

# Corporate Social Responsibility as a Symptom of the Existential Dissatisfaction in Post-Industrial Economy

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## Abstract

The main purpose of the paper is to give an answer to the following question: why has the interest in Corporate Social Responsibility (CSR) literally exploded in the relatively few recent years? After a brief presentation of the different approaches to CSR (focusing on the behaviours or on the aims of the CSE: CSE only as a means to achieving business goals or also as an aim) the paper introduces Malone's interesting contribution, trying to show how important it is nowadays to put human values at the centre of business and to promote a "market of human values" (where a relevant role has to be played by the Information and Communication Technologies). Starting from this point of view, and basically using Bell's classical framework concerning post-industrial society, the paper tries to demonstrate that the growing interest in CSR is a very relevant symptom of the existential dissatisfaction with intrinsic features of post-industrial economy and society.

**Keywords:** corporate social responsibility, corporate ethics

## Introduction

The interest in Corporate Social Responsibility (CSR) in the last few years has literally exploded. Which are the reasons of this growing interest? We will try to give a possible answer. According to Gallino (2005), this is – in spite of all appearances – a negative sign with respect to the current situation. In other words, nowadays, people talk (and write) so much about CSR because today there is very little of it, certainly less if compared to some decades ago.

Moreover, in the general scepticism (or realism?) currently pervading the world, probably most authors and commentators highlight an improper use of CSR, namely a

purely instrumental one, able only to result in an effective tag that makes a corporation differ – in some ways – from the others on the marketplace in achieving a better income.

In the definition, and in the study, of Corporate Social Responsibility, currently two different approaches coexist<sup>1</sup>. The two approaches are well highlighted by Viviani (2004).

The first one defines a corporation as “socially responsible” when – firstly and above all – it implements a series of “socially responsible” specific actions in a given and historically determined context. The content of these actions, that is the conventional identification of their responsible behaviours, has been modified during the years (and it also differs from place to place). In other terms, CSR is a purely social convention (culturally and historically determined).

From our standpoint, the “*Green Paper*” on the CSR of the European Commission dated 2001 (COM 2001) and the United Nations Organizations’ “*Global Compact*” (2000 and 2004), adopt this – limited – approach.

Even from this – limited – viewpoint, despite what many think, both entrepreneurial and managerial best practices, that could be considered generally valuable, in reality do not exist, especially in innovative environments, not even related to CSR (and consequently to its managerial instruments). This means the so-called best practices cannot be transferred from one context to another, as they are necessarily “situated”<sup>2</sup> into specific and contextualized socio-cultural situations<sup>3</sup>.

It is clear that corporations adopting the very same behaviours, which are considered socially responsible by stakeholders and society, do not necessarily have the same meaning, as they are not based upon the same motivations, do not respond to equal scheme of incentives, do not maintain the same relationship with the mission of the corporation.

As a consequence, another useful approach to study CSR should be taken into account. According to this second approach, two different visions of the CSR exist:

- in the first case CSR is seen – only – as a competitive instrument (means) for the corporation; and
- in the second one, CSR is seen – also – as an aim used both by the corporation and the State to achieve a model for development (of economy and society) which cannot be obtained through the pure competition of the profit-oriented corporations on the marketplace.

Considering this view, for those questioning on the reasons and aims that pave the way for a corporation to be “socially responsible”, and on the intentions driving a “social

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<sup>1</sup> A more general presentation of the historical evolution of the concept of CSR, of the different theories about CSR, and, above all, of their application to the peculiar Brazilian context can be found in Ashley (2005), and in its 24 pages of bibliography!

<sup>2</sup> See Ciborra (2004) for a critical analysis of the concept of “situation” in the organizational and managerial studies. For what concerns the ontological and anthropological roots of this concept, see Heidegger (1927).

<sup>3</sup> We have to cite necessary Hofstede’s (2003; 2004) ‘s works and the way of thinking about the organizational culture he inspired.

responsible" corporation, to debate about CSR and its foundations means to discuss about the nature and the objective of the "corporation as institution" (or, better, on the different institutional forms of corporation) within the economic system. In other words, the definition of social responsibility does not only regard responsible actions, but their deep and intrinsic relationship with the aim of the corporation itself and the context where it acts.

However, defining the aims of the corporation and consequently its institutional configurations and how they relate to the context of a corporation (particularly considering the stakeholders on the whole) is nonetheless a consequence of historically determined socio-cultural processes. A corporation's culture is therefore always embedded in its social and historical context.

Obviously, the organizational culture will depend on the institutional features: however, it is clear that corporations with equal institutional features may have different **values** which influence their behaviour and the criteria of its evaluation.

To sum up, CSR regards the evaluation (shared both by stakeholders and social context) of the ways of defining, producing and delivering *value* through economic activity.

### **Corporate Social Responsibility as a Means or also as an Aim?**

In its essence, the discussion may be focused on the following dilemma: CSR is only a means or also an aim for the corporation? Considering the question in these terms, the ethical dimension of the topic comes out, if one thinks, as an analogy, to the famous saying by Immanuel Kant according to which human beings cannot be considered only as means but also as aims.

Adopting the first perspective (CSR only as a means) and according to Friedman's theory, CSR is conceived as a way to both increasing profits and establishing an effective position on the marketplace. In fact, Friedman (1970), in an article written in 1970, asserted that "Business Social Responsibility is to increase profits", obviously following the law and the "game rules".

