is our idea of the market and society which we want to help construct? What is the meaning of our actions as a social and economic institution?

In this way the company places itself in a position to listen to itself and to the people and organizations with which it comes into contact. By doing so it can consider how to dialogue with each, extend trust, build reciprocity-based relationships, and aim for an integral economic, [environmental] and social success, while discovering and rediscovering its specific vocation and the purpose of its existence with and for others within itself, the market, and society.

Furthermore, Argiolas refers that an analysis of the literature on the mission statement (Braun et al. 2012) shows that its effectiveness depends on four elements¹³:

(a) a logical process, a 'why' that guides its development and implementation;

(b) a form and content created through a process that involves top management and the various internal stakeholders;

(c) a form and content that properly illustrate its identity, the core values of its business philosophy, the image it wants to present, and that attract the attention of its internal and external stakeholders;

(d) a response in individuals' behaviour. This last element raises an extremely important matter that we must be aware of, that is, the social responsibility linked to the behaviour of every worker. When building a socially oriented business, every person's contribution is fundamental and irreplaceable. Of course, the more important the leadership role exercised by a given individual, the greater the social/ecological responsibility he holds.

4.1.2. Verification Matrix

Argiolas proposes a matrix, also called Rainbow Score as it is set up as a 'rainbow' with seven colours (in columns) and strategic organisational areas (in rows). In the intersections between the colours and the strategic areas, some examples of potential indicators for this assessment are given.

		Aspects							
		RED	ORANGE	YELLOW	GREEN	BLUE	INDIGO	VIOLET	
Functions	GENERAL MANAGEMENT	Conceptual definition of the mission, strategy, and values	Identification of stakeholders and harmonization of the different pressures and requirements they represent	Co-generation of organizational identity	Company orientation towards internal and external satisfaction while achieving organizational goals	Organizational structure animated by the values defined in the mission	Definition and implementation of necessary training investments for individuals and the organization	Ensure that information flows multi-directionally in the network	
		Pursuit of economic and social balance		Identification and codification of the company culture		Sharing personal or group talents, knowledge, and characteristics			
		Creation and sharing of economic and social value		Harmonization of work time and free time		Awareness of each role in terms of expectations and responsibilities			
	ORGANIZATION AND HUMAN CAPITAL MANAGEMENT	Enhancement of human capital	Integrity based relationships, that is, correspondence to the organizational identity and culture rather than mere conformance with non-internalized codes	Spread behavioral practices consistent with the company culture	Development of personal talents for the general good as well	Organization structure functioning as a network with processes smoothed by good relationships through sharing oneself and sharing experiences	Identification and analysis of training needs	Internal communication designed to spread news of the company life both internally and externally, as well as good practices that express the characteristics of the organizational culture	
		Sharing results within the organization (economic in a narrow sense, socialization in a broad sense)		Enhancement of subcultures or minority cultures					Check for personal satisfaction and of enduring high levels of intrinsic motivation
		Evaluation systems shaped by socially compatible efficiency and effectiveness		Relationship of active cooperation with labor unions					Workers' psycho-physical balance
		Socially oriented compensation and career systems		Conformance to internal and external specifications					Work safety standards
	PRODUCTION	Internal and external social solidarity initiatives (time banks)	Production process compliance with the needs of internal areas and external clients	Respect and surplus environmental protection rules	Implementation of physically and socially compatible work times. Monitoring and reduction of causes of stress	Comfortable work conditions	Professional development	Correlations between vertical and horizontal production processes	
		Product quality		Manage work scrap, recycled material, low pollution processes					Consideration of the internal and external environmental impact
	MARKETING	Work to integrate Identity, Brand, and Reputation	Client relationships: active listening able to understand their needs to be able to adopt a personalized approach	Communication ethic: correspondence between what one says and who one is (at a personal and organizational level)	Alignment of products to clients' needs while respecting their health and the environment	Social sustainability	Identifiability of the elements that uniquely distinguish the company from other organizations	Public Relations	
ADMINISTRATIVE, FINANCE AND INTERNAL AUDIT		Social and economic excellence: identify indicators integrating economic viability and social aspects	Multidimensional accounting system that takes into account the interest of the various stakeholders	Respect of civil and fiscal rules					Measurement of the impact on workers' health and safety
	Ethic of transparency, fairness, and truthfulness of book-keeping and in internal and external communications			Reporting on feedback received from different stakeholders (internal and external)					
	Integrated Accountability System of accounts integrating economic, fiscal, and social dimensions								

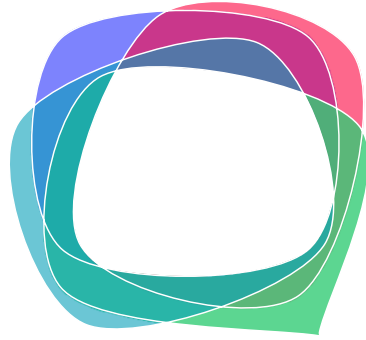
Figure 1. Rainbow score¹³

Each colour corresponds to an aspect of social orientation to consider when managing a company or organisation:

- Red aspect “Sharing the Mission and Valuing Human and Social Capital”: “carefully considering employees’ and partners’ talents, valuing their innovative and creative potential, giving them space to take on responsibility, and facilitating their broadest possible participation in defining and implementing the company mission”;
- Orange aspect “Relationships with Stakeholders and External Social Capital”: “refers to integrating the socially oriented perspective, with its pillars and tools, in all relationships the business establishes; this is particularly true for its external stakeholders, or the customers, suppliers, competitors, public administration, and local and international community of which it is a part”;
- Yellow “aspect of Company Culture and Organizational Capital broadly concerns the company’s culture, with its values and ethical principles that inform behavior when observing rules and contracts and govern labor relations and government institutions; such as tax agencies. By making these values its own it promotes a culture of legality that, by its actions, opposes all corruption and extortion”;
- Green aspect of “Climate and Health of the Company and the Environment” it is important to keep in mind that workers are not company property; they are persons with their own human dignity and psychophysical integrity to safeguard. Specific examples can include guaranteeing the number of paid vacation days, not imposing an excessive workload, providing necessary work breaks, and so forth”;
- Blue aspect “Organization and Structural Capital”: “attention should be given to the aesthetic features of the buildings, the working environment, and the cleanliness and comfort of the workplace. An equally central matter is planning and implementing an organizational structure that facilitates developing the person, mutual support, teamwork, and defining relational performance and satisfaction indexes—in short, “being” and “feeling oneself” an organization. While yellow focuses on the values and

culture that flow through networks, blue focuses on the definition and articulation of the networks themselves”;

- Indigo aspect “Training and Intellectual Capital” refers to “training programs designed to facilitate establishing an atmosphere of mutual support and cooperation between persons, groups, and departments. Recognizing the centrality of the person in the business means managers have a high responsibility to create opportunities for continuous training, including topics of specific interest to workers”;
- Violet aspect “Global Communication, Ongoing Dialogue, and Information and Communication Technology”: ““communicate” means to “make common”; to that end a system is necessary that acts to bind people together by sending news, ideas, and ideals to the entire organization, to those outside, and from those outside to those inside. Such a system allows the organization to establish an ongoing dialogue with its internal and external stakeholders by adopting the tools technology offers in support of interpersonal and interorganizational relations”.¹³



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