

Participating in the Common Good of the Firm

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Abstract In a previous essay (Sison and Fontrodona 2012), we defined the common good of the firm as collaborative work, insofar as it provides, first, an opportunity to develop knowledge, skills, virtues, and meaning (work as *praxis*), and second, inasmuch as it produces goods and services to satisfy society's needs and wants (work as *poiesis*). We would now like to focus on the participatory aspect of this common good. To do so, we will have to identify the different members of the firm as a community, drawing from corporate citizenship literature and stakeholder theory. Afterward, we will explore both the manner and the intensity of these different members' participation and its impact on the firm's common good.

Keywords Common good · Theory of the firm · Aristotle · Work · Catholic social teaching · Stakeholders · Virtue ethics

Introduction

Capitalist intramurals normally pit shareholder capitalism against managerial capitalism, with the former winning out in the theoretical contest because of greater efficiency (Jensen 2002) and a stronger claim based on ownership or

property rights (Hasnas 1998). In practice, however, managerial capitalism seems to carry the day, at least in the experience of more advanced societies, such as the United States (Mizruchi 2004; Bogle 2005). What receives fairly little attention in this debate is the possibility that employees in general—and not only executives or managers—have a hand in the governance or control of the firm. For this reason, Moriarty's (2009) article on employee participation in the workplace is especially significant and welcome.

By an employee participation scheme, Moriarty understands that “employees have a right to (help to) determine, and hence (some) control over, the firm's decisions” (Moriarty 2009, p. 373). He then clarifies that the locus of control is at the firm level, distinguishing it from both socialist control over the means of production and autonomous control of the employee over tasks associated with a job. Moriarty's main purpose, nonetheless, is to examine what he considers to be the two major arguments, the “interest protection argument” (IPA) and the “autonomy argument” (AA), in favor of a distinctive kind of employee participation rights, the “all employees and no other stakeholders participation” (AENOSP) rights (Moriarty 2009, pp. 373–374). In the end, he concludes that neither IPA nor AA present sufficient reasons to justify AENOSP rights (Moriarty 2009, p. 381). In other words, both IPA and AA, at best, could only support participation rights for some, but not all employees, or for all employees, but no differently from the other stakeholders.

To a significant extent, this work picks up from where Moriarty left off, while at the same time adding substantial twists. Moriarty laments the lack of discussion of the participation of other stakeholders apart from employees in firm decision-making and thinks that there should be one (Moriarty 2009, p. 381). In this essay, we will strive to provide one and give examples of the different ways in

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which we think each stakeholder group could effectively participate. We will not limit ourselves, however, to participation or control at the firm level, as Moriarty does. Instead, we shall adopt a wider view that encompasses participation or control both of the means of production and of the tasks associated with a job. We also suppose that participation or control of the tasks associated with a job, what normally counts for “work,” is the basis of the other levels of participation or control, as shall soon be explained. But the main difference with Moriarty’s article is that we shall seek justification for participation, not only of employees but also of other stakeholders, from the common good of the firm. Thus, we set aside the deontological perspective that deals with participation focusing on rights to certain important interests (e.g., self-esteem, self-worth, identity) or to autonomy (i.e., self-governance, freedom) among the different stakeholder groups. This does not mean that we will ignore rights, however. The common good justification of participation takes different stakeholder rights into account, but only as a lower limit. What it seeks, above all, through participation is the cultivation of excellence or virtue.

In a previous essay (Sison and Fontrodona 2012), we defined the common good of the firm as collaborative work, insofar as it provides, first, an opportunity to develop knowledge, skills, virtues, and meaning (work as *praxis*), and second, inasmuch as it produces goods and services to satisfy society’s needs and wants (work as *poiesis*). We shall revisit this idea in the first section, underscoring the participatory aspect of this common good. Next, we shall identify who the different members of the firm as a community are, drawing from corporate citizenship (CC) literature and stakeholder theory. In the second section, we will also explore both the manner and the intensity of each of these different members’ participation, making use of two different CC standards, the liberal-minimalist and the civic republican–communitarian, and analyze its impact on the firm’s common good. We will do this largely through references to the experiences of true to life companies and institutions. The third section concludes with a recap of the diverse ways in which each stakeholder group could participate in the firm’s common good together with orientations toward the ideal of virtue. It would also include a brief discussion of the participation policies originally broached by Moriarty from the viewpoint of virtue and the common good as a way to carry this line of research forward.

Work as the Common Good of the Firm

Drawing from Aristotelian, Thomistic, and Catholic Social Teaching (CST) sources, the common good of the firm may be defined in general as the collaborative work through

which goods and services are produced. In principle, this is what people seek or desire in the final instance, that which perfects or makes them better human beings (“good”), whenever they engage in productive activity in an organization. This good is rightfully called “common” because any given member of the organization or firm could achieve it only insofar as every other member achieves it as well: it is simultaneously the good of one and of all. (Phrased negatively, no one will ever achieve this good if all the other people in the firm do not achieve it at the same time.) In other words, it is the sort of good that exists solely to the extent that each and every member of the group “shares,” “participates,” or “takes part” in it. In the measure that a firm achieves this common good, its end or purpose is fulfilled. It becomes a “good firm” in an integral sense: one that is well-governed, one that makes its members good, and one that delivers excellent products.

The term “common good” originated within the context of the political community, referring to its full flourishing or happiness (*eudaimonia*), but since then it has been applied analogously to many other organizations or groups, including the economic institution we know as the business firm. When speaking of the firm, its common good is described as “intrinsic,” “social,” and “practical.” It is “intrinsic” because collaborative work cannot exist outside of the firm (taken not as a place but as a moral entity) nor independently of its members. There could only be collaborative work insofar as it is shared among the different co-workers belonging to the firm. It is also called “practical” because collaborative work is an activity to be performed; it requires action and not just theorizing or abstraction. The good that concerns us here is not an idea. And finally, it is characterized as “social” because collaborative work depends on a group or community acting in a coordinated fashion. The members need not all be doing the same thing; it is enough that each one does whatever particular thing he is doing for a common purpose. For example, although in theory it may be possible for a lone individual to construct an aircraft capable of flying several hundred people with their luggage across continents, in practice it is not feasible. Due to practical limitations of time, financial resources, specialized talent, and so forth, therefore, people interested in constructing such a plane should gather round and constitute a business firm or corporation. They ought to pool together their efforts and resources because their objective cannot be reached except through a common productive effort. Collaborative work then becomes the reason for being, the end or purpose of the firm, what brings together all the people and resources in the same production process.