His main statement was that stakeholders, employees and customers of a corporation should decide on their own which social (or other) causes to support with their money and, as a consequence, the corporation should not take these decisions for them.

Naturally, Friedman declares that corporations should abstain from what is not legal. Occasionally, good actions could help to earn more money: for instance, treating well employees could mean attracting new talented people, just as philanthropy could result in a better treatment by public authorities, or asserting that products do not pollute could contribute to increase sales. But, acting in this way only because it is good or correct is not a sufficient reason.

Later, we will introduce the pragmatic overcoming of this theory proposed by Malone. But, surely, it is immediately evident that CSR policy, if only animated by such an

instrumental perspective, will result too occasional and unstable to be credible (and to produce long term effects).

Above all, even without radically rejecting this first approach (that is, considering CSR also as a means), we should highlight its limits. As we will discuss later while introducing Malone's position, a mature concept of CSR should necessarily take into account new phenomena of post-industrial society, the growth of complex forms of social aggregation based upon cultural identity, the pursuit of quality of life as an aim not only related to increasing incomes: all these aspects favour a dimension of rationality which is not only instrumental but also "expressive".

The second perspective, considering CSR also an aim, is harder to explain in a few words.

In this case, we will later present the position illustrated by Malone. From a theoretical viewpoint, for the purpose of this synthetic exposition, we can refer to the set up described in Italy by Lorenzo Sacconi (one of the main scholar of CSR in Italy). Sacconi (2004) defines CSR as "a model of enlarged corporation governance, according to which who governs the corporation has responsibilities concerning the observance of trust duties regarding both property and in general the stakeholders on the whole". In Sacconi's opinion, the corporation is an institutional solution to a problem of coordination and cooperation among multiple interests. It is, in fact, an artificial construction whose purpose is intermediate and not final, or rather it is a means that takes to the solution of a coordination problem for the stakeholders' interests (and hence the goals).

Obviously – integrating even other viewpoints in this theory (as, for example, Zamagni (2003)<sup>4</sup> - another obliged reference for those who study CSR in Italy - does) – the interests are not only strictly economical (and the products purely economical), but also "symbolical", "relational", and so on. How many corporations (even producing foods and beverages!), nowadays, sell no more "goods" but "ways of life"? And concerning the relational aspect, for example Zamagni (2004) writes: "Consider the normal employment relationship between the corporation and the employee. It can assume the features of a "social exchange" or a "market exchange". Immaterial elements (as trust, loyalty, honesty, work reliability) take part in the social exchange. These elements are not verifiable and so not enclosable in a contract. However, for a corporation, the type of employment relationship installed with the employee, makes great differences in terms of economic performance. Now, it is evident that a worker will accept to enter a "social exchange" only if his counterpart, that is the corporation, will appear as a moral subject, a subject that is able to demonstrate to give back, practically, values as trust, loyalty, honesty, work reliability and so on". Values, we add, that can be perceived and exchanged because they are good by themselves, and not only because instrumental to the mentioned economical performance, and therefore,

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<sup>4</sup> Important even his book, written together with Bruni (Bruni and Zamagni, 2004).

also as aims and not only as means, even because, if “reduced” solely to means – before or after – they will... disappear!

According to this assumption (and in reality, going a little further), Corporate Social Responsibility, in its global concept, may be defined<sup>5</sup> as an evaluation agreement, shared by a system of subjects, on the components of the value produced through the economic activity. These agreements, in a way, are not fixed and unique within our society; instead, are multiple and evolve in time. Then, these agreements are related to the particular organizational cultures: that is, the modality of value (intended as economical dimension) production and distribution, depends on the system of values (intended in their ethical and cultural dimension) shared and agreed by the corporation with its own reference social system (in a broad sense: it can be on a world scale).

### **Putting Human Values at the Centre of the Corporation: Malone’s<sup>6</sup> Proposal**

In his recent book *The future of work*<sup>7</sup>, Malone (2004a) discusses – also – ethics and CSR in an apparently very pragmatic manner, in that his proposal to put human values at the centre of the corporate activity seems the logical “objective” conclusion of a current evolution in post-industrial economy and society, and a “rational” choice taken by the corporation. Really, the ethical choice undergoing this proposal, although implicit, is clearly evident.

Malone does not add anything from the theoretical viewpoint to Friedman’s theory (explicitly mentioned) and to those theories derived, more or less, from the transaction costs theory. Instead, he helps to establish an (expandable!) bridge between the two aforementioned perspectives, and consequently to unify them, seeing the first perspective as an application of the second one, and to explicit the exchange organizational forms (markets included), in particular making the ICT role determinant in the implementation of the human values oriented approach.

The way Malone shows the importance of values in the “new contemporarily” corporate life can seem surprising.

He introduces the topic using his MIT *Leadership* course experience. Practically, he helps his students to evaluate what is really important for them. He takes them in a place where they can stay alone for a while, to concentrate on the following thought.

Imagine being at the end of your life, with just a few hours left. What would you like your best friends and family to say or think about you? What would you like to have achieved in your life?

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<sup>5</sup> See Viviani (2004)

<sup>6</sup> Thomas Malone is director of the Center for Coordination Science, Sloan School of Management, MIT.

<sup>7</sup> See also Malone (2004b).

The purpose of this exercise is to create the conditions for a statement of one's own "personal mission": a description of the most important goals one would fight for during one's life.

Often, we discover we waste our days on details which are of no importance at all. And that the really important aspects are continually ignored, forgotten or postponed. Many people state, for instance, that money and professional achievement, in the end, will be less important, while other things – such as family, friends, spiritual life and trying to improve the world – will be more important.