Note that the common good of the firm does not refer primarily to things in themselves, to the goods and services produced, but to the collaborative work entailed by their

production. This collaborative work, even more than the external results or output, is the main reason people come together in the firm. Although other non-human material resources enter into play as instruments or means of production, people share or participate more directly in the work itself than in the goods manufactured and services rendered. For instance, maintenance personnel at a university do not deliver lectures, which represent the primary service the university delivers, but they participate in the collective effort that allows university professors to teach. Teaching is incumbent only upon professors, not on the maintenance personnel. Conversely, however, university professors may never have anything to do with the electrical installation, plumbing, or cleaning equipment which the support staff uses on a daily basis, but without this enabling background work, neither lectures can be given nor research carried out. The common good of the university institution, therefore, is not the lectures or the research alone or in themselves, but the tightly woven web of collaborative work, from cleaning and catering through purchasing and accounting and so forth, that together allow for the lectures and the research (the acquisition and transmission of knowledge) to take place.

Work is a general term for productive human activity and borrowing from Aristotelian categories, we may distinguish between two kinds: making (*poiesis*) or doing (*praxis*). (See, for example, Aristotle 1990, *The Politics*, henceforth, *Pltcs* 1254a).¹ This division is based on the observation that whenever human beings engage in work or production, two different outcomes can be expected. One is material and objective, existing independently of the worker and observable by a third party (the object produced or the service performed). The other is non-material and subjective, inhering in the worker himself and inseparable from him (the skill, knowledge, or habit acquired upon realizing the action). Despite not being directly observable, this subjective result nevertheless gives rise to certain observable consequences in the worker himself. Returning to the example of university professors, the lectures and the research would be the objective result of “making” or *poiesis* and the know-how that permits us to distinguish a veteran professor from a freshly minted graduate would be the subjective result of “doing” or *praxis*.

¹ In Aristotle, apart from *poiesis*, *praxis* is also paired and contrasted with other concepts, such as *kinesis* (imperfect movement) and *theoria* (contemplation). It is beyond the scope of this article to deal with the full range of meanings attached to *praxis* here. What is important is to underscore that, in *praxis*, the focus is on subjective, internal outcomes, while in *poiesis*, it is on objective, external outcomes. The goal in *praxis* is the realization of the activity itself, whereas in *poiesis*, it is the production of something external. Moreover, in the foregoing senses, mastery or excellence in *praxis* is generally known as *phronesis* (practical wisdom), and in *poiesis*, *techné* (technical expertise).

Aristotle, however, was far more radical in differentiating *poiesis* from *praxis*. For him, not only did they refer to two different kinds of productive activities or work, loosely understood, but they also designated two different social classes which engaged in these activities.² “Making” (*poiesis*) concerns the practice of the crafts (Aristotle 1985, *Nicomachean Ethics*, henceforth *NE*, 1174a) and is the activity proper of artisans. Here, it is the resulting external object itself that is important, not the skill of the artisan. On the other hand, “doing” (*praxis*) is an activity that focuses on the subjective result, such as the rhetorical skills Athenian gentlemen-citizens cultivate when they engage in joint deliberation and action in governing the state. “Doing” indicates an immanent or reflexive activity that originates from the person and ends in the person himself, in the form of a skill, knowledge, or habit acquired, and not in an external or separable object, as in the case of “making.” The main result of “doing” is not an artifact, but an operative habit, excellence, or virtue. In doing, the worker is both agent and patient, the origin and destination of production. It is at the same time a process of “self-production” and “self-perfection,” for man becomes his own maker (*homo faber*), through the skills, excellences, or virtues he develops.

In developing Aristotle’s ideas, Catholic Social Teaching (CST) presents “making” (*poiesis*) and “doing” (*praxis*) as two inseparable dimensions always to be found in any form of work (John Paul II 1981: 6). The key lies not so much in the kind of work one performs, nor the social class to which one belongs as a consequence of that work, but in observing the primacy of the internal or subjective dimension of work over the external or objective dimension (John Paul 1981: 6). For Aristotle, prioritizing the internal or subjective aspect of work over the external or objective aspect was a prerogative of the elite, citizens who had enough resources to engage in leisure, democratic deliberation, and contemplation. The productive, artisanal class did not have a choice but to conform to work as *poiesis*, where the external or objective dimension gained prominence.³ For CST, however, work is

² Again, we cannot delve extensively into the complex sociological implications of the differentiation between *poiesis* and *praxis*. However, Aristotle here expresses a widespread view in ancient civilizations that in a way continues in the yet unresolved tensions between management and labor in modern industrial societies.

³ There are exceptions, however, as can clearly be seen in the case of rhetoric. Undeniably, Athenian gentlemen engaged in rhetoric, a *poiesis* governed by a *techné* (Aristotle 1991, *Rhetoric* 1355b9-25). We may assume that they carried this out ultimately in the interest of self-governance (a *praxis*) under the guidance of *phronesis*. In other words, some *poiesis* such as rhetoric may be pursued for an ulterior end internal to the agent or actor that somehow makes it akin to a *praxis*. Indeed it is unfortunate that Aristotle did not pursue this intuition further, as this may have led him to a much closer position to that espoused by CST. We thank one reviewer for this valuable insight.

not a mere commodity or factor of production, an instrument to an ulterior and external end, but essentially, it is a means for self-perfection that should be made available to everyone. The reason behind this is the belief that human beings are always more important than the things they produce. Moreover, although in their work, people also develop craftsmanship and other skills as part of its subjective dimension, these outcomes should always be considered secondary to the moral and intellectual virtues they have an opportunity to develop in the course of their activity.