We perfectly know that such practices take back to the millennium spiritual human experience, and that nowadays risk to be banally "divulged" for multiple purposes. Evaluated in their seriousness, they can re-conducted, for example, to the search for the "authentic life" prospected by Heidegger in *Being and Time*. Starting from the assumption that human existence is, in its constitution, ontologically "project" ("situated"), "possibility", human life can be authentic or unauthentic according to the fact that the man substantially will live "losing" himself in the common opinions, in the ideas he breathed in the social environment where he lives, or otherwise projecting, taking part, choosing himself on the basis of "his own possibility". Now, we should know that the only authentic human being's "unconditioned and insuperable possibility" is... death. Well, the conscious assumption that his own death as his "more proper" possibility does not mean "to think of death" in the sense of taking account that we will die, but considering **all** the other possibilities as "pure" possibilities, none of them definite or necessary. Man's awareness of "being for death", according to Heidegger, hence is deeply releasing for the human being. Heidegger writes: "the anticipating being free for his proper death liberates from the **dispersion** of possibilities that **casually** cross, in a way that the effective possibilities, those situated before the one insuperable (the death), can be **authentically understood and chosen**" (Heidegger, 1971, p. 135, Italian version).

### Why are Values Important?

In Malone's opinion, if we went towards an economic system where everyone were required to be "entrepreneur of himself", and therefore, if we were asked to make many more decisions in our professional life, we would also think about values to be taken into consideration while deciding. If we do not deeply think to what is really important for us, it will be very easy being distracted because of not important things. Indeed, in creating a corporation inspiring authentic loyalty and care towards its employees, customers and other shareholders, the focus should be more on their human values instead of strictly economical ones.

It is true – Malone admits – that money is the main thing asked of a corporation. However, people decide to work for one corporation rather than another because they feel realized, because they prefer working with interesting people, they may like travelling

or spending more time with their family and so on. In explaining this concept, Malone inevitably considers Maslow's (1970) work: once basic needs are satisfied (food and shelter), then, other aspects become more important: relationships, different personal fulfilment, giving a sense to life. Now, it is understandable that employees, customers, suppliers and even investors will progressively move to corporations offering something they perceive as an added value, beyond the strictly economic one. Sometimes, they will find such a value in products or in services, or in corporate production processes (less pollution or more employment), or simply in the care about customers and stakeholders. Malone also remarks (and he is not the only one) that corporations will compete on the basis of their ability in delivering sense and meanings.

All these considerations, or perspectives, seem to be in contradiction with other evident statements. As Malone recognized, in the last decades (especially in the United States), the main view is that the only and legitimate purpose of a corporation is to make money for its shareholders.

Malone cites the case of *Business Roundtable* (a group constituted by 200 major American corporations top managers) which in 1981 declared that managers' task was to be also accomplish all the legitimate stakeholders' (shareholders, customers, employees, community, suppliers and society in general) demands, while in 1997, in its *Statement on Corporate Governance* the same Business Roundtable asserted: "The conception that the corporate management should accomplish shareholders' interests with all the other stakeholders' interests lead astray the managers' role". A deep analysis of this trend can be found in Gallino (2005).

We have already shown how also CSR coincides or is seen to achieve this aim, and how – in this sense – the clearest and most influent viewpoint was Friedman's.

Friedman's argumentation is based on the fact that a manager works for the owners of the corporation itself. And he states that big (quoted on the Stock Exchange) corporation owners' desires are to earn as much money as possible, in accordance with the basic rules of society. In Friedman's reasoning, there could be some explicit exceptions, related to the case of corporations with a single owner or established for other purposes rather than profit (e.g. schools and hospitals).

But in this case, Malone tries to use Friedman against Friedman, that is to take Friedman's reasoning to its ultimate consequences in order to go beyond Friedman himself, and then to unify, under the same logic, both the profit-oriented and the human values-oriented perspectives (and so, CSR only as a means with CSR also as an aim).

Malone, in fact, shows how Friedman did not assert corporations should act only for the sake of their owners' economical interests, but rather they must serve their owners' wishes, whatever they are. And so, who are – in the end – the corporation owners? And what do they want? People are, obviously, the owners. And people have lots of wishes, some are economical and some are not. Why shouldn't people – Malone wonders – take into

account their non-economic values to decide how to invest their money, as it happens in various aspects of their life?

An example of this phenomenon is the growth of “socially responsible” investments funds: in 2001 – Malone cites – quite the 12% of USA funds was defined “socially responsible”. In Europe the ethical funds are already more than 1,000 billions of euro. Furthermore, when asked whether a big corporation, even quoted on the Stock Exchange, could prosecute a non-economic purpose as its first priority, Malone answers affirmatively and remarks the case of Johnson & Johnson which allocates its customers’, employees’ and community’s interests **before** its shareholders’ ones.

Therefore, if it is correct that corporations also have targets which are not strictly economical, then, who selects what is to be aimed at? Investor-owners are not the only ones whose acceptance is necessary to have a successful corporation. All other interested people, including employees, customers and suppliers, choose (or should choose...) – voluntarily – to work for it. Society, that has to allow a corporation to exist and function as a corporation, is also included<sup>8</sup>.

### **A “Market of Values”**

All these entities often have different standpoints regarding which should be the purposes of the corporation. Therefore, who has to decide?

Malone does not state specific theoretical reference models, but it is not difficult to recognize the logic inspiring the transaction costs theory (interpreted more or less as Sacconi does). In the end, Malone remarks that the aforementioned decision is nothing else but any other corporation decision. Any decisional model could be used. And one of the most interesting possibilities is the market, specifically, a “market of values”. Just as in any other market, in a market of values decisions are taken through a reciprocal agreement among directly involved people. We, in fact, could negotiate to aim at any class of values we consider important for us. We will have success only if we can find people who agree with our scale of values. Those sharing our values will tend to work with us, sign contracts with us, buy our products or invest in our corporation.

As a matter of fact – Malone makes us notice – now we already have this market of values. Customers, for example, can decide to buy products or services from those corporations who share their values and not from corporations whose values they do not agree with. Corporations could freely and consciously move to certain specific types of values. Employees also express their values whenever they chose for whom they want to work for. Not-economic values already play an important role when people make economic decisions.

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<sup>8</sup> In this sense, it is very interesting the contribution of Zairo B. Cheirub and Richard M. Locke (2002), where it is also illustrated the different role of society in three Italian examples of industrial crisis: Fiat, Alfa and the textile district of Biella.



Naturally, markets pose economic restrictions to decisions on values. As an example, people can not indefinitely work for a corporation sharing his values, provided it makes profit or disposes of other sources. Hence, profit, if not a target, it becomes at least a means. And, in addition, it is true that who has more economic resources, is generally more influent on the market than who has less. Nevertheless - Malone affirms - the different decisional power is not exclusive of the market. In a political environment, even in democratic Nations, opinion leaders and who controls media have more influence than simple electors.

Despite their limitations, markets show interesting features about value judgements. As individuals, we can directly express our values choosing what to buy, where to work and how to invest our money. Corporations can compete for customers, employees and investors, not only on the basis of products, but even on the basis of the values they "embody". All have - at least potentially - the possibility to choose people and corporations they want to interact with, and nobody is tied up to decisions he does not agree with.

The result of all this reciprocal agreements is that market permanently varies the resources according to the values of people participating in it. Adapting a well-known quotation to this case, people who participate in a market of values have the society they deserve, just as well as people in a democratic Nation as regards their Government.

### **Transparency and the Role of Information and Communication Technologies**

Malone correctly underlines the risks of opportunism that the perspective of a market of values introduces. As a growing number of corporations try to achieve not strictly economical targets, as previously mentioned, one of the most evident perils will be that some people will try to exploit others' "good intentions".

For example, if people want to work for socially responsible corporations, some of them will try to show off in order earn a reputation as socially responsible, even when corporation internal daily life is very far from being like it. Malone reports, as an example, how before scandals, Enron disposed of a widespread ethical code of 64 pages, where it was indicated that its activities were to be implemented "in a correct and honest manner".

By the way, in the entrepreneurial environment, people cynically manipulating other people to reach their own goals have always existed.

Therefore, if we want the previously mentioned process to function correctly, ethical codes are not enough. We'd rather need other things. We need the process to be transparent. People should take decisions on values based on adequate information. Transparency implies that a great amount of precise and reliable information must be communicated to many people. Fortunately, by Malone's point of view, the new Information and Communication Technologies have potentially made this type of transparency economic and easy at a level never seen before.

As a matter of fact, most of our decisions about values (above all when we play the role of consumers), rely on very limited information.

It is clear that choices would be made considerably easier if there were systematic – and impartial – methods to evaluate corporations according to the values which are important to us. Great efforts (with good results) have already been made and continue in the field of the environmental and social evaluation. Ethical certification and ranking are considered in this field too.

As this type of information became standardized and spread at all levels, people could use it to make their own decisions on where to invest, with whom to work and what to buy. Malone cites as paradigmatic – in this sense – example, already existing, where the use of Information and Communication Technologies (ICT) were exploited to increase the transparency, a web site named IdealsWork ([www.idealswork.com](http://www.idealswork.com)) that helps consumers to compare social and environmental aspects of thousands of products with respect to their own personal values.

Making information exchange much easier, new Information and Communication Technologies as the Internet give us the opportunity to meet other people and corporations sharing our values, and consequently, make it easier to find what people and corporations really do and, ultimately, how their behaviours reflect their declared values. This is primarily and effectively due to third-party's help: Non-Governmental Organizations, Trade Unions, consumers' associations, public entities and so on.

Information technologies can help markets to be transparent and efficient not only in the achievement of economical purposes – as we well know – but also of not-economic (or not immediately economic) ones<sup>9</sup>.

### **The Reasons for the Great Interest in Ethics and Corporate Social Responsibility**

Now, let us move on to the question we are trying to answer: why has the interest in Corporate Social Responsibility literally exploded in the last few years?

The answers are different, often complementary. Here, we are going to illustrate some of them.

The “share-based managerial capitalism” and the “maximization of the value for the shareholder”.

According to Gallino (2005), it is the widespread of the “irresponsible corporations” (as shown by the famous cases as Enron, Parmalat and so on) that motivates the interest in Business Ethics and Corporate Social Responsibility.

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<sup>9</sup> The use of ICT serving ethics and Corporate Social Responsibility may be an extremely interesting field of research. And, going out of the case of the “market of values”, which is a way to “formalize” and “explicitly organize” – that is, in a fully aware, effective and efficient manner – what, in reality, has always happened and happens (even for other institutional and organizational forms), it should be worthy to wonder and detect if the social and ethical usage of ICT, at least in a business context, is nothing else that a particular case of the modalities for which a corporation can be ethically and socially responsible.