The insistence on the predominant role of the subjective or *praxis* dimension of shared work should not mislead us about the equally constitutive role of the objective or *poiesis* dimension in the common good of the firm. In order for a firm to fulfill its common good, the collaborative work has to be such that it produces goods and services that are truly useful and which satisfy the legitimate needs and wants of society (“real goods”). Because of this, the production of certain things found in the market, such as pornography, illegal drugs, and pet rocks (“apparent goods”), for instance, could never justify the establishment of firms dedicated to them (Kennedy 2007: 177). Not only do these firms deal with merely apparent as opposed to real goods but neither is it likely that people who work for them will develop the moral and intellectual virtues. (Although they may, of course, cultivate all sorts of skills and acquire different kinds of knowledge.) Here is where profit, the maximization of which normally counts as the strongest contender for the primary purpose of the firm, comes in. Just like the goods and services produced by firms and sold in the market, profits belong to the objective or material result or dimension of work (*poiesis*). Profits are generated when the production of these goods and services is carried out efficiently by workers, making the best use of limited resources creatively and innovatively.

How, then, could the different parts of the common good of the firm which is participatory work, in both its subjective (*praxis*) and objective (*poiesis*) dimensions, be put together? Drawing inspiration from Thomistic tradition, we could explain the common good of the firm as an “integral whole” consisting of “formal” and “material” parts, on the one hand, and “actual” and “potential” parts, on the other. The division between “formal” and “material” depends on whether the specific part is divisible (“material”) or not (“formal”) as the members of the group or firm partake of it. Profits, for example, are a material part of the common good of the firm because the share that goes to one member cannot be given to any other. An award or recognition given to the firm, as well as the sense of pride and honor attached to it, on the other hand, is a formal part of the common good, since all of the members or workers can partake of it without suffering any loss. (Not so with the cash prize, however, if it came with the award, for this would be a material part.) As

for the difference between “actual” and “potential”, this hinges on whether the part considered is substitutable (“potential”) or not (“actual”) by one of similar characteristics. For instance, we would like to think that in a well-governed and properly functioning firm, workers as free, intelligent, and unique actors constitute actual parts of its common good, because their contribution, in some significant sense, cannot be replaced by any other. Of course due to age, illness, or some other reason, workers would eventually have to leave the firm and be replaced. This does not mean that without them, the firm can no longer achieve its common good. What happens, granted a perfect fit with the new hires, is that the common good of the firm will be achieved differently, in accordance with the unique talents of the new members. Each worker is an actual part of the common good of the firm because everyone makes a meaningful difference to the whole. Following this logic, the potential parts, by contrast, denote the sum total of non-personal conditions, resources, instruments and means that make participatory work possible. As potential parts, financial capital or equipment, for example, can easily be substituted in the production process by a like amount of money or machinery. Their contribution is not unique to this particular bill or contraption. However, the fact that potential parts can easily be replaced does not make them any less necessary for the common good, since it cannot be attained without them. The common good of the firm, therefore, depends on just the right people with just the right productive resources. All the formal, material, actual, and potential parts are equally necessary to the integral common good of the firm, despite differences in their roles and contributions.

To recapitulate, the common good of the firm is the collaborative work that allows human beings not only to produce goods and services (the objective dimension), but more importantly, to develop technical or artistic skills and intellectual and moral virtues (the subjective dimension). This common good is not simple but integrated by several different parts which can be classified into material and formal, potential, and actual. Among these different parts a hierarchical order ought to be observed, such that the material and potential parts are at the service of the formal and actual parts, and the objective dimension of participatory work subjected to its subjective dimension.

Corporate Members and Their Participation in the Corporate Common Good

Corporate Membership

Before elucidating the notion of corporate membership, it would be convenient to stress an essential feature of the good, particularly the corporate common good: it is not an

idea. This is exactly the bone of contention that led to Aristotle's intellectual parting from Plato (*NE* 1096a). For Plato, the good is a universal, necessary, and eternal form. It would then be enough for a philosopher-king to have acquired an intellectual vision of this form to execute it in the city-state. Everyone else would simply have to obey the philosopher-king's orders. But for Aristotle, goods can be real only insofar as they are present in the here and the now. In general, they are particular and contingent, meaning subject to changes in time and place.⁴ For this reason, the common good of any group or community, including the firm, could only come about as the result of the joint deliberation, decision, and action among all its members. Since there is no single idea of the good, neither is it sufficient for there to be just one enlightened "philosopher-king" to single-handedly govern the community. Rather, each and every member of the group should at least be able to participate in determining the common good and bringing it into existence. Again, it is not necessary that all the different members be doing the same thing, nor that they always act unanimously. Instead, the Aristotelian version of the common good actually sees an advantage in the diversity of members, who enrich and complement each other's viewpoints, so long as this does not hinder sincere dialog among them and united action when called for. It is with this proviso that we shall be speaking of the members of the firm whose actions are necessary for achieving the common good.

Two strands of literature in current business ethics research contribute to our notion of corporate membership: stakeholder theory and the notion of CC. Of course it is beyond the purpose and scope of this article to explain the whole breadth and depth of each of these concepts. We would simply like to acknowledge our debt to each of them in crafting our own notion of corporate membership, vital to explaining the corporate common good. After all, as we hope to be clear by now, there is no common good without participation. And by the same measure, there can be no participation without membership either.

The term "stakeholder" was first coined in a Stanford Research Institute document on corporate planning in 1963, designating "those groups without whose support the organization would cease to exist" (Freeman 1998: 602). The intention was to broaden the group of people to whom management was responsible. A stakeholder refers to "any group or individual which can affect or is affected by an organization" (Freeman 1998: 602). Included among a company's stakeholders, apart from shareholders, are

employees, customers, suppliers, competitors, the government, and the community. Each one is characterized by "legitimate interests in procedural and/or substantive aspects of corporate activity" (Donaldson and Preston 1995, p. 67). This does not mean, however, that every one of those interests warrants formal legal protection. The legitimacy of stakeholder interests could come, not from courts, but from social recognition. The main significance of stakeholder theory is that it rejects the maximization of share price and shareholder wealth as the sole criterion in management decisions, suggesting instead that the different stakes of all interested parties be considered.

In comparison with shareholder theory or a purely financial theory of the firm, stakeholder theory presents a broader and more realistic view of the corporation as a socially embedded institution. It identifies, at the same time, all the relevant social actors or stakeholders with whom the firm interacts and describes their reciprocal relations. Unsurprisingly, since its conception, stakeholder theory has exerted a strong influence not only in business ethics (Freeman 1984; Donaldson and Preston 1995) but also in organization theory (Thompson 1967; Dill 1958) and in finance and strategic management (Mason and Mitroff 1982). Implicitly, at the very least, stakeholder theory encourages managers to strike a balance between long-term shareholder interests and the interests of all the other stakeholders in their corporate decisions and behavior. However, such an equilibrium is not always possible, nor it is settled that shareholder interests should always have priority.

Throughout the years, a broader understanding of the group of people who constitute a corporation has developed. What began with owner-managers and continued with a professional class of workers has ended so far with a whole range of different stakeholder groups. In parallel, we have also observed a change in the grasp of corporate responsibility, from purely economic and legal, directed exclusively toward shareholders, to one that encompasses social and ethical duties to other stakeholders. What we have gained in breadth we seem to have lost in clarity in managerial decision-making, however. Simply "balancing out" different and oftentimes conflicting stakeholder interests does not guarantee good corporate decisions. Instead, these seem to require a more enlightened understanding of the "common good" and the business organization's specific contribution to it. Yet to speak of the "common good" means to enter into the province proper of politics, and this leads us right into the discussion of "CC."

"Corporate citizenship" is a term first used by practitioners, by people working in corporations, and later popularized by American business press writers in the 1980s (Crane et al. 2003). It was originally meant to emphasize, broaden, and redirect specific dimensions of corporate

⁴ However, toward the end of the *NE* (1177a11-1179a33), Aristotle seems to suffer from a platonic lapse when he describes the contemplation of the supreme good—basically an idea or form—as the best life for man.

social responsibility (CSR), and as such was adopted in recent years by members of the academy. Obviously, the expression CC cannot be taken in its literal sense, meaning that corporations are real citizens vested with corresponding rights and duties in the state. For that to be true, the corporation would have to be an individual, physical person, which it clearly is not. The term suggests, rather, that the being or identity and the activities of corporations within society could somehow be studied through the lens of citizenship. CC therefore borrows heavily from political theory, the academic discipline in which the notion of citizenship is native. It highlights the social dimension of firms and analyzes the power relationships among its constituents. CC also lends to firms a sense of identity, by way of membership in the community, and a justification for their rights and responsibilities as legal persons.

At first blush, CC is a simple metaphor where citizenship is applied to the corporation. CC connotes that corporations, like physical persons, may somehow be considered “citizens” of the state. This is what most CC theorists explore. Wood and associates (2006: 35-6) go as far as to affirm that business organizations are “secondary citizens.” Although we normally treat businesses as independent legal entities, they only exist thanks to objectives and resources furnished by incorporators. Corporations are collective instruments created by individual citizens to achieve their own ends. Those ends are likely to have a sociopolitical dimension and somehow reflect the values of the community to which these individuals belong. However, we would also like to have a look at CC from a different angle. CC could likewise be interpreted with the corporation itself standing for the state and the various stakeholder groups—shareholders, workers, consumers, suppliers, competitors and so forth—standing for the citizens of that “corporate state.” The corporation is presented, then, as an analog of the state with the various stakeholder groups as its citizens. This approach is similar to that of Manville and Ober (2003), who tried to draw management lessons from classical Athenian democracy.

Therefore, from stakeholder theory, we derive the identities of the different members who comprise the corporation, and from the notion of CC we acquire a metaphor for understanding how these members participate in the corporate common good. Differences in the degree or extent of engagement or participation of the various members in the corporate common good, however, can be accounted for through the two main categories of citizenship: liberal-minimalist citizenship, on the one hand, and civic republican or communitarian citizenship, on the other (Stokes 2002; Crane and Matten 2004; Wood et al. 2006).

The liberal-minimalist ideal conceives citizenship fundamentally as freedom from oppression and protection against the arbitrary rule of absolutist government

(Crane et al. 2003: 7–9). Citizens are vested with political rights to choose their rulers, to vote and to be voted into public office. The duty of government is to secure these individual political rights which form the core of citizenship. For some, this minimum is composed of the rights to life, to liberty and to property (Locke); for others, the right to a just share of the social product or utility (Smith, Bentham); while for still others, the rights to equality before the law and to free rational agency or autonomy (Kant). What is important is that this minimum of rights and freedoms be guaranteed. With some latitude, we can include in this group the libertarians (Wood et al. 2006: 41–42, 44), who support a very limited state, and those who uphold a deliberative democracy (Crane et al. 2003: 15–16), who want a more robust form of government to safeguard conditions of equality in political discourse.

Civic republican or communitarian citizenship emphasizes participation in the public good by fostering community ties and the practice of civic virtues (Crane et al. 2003: 9; Wood et al. 2006: 42–43). While liberal-minimalist citizenship is marked by “negative freedoms” or “freedoms from” state oppression and interference, civic republican or communitarian citizenship is characterized by “positive freedoms” or “freedoms to” actively seek the common good. Liberal-minimalist citizenship stresses individual rights or state-guaranteed powers against collective pressure; civic republican or communitarian citizenship underscores belonging to the group as the factor constitutive of identity that lends meaning. The group, with its hierarchically ordered set of goods, rules, and practices makes virtue or human excellence possible.

The liberal-minimalist perspective of citizenship may be linked to a notion of the corporation as a “civic association” and the civic republican or communitarian view to an idea of the firm as a corporate polity (Wood et al. 2006: 41–45). The liberal-minimalist theory of citizenship insists on individual freedom in the form of rights to pursue self-interests. But the satisfaction of self-interests, insofar as divergent or rivalrous, cannot constitute a corporate common good. The corporation is then reduced to a “civic association,” some sort of “clearing house” where minimum restraints are applied to keep an individual from infringing on the rights of others. The different groups of people dealing with the corporation do not really behave as “citizens” but mere “residents of a common jurisdiction.” They comply with the laws, but only as a means to reach individual goals. Coercive laws are the only forces that keep them together. There is no attachment or loyalty among themselves, or between them and the corporation. Relationships are purely contractual, and the corporation is nothing more than a “nexus of contracts.” Shareholder-principals who provide capital are granted ownership rights and manager-agents are hired in the understanding that

they will maximize the former's returns. The corporation is an empty shell wherein investment, employment, and sales contracts are negotiated and fulfilled: "The language of citizenship might even be used, but the motivation is not to provide a collective good or to contribute to society's [or we may say in this case, the corporation's] well-being, but only to achieve a private end" (Wood et al. 2006: 42).