He states that “a corporation is defined irresponsible when, beyond elementary law obligations, it supposes it does not have to answer neither to any public or private authority, nor to public opinion, regarding economical, social and environmental consequences of its activities”. Among these activities, we should considered also: industrial and financial strategies, employees’ work conditions both internally and in foreign Countries, employment policies, the relationship between products and production processes with the environment, the use of funds that savers gave her as shares or bonds, the writing of balance sheets, the quality of products, the relationship with the community where the corporation acts, the production activities localization and de-localization, the fiscal behaviour.

Of course, there have always been irresponsible corporations, but – again, in Gallino’s words – starting from the mid ‘70s they enjoyed an incredibly growth because of a complex capitalism change leading into what is now called “share-based managerial capitalism”. This is based upon a new economical paradigm: “value maximization for shareholders”.

Briefly, the criteria chosen to maximize value for shareholders are:

- “short-termism”, that is having horizons and implementing solutions only on a short term basis;
- corporate growth due to acquisitions and mergers;
- use of available resources for financial operations and not for new investments;
- generation of income flow through financial services instead of privileging profits with the production of goods and tangible services;
- growing amount of corporate resources aimed at the reacquisition of own shares in order to not dilute their market value; and
- encouraging managers to make the corporate market value grow instead of a specific business.

“The root of the problem (that is, the social irresponsibility) – Gallino states – is the structure itself of the share capital based corporation. Its legal structure encourages managers to maximize the short term share price, and it is done limiting their freedom to act morally and responsibly. The result is an immoral behaviour”.

In such a framework, material and ideal interests of employees, local communities, suppliers and the environmental situation have been taken out of the decisional horizon of the corporation.

The increasing corporation “irresponsibility” has, then, serious consequences on people’s life<sup>10</sup>.

### **Globalization: a New Relationship between Capital and Work**

Other scholars instead relate the growing corporate “irresponsibility”, and the consequent growing interest in CSR as a reaction, not so much to a different way of

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<sup>10</sup> See the vast literature on “the human consequences of flexibility”. To cite two exponents: Sennett 1998); Gallino (2001; 2007)

considering institutional corporation aims, but mainly to the **"Globalization"**, in the contest of the "post-modern" society; a concept that we will better illustrated later.

There is general agreement on the fact that economy, and specifically, market economy is the "engine" of globalization. The borders of market economy, which still in the second half of the '900s did not comprise Communist Countries and in three continents and a half (Africa, Australia, Asia and Latin-America) embraced a little bit more than coastal territories, have extended with an unprecedented acceleration in the last years of the XX century. At the beginning of the XXI century, we can state that there is almost no place in the world where the influence of world market cannot be felt. In reality, *"mondialisation"* (as the French say) of economy (better, the creation of an economy-world) – as noticed by most – is neither a recent nor a new phenomenon. What is truly new, and it is happening for the first time in history (having deep impact on the work, and consequently on the lives of many people) is the globalization of the production organization. Nowadays, in fact, due to a genuine revolution in the means of communication and transport, it is now possible to organize, in a trans-national manner (and so overwhelming in a unique global process the continental and national borders) not only commerce or finance – which has taken place for some time now – but also the production of any kind of complex good. This liberation of production from national territories – more than the abolition of commercial barriers and market liberalization – is the absolute innovation of our times. We can say that never before the capital (not only financial) has been so global.

Tangible effects of this authentic revolution in production organization can be easily noticed in the relationship between work and capital. Here we can refer to Bauman's analysis (Bauman, 2002).

If, in the previous decades, these relationships were regulated by a reciprocal dependence, now capital is less related to a territory, it is free to be invested where there are better conditions, enjoying total freedom from constrains to the area previously chosen. As a contrast, the fordist factory constituted the place where owners and workers had a common interest, although it was a place of bitter social clashes; nevertheless it was also a physical space of reciprocal acknowledgement, a sphere of legitimate demands and a site for bargaining. Then, the relationship between work and capital was a *"marriage till death does part you"*, but now it has been transformed into a *"living together till further notice"*. The post-modern corporation, in fact, does not have to depend on a precise physical space any more, having the whole planet available to move its activities rapidly; it has lost the need to continuously protect the workers of a specific area. If once "the capital was stuck in a place just as the workers it employed", nowadays – Bauman refers – "it travels freely, taking with it its cabin luggage containing little more than a document folder, a mobile phone and a laptop. It can stop everywhere and it is not obliged to stay in any place beyond its wishes. Work, conversely, stays immobilized as it was in the past, but the space where once and forever it was thought to be linked to, has lost its past solidity (...). Some of the

world inhabitants perpetually move; for all the others, it is the world which refuses to stop”.

Going back to the metaphore of Marriage against Living Together, the advent of light and floating capitalism is characterized by the *disengagement* and the slackening of the links between work and capital. If staying together was a condition of reciprocal agreement and mutual dependency, the disengagement now is unilateral: one of the two partners reached the autonomy which maybe it has always secretly desired, but that was not taken in serious consideration before.