The demands of a civic republican or communitarian kind of citizenship on the stakeholders of the corporate polity are altogether different. Since their personal flourishing is not independent from that of the corporate polity, they would actively participate in the deliberation and execution of the corporate good. This does not mean disregard for individual rights; it simply means that those rights are neither supreme nor absolute. The recognition, enforcement, and respect for those individual rights should always be done within the context of the corporate common good. This common good is not inimical to individual goods such as rights. What is needed is an order or hierarchy, such that "goods in respect of another"—for instance, rights—are subjected to "goods in themselves," and the various "goods in themselves" subjected in turn to the "common good" of the corporate polity. For instance, the right to free enterprise would not include the right to buy and sell body parts, if only to safeguard the physical integrity of prospective suppliers.

Participation in the Corporate Common Good

As forerunner of the civic republican or communitarian model, for Aristotle, a citizen is he who "shares in the administration of justice and in offices" (Pltcs 1275a). By "administration of justice" he means taking part in the deliberative or judicial administration of the state (Pltcs 1275b), and by "sharing in offices," holding some kind of rule (Pltcs 1276a). In substance, "a citizen is one who shares in governing and being governed" (Pltcs 1283b). Citizenship in the polity is the means through which individuals can participate in the political common good of flourishing (*eudaimonia*). In the succeeding, we shall explore how different members of the firm can similarly partake of the corporate common good of work, in its double dimension of *poiesis* and *praxis*.

Shareholders

When thinking about firms, shareholders, and their interests are often first to come to mind. Having provided financial capital, they are normally acknowledged as the "owners" of the company. And in accordance with the application of agency theory to business firms, laws are generally designed to protect their interests as "principals" against possible abuse by "manager-agents."

Yet this account is not entirely accurate. The shareholders' only real property is a piece of paper, the certificate that entitles them to a "share" of the firm's residual equity. Depending on whether the company has been profitable, they may receive dividends or sell shares at a higher price. But none of these can be guaranteed. Other shareholder rights generally include choosing board members, participating in annual meetings and voting on changes in capital structure. Nothing more, substantially. Therefore, it would be erroneous to consider shareholders as the real "owners" of a company, when all they own are share certificates (Clarkson and Deck 1998: 608). What's more, given the huge number of shareholders, their fragmented interests and dependence on management, it is quite understandable that they do not consider themselves "owners" at all. Nor do they frequently act as such.

Contrary to general opinion, shareholders do not "own" the company. They just cannot walk into the company premises and occupy a room or start selling the furniture, for example. They hold the right to a share of residual equity, and consequently, the right to vote in shareholders' meetings. Of course they could also always sell their shares for whatever reason. The problem is that shareholders hardly exercise their rights, for various motives.

In public companies, shareholders form a huge and diverse group with interminably splintered interests. It is easy to imagine why a shareholder, with an infinitesimal holding, would not bother to attend general shareholder meetings; his vote would not make a difference. That is something for institutional shareholders, major shareholders, and above all, management to worry about. For his part, the "regular Joe" shareholder does not hold on to his shares very long and sells as soon as he thinks he will make a reasonable profit. Beyond this, he feels no further commitment to the firm.

Because of their rights to residual equity, shareholders may claim liberal-minimalist citizenship within the corporate polity. But that is not sufficient for a civic republican or communitarian kind of citizenship, which requires the exercise of rights with a view to the corporate common good.

Shareholders participate in the corporate common good through their financial investment. We will have to bear in mind that above all, investment is a free and rational human decision (*praxis*), rather than just a "technical event" that computers can be programmed to carry out (*poiesis*). Of course, computers can be triggered and brokers instructed to buy and sell shares when certain market conditions are met. But someone still has to set the objective and the parameters; the rest consists in the mere execution of a preconceived plan. Because of this, the investment decision can never be stripped of its moral dimension and as such will always be an occasion for

virtue or vice for the investor himself, quite independently of its economic outcome. Investment is the work in which shareholders engage and the means through which they share in the common good of the firm.

Herein lies the fallacy behind the dictum according to which the manager's job is first and foremost "to maximize shareholder value." Aside from the counterfactual of presupposing that all the different shareholders were in agreement as to what "value" concretely represents to each of them, it describes the investment decision as if it were the carrying out of an inflexible law of nature (which it is not). Moreover, there are intrinsic difficulties to the pretence of "maximizing" because, strictly speaking, one would have to know beforehand the results or consequences of each alternative line of action before making a decision. But that is clearly impossible for human agents with limited knowledge. The attempt at maximization therefore can only lead to investor paralysis or inaction.

If maximizing shareholder value was the main consideration in business decisions, nothing should stop us from dealing with arms and prohibited drugs or catering to other people's addictions and profiteering from their extreme wants and desperate needs. But the majority of investors, we hope, would not find this "honest," and consequently, they would refrain from engaging in such activities, notwithstanding the promise of succulent returns. They cannot distance themselves enough from what is done with their investment and do not wish to be identified with such lucrative deals for moral reasons, basically. Without falling into "shareholder activism" in which shareholders continually second-guess management decisions, they should nonetheless be sufficiently involved in the firm by at least trying to find out how their funds are being used. The contrary behavior would be the industrial equivalent of the "absentee landlord" solely bent on getting what he thinks is his fair share of the harvest. It is the shareholder's inalienable right and inexcusable duty to ensure that his investment is not used in support of activities or values contrary to his own.

Of course, there can be shareholders who turn a blind eye to their investments so long as they receive their desired earnings or interests. But even they know that respectable appearances have to be kept in business, if only to achieve sustainability. This is the implicit logic behind money-laundering, the quest for legitimacy and social acceptance, which otherwise, would be a tremendous waste of time, resources, and effort. In the end, shareholders cannot seek profits alone or seek them regardless of how they were made. Everyone knows that investors choose the companies in which they hold shares and those choices reflect not only their business sense but also their moral worth. Society rightly takes them to account for this. And the development of "socially responsible investing" (SRI),

in which both positive and negative screens are used to filter companies where one invests, is a business response to this growing demand.