“Capital – Bauman reports – cleared its dependency from work thanks to the new freedom in movement that it could not even dream in the past. Capital reproduction and growth, profits and dividends, the same as shareholders’ satisfaction have become all factors mainly independent from the duration of any local involvement with work. Capital has become extra-territorial, light and free in a rate never seen before, and its spatial mobility level, already acquired, is almost always sufficient to blackmail political organisations linked to territory and to impose submission to its own demands. The menace of breaking local connections and moving somewhere else is something that any responsible Government, in order to protect itself and its own electorate, must take into maximum account and therefore, try to avoid it by subordinating its policies to that purpose. A Government which cares about the welfare of its electorate does not have any other hopes rather than imploring and attracting – instead of constraining – capital to enter, and once entered, treating capital with all regards. Practically, this means less taxation, fewer or no rules, and, above all, a *flexible employment marketplace*. Paradoxically, Government can hope to keep in capital only convincing it, beyond any reasonable doubt, that it is free to go away, even after a very short previous notice or none at all”.

### **The “Existential Malaise” of Post-Industrial Society**

Bauman’s analysis – only summarized here – despite being more sophisticated than many others, could seem to suffer – as Gallino’s one – from a certain economical determinism. It goes without saying that it is not and cannot be so: all economical, social, technological, cultural, etc. factors interact with each other in a complex manner. Even when considering Malone’s approach, previously illustrated, here we would privilege cultural values. As an example, going further than Malone shows that what “governs” economy is not the price system but the cultural value system<sup>11</sup> where the economy is situated. The price system is only a mechanism to relatively attribute goods and services within the generated types of demand panel.

Now, according to Bell (1979), in the contemporary society, that he, among the formers, called “post-industrial” (while others - as Bauman - call “post-modern”) we are

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<sup>11</sup> We could define values as “orientations from which purposes of human actions descend”.

living in these decades a deep transformation in the values system. Post-industrial society brings with it a decline of those values that were, in Weber's (1905) reasoning, at the basis of the development of capitalism: parsimony and frugality, ethics of labour and auto-discipline, and deferment of gratification. We shift from an ethics of labour to an ethics of consumption, based on hedonism and immediate gratification of needs. There won't be class conflicts any more, but particular conflicts in which each group tries to have a bigger share of the cake. Consumption is promoted instead of production; the individual wellness is privileged instead of the collective one.

In order to understand the present changes in the system of values (and its related ethical principles), determined by (and even cause of) the advent of the so called "post-industrial" society, we need to understand what there was before this society (and what is around elsewhere, because surely not the whole world is living in this post-industrial society and economy).

Adopting the famous terminology used by Bell, there was in the past a *pre-industrial*, agricultural, society and hence an economy, and there is still in wide areas of the world. Then, in some areas, the *industrial* society has been created. Now, particularly in some economically developed Countries, the "*post-industrial*" society is growing; other authors, and the same Bell (1980) began to refer to it as "information society", or also as "service society".

### **The Agricultural Society**

The main characteristic of the agricultural society (of farmers and shepherds) is that the "axial principle" – in Bell's terminology – was the relationship with land (and more in general, with nature), which was practically the only source of subsistence.

As the main feature of the pre-industrial societies, Bell considers the conception of life as a "game against nature", that man would tame, control, dominate, and enslave, but which in those societies has always been stronger than him. In pre-industrial societies, the meaning of the world was conditioned by the dependence on natural elements: seasons, soil quality, quantity of water, and so on. Certainly then, and perhaps even today, both the farmer and the shepherd are fully aware that life and death of his crops and herds depend only a little on him, and much more on "nature" and on the "mysterious" forces governing it, despite whatever he can do.

Ethics in pre-industrial societies can be referred to as the "ethics of nature": "an ethics of nature is found widespread in the history of all cultures and civilizations. In the feeling man has always had of the world around him for millenniums, nature has always been seen as a divine reality, on which man knows he depends because it determines rhythm of his being and it fixes his having to be (...). Man does not invent the rules of his acting but he finds them in the study of nature, which is the epiphany of the divine or God's creation" (Rizzi, 1992, pp. 27-28).

The ambivalent relationship between man and nature mirrored that one between man and the divine: *fear* and *fascination* ("of the holy" as Otto (1917) asserted). **Fear**, a great fear towards something great, powerful and at the same time unknown, or rather never perfectly unknown, always "other", which, above all, could be hostile. And **fascination**, a great fascination, towards greatness, fertility and power of goodness, a power to which we owe, directly or indirectly, our own life, the unquestionable beauty of nature which seems to transcend everything and therefore quite "naturally" generates the feeling of the divine.

The agricultural society was not the first form of human society, because it was preceded by that of hunters and gatherers. It is evident that for those ones there was a strong feeling of dependence on the "other", on "forces", "entities" regulating and governing animals' and plants' life, on which their own survival depended. It can be stated that as soon as man became man, he was aware of his finiteness, of his impotence, beside the growing abilities, techniques and instruments for hunting and food searching.

In such a clear and intimate perception of the daily dependence of our own and others' life on transcendent forces, the ethical feeling (that is, the idea of what is good and what is evil), and above all, the bases of the rules of a good living together (that means, rights and laws), could only be explicitly referred to God, to God's "commandments", to "traditions" which, ultimately, are of divine inspiration. Even without citing the famous examples of "Law" in Judaism and of Islamic law derived from Koran, we could think about the first code of history: the Hammurabi's code of declared divine inspiration.

### **The Industrial Society**

In the industrial society, based on the extensive use of science and technology, the perception of the divine is almost totally ruled out due to the crisis in the sense of the divine, leaving place to the consequent birth of a "secular" ethics.

The roots of modern "atheism" have been individuated in Enlightenment and Scientism of the 1700s-1800s, which are simultaneously cause and effect of industrialism. In that period, an ethics perceived "as God did not exist" lead to a public ethics that consented pacific and tolerant living together among "different" people, confining religion to the private sphere whenever still existing.

But it was machinism, industrialism, which popularized and extended these ideas and values to the wider masses of the population; otherwise, perhaps, those ideas would have been limited to an elite of scientists and philosophers. "Machines" and their "products" were visibly fruits of man's hands (and intelligence).

Industrial society is, by definition, a result of the "artificial" world of machines and their products, using the term in its etymological meaning of "artefacts", that is, done by will and with precise purposes. Even political and economical institutions have become and now are social "artefacts", made by man's will for his purposes.

This artificial world continued to grow until it substituted or heavily re-dimensioned and enslaved the "natural" one. After mechanical and chemical engineering, biological and genetic "engineering" have been created. In industrial society the fight of man against nature, if not completely won by man, is surely reversed in the balance of forces on man's advantage.

It would seem evident that to a large extent our living conditions (work, home, even health, and so on) depend on above all on the human society we live in. In a wider perspective it relies, if not on the single, on the different economical and political systems, and, in the end, on the whole mankind, and on individual and collective deliberate actions: our life depends on us. Nature (not "artificial") plays a more residual role.

According to Bell, the "project" of the industrial society is a "game against fabricated nature", which is centred on man-machine relationships and uses energy to transform natural environment into technological environment. It is worth noting how – again in Bell's opinion – industrial society is a – hierarchical and bureaucratic – organizational world, where even men are considered "things", given that it is easier to coordinate things than men. To sum up, even men are "transformed" into "machines"! We firmly believe nobody has ever illustrated this concept better Charlie Chaplin in "*Modern Times*", when he interpreted Charlot being swept away by the assembly chain where he was dully working.

The system of values (the "axial principle") of industrial society is centred on the "desirability" of economic growth; as part of it, cultural values of western society, especially American, consist in the increase of private consumption of economic goods.

We should call the ethics of industrial society (of "modernity" as many philosophers and sociologists say) as "ethics of the project" (cfr. Rizzi, 1992). It assumes "nature" as a constraint and a necessity to be taken into account, but not as something transcendent, not as "ineluctable destiny", but as a material to shape. "Nature" is the collection of cosmic and social situations, within man is situated and which he should take into account. But to the modern man "taking into account" no longer means acknowledging in his exterior reality the signs of an order to be followed (as the "antique" nature); it now means to be enslaved to his own projects, to be transformed according to his own specific intentions.

"The relevant issue of this behaviour is *technology*: according to it there is no more "nature" but a world as a tank of raw materials and, at the same time, as a system of mathematical formulas. Knowing these formulas in depth, *homo technologicus* seemed to be able to elaborate materials to extract previously unforeseen possibilities. Now, the *ethics of the project* is the extension of this technological behaviour to the whole reality: not only biological but also social, psychical, cultural human reality. Not only can man become *homo faber* towards the exterior world but also towards himself: the productive principle of moral action is human freedom with no other measure than itself. Certainly, it finds limits in conditioning, in social conventions, in institutions, but they are limits of fact, not of principle: neither values nor rules from which freedom could feel constrained



and guided; because freedom itself dictates – with its own project of existence – the rules to which it should conform” (Rizzi, 1992, p. 29)

### **The Post-Industrial Society**

Some years ago, Bell (1973) in particular elaborated the concept of post-industrial society which parts of mankind have already reached (considering especially capitalist Western Countries).

Perhaps, the more synthetic way to present post-industrial society is the following one.

For some aspects, post-industrial society heavily emphasizes the features of industrial society (some refer to hyper-industrial society): on the one hand, extreme competitive specialization among corporations and Countries, all linked in a global market (“globalization”), on the other hand, expansion of services (tertiary) to corporations and run markets. Post-industrial society will be, above all, a society centred on tertiary and services.

The true post-industrial society – in Bell’s reasoning – would show also some qualitatively new characteristics:

- “strategic” resources do not consist in raw materials, machines, energy or financial capital, but in knowledge (obviously applied to economical and social development), so human resources and their training are determinant;
- “strategic” technologies are no more mechanical, electrical, or chemical, but those concerning information and communication (and recycling, to grant eco-sustainable development); and
- consumption is not mainly material (food, houses, cars, household appliances, etc.), instead, and above all, “immaterial” (information, culture, healthcare, entertainment, etc.).

In this context, we could wonder which destiny ethics could have. According to some, rather many, a great demand of ethics is arising (or re-arising). In fact, as never before, we continuously talk about bioethics, business ethics, environmental ethics, public ethics, etc. A (new) feeling of the divine (the often cited examples, a little bit pathological perhaps, are the *New Age*, exotericism, sects) is arising too. The same geo-political theory on the “*clash of civilizations*”<sup>12</sup> that, after September 11, 2001 is achieving great success, in reality, classifies civilizations in a mainly religious key. The importance of politically neo-conservative religious movements in the last American presidential elections has been too much emphasized not to be mentioned here.

Currently, we have to understand not much the features of this new demand for ethics, for this new ethics, but rather the reasons and the needs it answers.

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<sup>12</sup> See, obviously, Huntington (1996), but, also, as alternative viewpoint, Kozulj (2005).

“Dissatisfaction” is the keyword often used. The industrial society, with all its infinite “objects”, with all its money that allows those (who can) to buy infinite “objects”, does not satisfy at all those who can buy more and more. People have almost everything and they are not happy!