Shareholder reactions to the 2010 US Supreme Court ruling that limits to corporate political contributions violate constitutional free speech could be analyzed through this lens (Bogle 2011). As a result, in March, 2011, the Securities and Exchange Commission (SEC) decided to allow shareholder proxy proposals on corporate political spending. These two events have triggered a cascade of proxy votes on non-binding resolutions regarding corporate contributions to political parties, for instance, that a company will not make political donations without the approval of at least 75 % of its outstanding shares. Despite the fact that institutional shareholders, like pension funds and investment banks, rather than individual shareholders now control the vast majority of shares in US public companies, this renewed interest in corporate political spending reveals an attachment or involvement beyond the purely economic to investments. Either way, investors, both individual and institutional, would like to have a say on the political donations made by the corporations whose shares they own.

Shareholder investments, of course, take the form of financial capital. How is that related to participatory work as the common good of the firm? Consider, in first place, that financial resources, in whatever form, represent the store of accumulated work. Money was invented precisely to be able to store, accumulate and exchange the fruits of work or labor. The investor's money, therefore, represents their own accumulated work or someone else's accumulated work to which they have legitimate access; it is now placed at the service of the firm as an enabling resource. With the financial capital or accumulated work furnished by shareholders and investors, the firm is able to hire workers and acquire the material resources necessary to carry out production or provide services to society. None of this latter work consisting in the provision of goods and services by the firm would be possible without the shareholders' initial investment of accumulated work in the form of financial capital.

Hence, shareholders participate in the corporate common good for two reasons. First, because investment is a form of work, and second, because the financial resources they invest is essentially accumulated or capitalized work. Their work, in turn, renders possible the work of the other members of the firm, giving them a right to share in the profits or surplus value it produces.

Clients and Consumers

The next stakeholder group we shall turn to is that of clients or consumers. They have always been, at least in

theory, the focus of a company's efforts. In recent decades, corporate strategy has often been formulated from their perspective, to satisfy their needs and serve them better, coming up with the best "value proposition" (Porter 1980): "The customer is always right" or "The customer is king." "Consumer sovereignty," however, has been better known in the breach than in the observance. There is a strong need, therefore, for a change in the self-understanding of clients and consumers, from merely passive recipients of value to active participants in market relationships.

Until recently, the market mindset was based on the principle "caveat emptor" or "buyer beware" (Boatright 2000: 273). Responsibility for the consumer's interest lay almost exclusively with the consumer himself. The consumer right consists in not buying a product, if he disagrees with the terms and conditions. Nowadays, especially in the developed world, we have seen a vast expansion of consumer rights. Aside from the right to free market choices, we also enjoy—in varying degrees—the right to fair market prices, to safe, and efficacious products, to truthful advertising and honest communications, to privacy and so forth (Crane and Matten 2004: 270). Moreover, tests have been designed to protect "consumer sovereignty" in its different dimensions: from consumer capability (freedom from limitations in rational decision-making) to information (availability of relevant data) and to choice (switching possibility) (Crane and Matten 2004: 289). For example, by virtue of the first aspect of consumer sovereignty, neither tobacco nor alcohol should be sold to minors; by virtue of the second, foodstuffs should be properly labelled for common allergens; and by virtue of the third, we should be able to change our telephone service providers while keeping our numbers. The guarantee of these rights in support of consumer sovereignty could be said to justify a liberal-minimalist CC for clients and consumers.

How do consumers as liberal-minimalist corporate citizens make the transition to civic republican or communitarian ones? They would in the measure that they somehow participate in the governance of the corporation. For instance, when consumers decide to patronize and recommend—or on the contrary, boycott—a company, because of ethical, social, and environmental reasons. Consumers could also flex their "governance" muscle by participating in product design and promotion; take for granted, when passengers share travel preferences with the airlines whose frequent flier programs they have joined. These consumers could be called civic republican or communitarian corporate citizens. But the issue would then be: How effective are they in influencing corporate policy? That would be the ultimate test of civic republican or communitarian CC for consumers.

In the case of customers or clients, initiatives in co-production (Ostrom 1990) provides them with a chance not

only to provide labor but also to influence the design or delivery of products to better suit their particular needs, enhancing satisfaction and strengthening loyalty to that specific corporate community. This increased valuation of partially self-made products is, to some extent, counterintuitive, for at least two reasons. First, because one would expect the consumer to wish to subtract the price of his labor from the overall cost of the product, and second, because work is generally viewed as tiring and unappealing. However, it appears that work is for most people a two-faced Janus; although tiring and unappealing, it is also rated among the most rewarding of activities (White and Dolan 2009).

This phenomenon which describes how the addition of the customer's labor in the manufacture of a product increases its value is known as the "IKEA effect," after the Swedish furniture manufacturer whose wares typically require some end-buyer assembly (Norton et al. 2011). We may distinguish the "IKEA effect" from the older and better known "endowment effect" (Kahneman et al. 1990) because the higher value attached to the product derives from the effort exerted in production, not from ownership or possession. The "IKEA effect," when the input of the customer's "labor leads to love," has been documented not only in IKEA sets but also in origami and Lego-brick products, with the only condition that the production process be successfully completed (Norton et al. 2011, pp. 17–19). The "IKEA effect" has been tested to hold, regardless of whether one were dealing with a utilitarian or a hedonic product, whether customization was possible or not, and whether the customer was a "do it yourself" hobbyist or simply had a passing interest in the craft. Time, length of exposure to the product or duration in handling was not a determining factor, because when test subjects were asked to disassemble the products they had completed, thereby lengthening the time, no increase in valuation was noted.

Several psychological factors may influence the greater customer satisfaction linked to increased customer involvement in the corporate common good of shared work. Among these are the customer's identification with his own efforts (Aronson and Mills 1959), the joy of successfully completing tasks (Dittmar 1992; Furby 1991), the sense of control (Bandura 1977), and the feeling of pride or social utility that arises from showing one's work to others (Franke et al. 2010). They all lend credence to the idea that greater involvement in work on the part of consumers or clients yields a more intense participation in the corporate common good.