To sum up, man was convinced that, since it had been made to measure for himself, his artificial world could satisfy him without being enslaved by fear and fascination of “nature”, escaping out of his control, mother and stepmother, and of a “transcendent” totally other; he was convinced he could refer about his behaviour only to himself, but it was not so and it is not so.

First of all, constitutive limits of industrial society are emerging with growing evidence. Not only is the production of infinite goods to satisfy those allegedly infinite “needs” revealing to be a perverse spiral which is taking nowhere, perhaps not even satisfying material needs of existing mankind, more than 6 billion of people. It is debatable, but there is certainly some truth in the issues regarding “limits of (material) growth”<sup>13</sup>.

Also, the technical mastering of nature is reaching the point to be itself counter-producing because, to tell the truth, it is not under control anymore. In other words, we are getting to a paradox (from the old DDT to the new transgenic plants) that knowledge of nature permitted to implement interventions on it whose effects are not fully known. Even in this case, there is the risk of starting a perverse spiral where the benefits of dominating nature will be completely overcome by “misdeeds”, in a cost-benefit balance unknown, casual and chaotic in the long term.

But even the most “normal” people have been affected now by the negative side of industrial society: all kinds of pollution, unsustainable traffic, chaotic urbanization, stress, new diseases, rising of poverty thresholds, breakdown in social relationships, and more. The ecology movement itself, typical sign of the crisis in the industrial society, has rightly reported that money and objects, in the end, “cannot be eaten”! Without talking about the increasing divide among north and south, among the rich and the poor.

Then, what is the origin of today’s dissatisfaction and of the increasing demand for ethics? And, in particular, of the demand for business ethics and corporate social responsibility?

Bell, more than once cited as prophet of the post-industrial era, proposes the “Game between persons” as the substantial feature of post-industrial society.

It is evident that in the society of “services”, the daily counterpart is neither nature nor a machine, but more and more other people. And it is evident that if the competition is not between who has more land or money but among those having more “knowledge” (to make a career, to invent and win in new business), then knowledge will be privatized, information and knowledge will be robbed, disinformation or manipulation of the information will be done in order to conquer “customers” (and “voters”, as we well know). Then, the “enemy”

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<sup>13</sup> See for example Meadows et al. (1972); Pestel (1989).

(sometimes ally, it does not matter so much), is no more nature or the machine to which people are enslaved or want to dominate, but... the colleague-rival, the competitor, the customer, the supplier,... the voter!

In the relationship with natural or artificial things, we hardly are *existentially* involved. On the contrary, the fight against nature or machines has often stimulated incredible solidarity among men (as we have seen in natural calamities or accidents). In human relationships, instead, we touch the essence of our humanity.

How can we conceive a society where, even more than in the industrial one, all is competition among people and groups, where we learn since childhood, on our mother's knees, that our interpersonal relationships are above all *instrumental*, that we either serve or use others, where the problem is to decide either to cooperate and make alliances or to compete and try to "make war" to others (in economy, politics, sport, TV games and so on, till the conquest of the sexual partner...)? Truly, the so conceived post-industrial economy and society would be the maximum point of dehumanization to which hardly we will existentially survive in a long term.

Summarizing, the essence of existential dissatisfaction in post-industrial society and economy will be not so much the fact that objects, in the long term, do not satisfy our basic and existential needs, but rather the fact that we cannot conceive all our lives consisting mainly of instrumental and competitive human relationships (the *Game between persons*, explained by Bell), where each person is potentially a competitor, a rival, and, however, a "means", where any relationship is only Me-It (Ich-Es, to cite Buber, 1984). Despite living in a highly urbanized society, in a frenzy of infinite interactions with other people, directly or using ever more powerful communications, we would be (and actually we are) often alone, or closed into few familiar relationships.

Instead, we need, we dream about a society based on solidarity, a society where the relationships are mainly based on friendship, affection... love, where we feed ourselves by living Me and You relationships, or "I and Thou" (Ich und Du<sup>14</sup>) in Buber's terminology, according to whom "in contact with any You we catch a breath of eternal life"!

### Concluding Remarks

Having seen a necessarily synthetic analysis of the social-economic context we are living in, which is rightly seen as a turbulent transition from a "modern" industrial society to a post-industrial, (or "post-modern" or also "Information") society, we think the key to understanding the great unsatisfied request for Business Ethics and Corporate

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<sup>14</sup> *Ich-Du* is a relationship that stresses the mutual, holistic existence of two beings. It is a concrete encounter, because these beings meet one another in their authentic existence, without any qualification or objectification of one another. The *Ich-Es* relationship is nearly the opposite of *Ich-Du*. Whereas in *Ich-Du* the two beings encounter one another, in an *Ich-Es* relationship the beings do not actually meet. Instead, the "I" confronts and qualifies an idea, or conceptualization, of the being in its presence and treats that being as an object.

Social Responsibility, and more in general, for ethics, should be found in the change of the values system we are going through. This certainly is fed by – and at the same time feeds – the techno-economical transformations focused on intellectual capital, information technologies and service economy. It is this system of “post-modern” values (individualism, “short-termism”, search for immediate gratification, “consumer’s” supremacy on “producer”, economic life as a *game between persons*, totally pervasive post-industrial version of the old “*homo homini lupus*”, and so on), which is creating an increasing existential malaise to which we would believe to answer – also – with a greater Business and Corporate Social Responsibility.

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