Competitors and Suppliers

The turn now comes for competitors and suppliers. How do they qualify as citizens of the corporate polity? First, in

market economies, the reciprocal rights of competitors and suppliers—the “right to fair play”—are laid down in competition law. These would include the freedom to enter and to leave the market, the right to set prices without coercion, the right to offer products to potential customers, and so forth (Crane and Matten 2004: 305). Upholding these rights may suffice for liberal-minimalist CC. But CC of a civic republican or communitarian kind would again demand a higher level of engagement.

For example, suppliers could organize themselves around an ethical supply chain management initiative, such that unfair labor practices (child labor), unhealthy working conditions (sweatshops), and environmental degradation are greatly diminished if not eliminated. They could do this even before Third World governments—often hampered by limited resources and corruption—introduce their own legislations. Also, suppliers and competitors could engage in “fair trade” agreements like those in coffee, tea, and cocoa; they could guarantee minimum prices and offer better conditions to small commodity growers in developing countries (Crane and Matten 2004: 333). These activities would push suppliers and competitors up the ranks to civic republican or communitarian grade CC. Yet unfortunately, these practices are still uncommon and their effects on corporate governance quite unknown.

Let us take a closer look at the “fair trade” movement insofar as it illustrates how suppliers who are at the same time competitors, the Southern producers, can participate in the common good that different umbrella groups such as the International Federation for Alternative Trade (IFAT), the Fair Trade Labelling Organizations International (FLO), the European Fair Trade Association (EFTA), and the Network of European Shops (NEWS!) espouse (Moore 2004). The “fair trade” movement traces its origins to the cooperative movement, in particular, to the Mennonite Central Committee trading with poor Southern producers in the 1940s. It is defined as a “trading partnership, based on dialog, transparency, and respect, which seeks greater equity in international trade” (FINE 2001). Its goal of equity situates it ideologically in a just or moral third way between “free trade,” that is, international commercial exchange subject to untamed market forces, and government protectionism. This central objective may be broken down into parts, such as the improvement in the livelihoods and wellbeing of Southern producers, especially the most vulnerable, meaning women, children, and indigenous groups, by protecting their rights and safeguarding their habitat, and the education of Northern consumers in the responsible exercise of their purchasing power and decisions. None of this would be possible, however, without the intervention of the fair trade coordinating bodies mentioned above.

Due to the action of fair trade groups, Southern producers are granted access to international markets in more

favorable terms than otherwise. They gain a more direct relationship with consumers, thus eschewing brokers who are often exploitative; they enjoy more fluid communication with their clients, facilitating the exchange of mutually beneficial information; they are offered pre-financing, often between 50 and 60 % of the final value of the order; and they are guaranteed a better price and shielded from market fluctuations (Moore 2004, p. 77). But Southern producers are not only in the receiving end in fair trade partnerships. Through intermediary organizations, Northern consumers also make their demands for products which, far from substandard and “amateurish,” are of higher quality or better differentiated, because they are organic or have a more ethnic, hand-crafted, “authentic” and “exclusive” feel to warrant the price premium. In other words, fair trade bodies may open the door for Southern producers to international markets, but they will still have to struggle to obtain and increase their market share.

Fair trade activity in rich world economies may be relatively small, but it holds a lot of potential. The United Kingdom, the most developed market in Europe, had a total turnover of £493 million for 3,000 different products in 2007 (Moore et al. 2009, pp. 178–179). Its success is due partly to the fact that all major British supermarket chains sell fair trade products. Moreover, Traidcraft, which deals with fair trade groceries, clothing, jewelry, home furnishings, paper products and so forth, and Cafedirect, which commercializes coffee, are highly ranked among the most ethically perceived brands in the country.

Therefore, taking fair trade organizations as our point of reference, we could state its common good as the promotion of equity in global trade. Southern producers, which as suppliers to these fair trade organizations are also competitors among themselves, participate in this common good mainly in two ways. On the one hand, objectively: they gain access to international markets, the quality of their products improves and they receive a guaranteed, premium price. But they also take part subjectively in this common good: not only are their rights respected and their natural and cultural environments protected but also they gain new knowledge while keeping and developing their old skills as well. From a certain perspective, the true measure of success of fair trade groups, then, would be the mainstreaming of such initiatives in global commerce to the point that they themselves become unnecessary.

Government

The government’s role as a stakeholder of the corporation is affected by a serious ambivalence (Crane and Matten 2004: 391). On the one hand, it seems more proper to think of the corporation as a stakeholder of the state. In modern liberal democracies, governments are formed by representatives of

the citizenry, and indirectly, of the different intermediate associations and civil society organizations. On the other hand, the state could also constitute a stakeholder group, not only by owning a significant, if not a controlling tranche of shares, but also in other ways as well.

With their monopoly on force, governments could choose either to restrict or enable corporate activity. States somehow restrict business activity by collecting taxes—which eat into the profits or represent a considerable cost—but they also enable business by allowing tax breaks or granting subsidies. Meanwhile, we could see states as either depending on or competing with corporations. Governments could compete with multinational companies in providing welfare and even security, for example, in developing countries. Yet were it not for independent business organizations, borne from the freedom of enterprise and association of citizens, states would be paralyzed or become terribly inefficient, as in communist countries.

As corporate stakeholders, states undoubtedly hold important rights—enough to qualify them as a liberal-minimalist corporate citizen. Remember that corporations only exist thanks to a legal charter, that is, an explicit recognition by the state. There is no escaping government influence, both for good and for ill. The problem arises when we try to apply the civic republican or communitarian standard. What is the desirable level of state involvement in corporate governance?

The most we could venture is to say that it lies in a golden mean. Not statism, where private initiative, freedom of association and freedom of enterprise have all been annihilated and the state has completely taken over the economy. But neither absolute *laissez-faire*, where markets would have appropriated functions such as internal and external security or the administration of justice, effectively getting rid of the state. Apart from the degree of involvement, there are certain matters or issues that should be of one or the other's competence. Government should not be in the business of developing and peddling software, for example, no less than corporations setting up private tribunals of justice or private armies. The state could behave as a good civic republican or communitarian corporate citizen if it proceeds in accordance with the principle of subsidiarity (Assländer 2011; Sandelands 2009) in relation with corporations, promoting privatization and self-regulation without renouncing to its areas of competence.

To illustrate the difficulty of the balancing act that government or the state has to carry out in its involvement with businesses, we may call to mind the experience of chaebols in South Korea. “Chaebol” comes from two Korean words meaning “wealth or property” and “faction or clan” and is often rendered as “business conglomerate” in English. In essence, it refers to a family controlled corporate group with an interlocking system of ownership

and interests in numerous unrelated goods and services (Kim 2003). Some have grown to be famous international brand names and market leaders, such as Samsung, Hyundai, and LG.

Chaebols trace their origin in the 1950s, when the South Korean government, eager to push its industrialization program, guaranteed cheap loans (sourced either locally or abroad) and set the direction for investments for a few hand-picked business concerns (The Economist 2010b). This gave rise to very close partnerships between the South Korean government, for the most part, authoritarian, and these favored national champions, leading to a system called “guided capitalism” by some and institutionalized corruption by others. In the beginning, chaebols focused on the production of wigs and textiles; from the mid-1970s to the 1980s, on heavy machinery, chemicals, and defense equipment; and from the 1990s onwards, on electronics and high technology products. This government–chaebol partnership proved extremely successful, such that by the 1990s, scarcely a generation after the Japanese occupation and the civil war, the country had achieved a standard of living comparable to that of the most advanced societies.

But then the Asian Financial crisis struck in 1997 and a third of the largest chaebols collapsed within the next couple of years (The Economist 2010b). Prodded by the state, chaebols had invested too much in manufacturing and heavy industries for export, in neglect of the domestic market, and had become over-exposed when the mood in these overseas markets turned sour and depressed. For example, Korea was home to seven major car manufacturers, despite its relatively small population, and was thus found to suffer from a huge production overcapacity. Furthermore, chaebols owed enormous amounts of money not only to the state and to independent industrial banks but also to their own financial services subsidiaries as well, so much so that it became impossible to meet or restructure their debt obligations without themselves going under. Daewoo (“Great Universe” in Korean), one of the more prominent chaebols, became the biggest casualty in mid-1999, leaving losses of \$80 billion in its wake.

Understandably, during the first decade of the new millennium, several regulatory and legislative reforms affecting chaebols were initiated by the government (Beck 2000). Among these were the pressure to focus on core businesses, the decentralization, and professionalization of management, the push toward greater transparency in accounting for the losses and debts of subsidiaries, the strengthening of antitrust laws and the increase in inheritance taxes to weaken family control. Chaebols, through their representative consortium, the Federation of Korean Industries, made use of all the means at their disposal to oppose and strike down these reforms (Kim 2011). Nonetheless, in April 2008, Lee Kun-Hee, the president of

Samsung (“Three Stars” in Korean) was forced to step down from his post due to charges of tax evasion and breach of trust.

Scarcely 2 years after, however, under the administration of President Lee Myung-Bak, formerly a top-rank manager for Hyundai (“The Modern Era” in Korean), not only Lee Kun-Hee, but several dozens of other chaebol bosses were pardoned for their corporate crimes (The Economist 2010a). This paved the way for Lee Kun-Hee’s return to the helm at Samsung. The global financial crisis notwithstanding, Samsung has proven more than resilient, such that its electronics division alone was posed to overtake Hewlett-Packard as the world’s biggest technology firm reporting revenues of about \$135 billion and profits of \$10 billion. Once more, it seems that the very same characteristics that were previously identified as the chaebols’ weaknesses have now turned into their strengths: in Samsung’s case, its diversified, sprawling businesses (83 companies churning out everything from microchips to insurance), a hierarchical, dynastic management and opaque ownership structure (the Lee family holds a controlling 46 % stake in Everland, the umbrella company), and an insistence on market-share (40 % of flash memory chips, close to 20 % of mobile phones and almost 17 % of the television sets) over profits (The Economist 2011a, b). In addition, it generates the most number of patents after IBM. If only to show how closely entwined is Samsung’s fate with that of Korea, in October 2011, it accounted for 13 % of Korea’s exports and about 20 % of its GDP. Undeterred, Samsung would now like to replicate its success over the coming decade in capital-intensive new growth markets involving green technology (solar panels, light-emitting diodes or LEDs, and electric vehicle batteries) and health-related businesses (medical devices and biotech drugs).

Albeit in an ambivalent way, the rise and fall of chaebols in Korea serve to show how intertwined the state or government can be in the fate of business firms. Governments could be a benevolent force, working hand in hand with companies to uplift the living standard of citizens through employment, quality goods, and services at affordable prices and profits which could be used for further investments. But they could also be a major hindrance through corruption, complacency, and the protection of favorites against competition, especially from abroad, leading to a huge waste of resources, including taxpayers’ money and widespread suffering. Governments may even be unable to administer justice effectively, falling prey to a double standard.

Workers and Employees

The only remaining stakeholder group for us to consider is that composed of a company’s workers or employees,

including management. Among the different stakeholders, employees are the ones most closely integrated and identified with the corporation: “employees, in many cases even physically ‘constitute’ the corporation. They are perhaps the most important production factor or ‘resource’ of the corporation, they represent the company toward most other stakeholders, and act in the name of the corporation toward them” (Crane and Matten 2004: 224).

A liberal-minimalist analysis of employees as corporate citizens would limit itself to their rights and duties in the employment contract: a right to fair wages, a right to healthy and safe working conditions, freedom from unjust discrimination, a duty to provide an acceptable level of work performance and quality, a duty to respect company property, and so forth (Crane and Matten 2004: 228). The civic republican or communitarian standard would look into other areas, such as the economic externalities and the socioethical opportunities beyond those contracts. No employment contract could fully capture the demands of employee loyalty, and its breaches would hardly be actionable in the courts. Yet employee loyalty counts as an enormous positive externality for the company and an opportunity for growth in virtue for the employee. Employee loyalty also makes demands on the company. A company should never consider the employee merely as an expendable resource, the first one to jettison when the sailing gets rough. Instead, the corporation should try to reciprocate employee loyalty by apportioning resources and allowing for continuing professional development. Loyalty is not so much the result of locking-in assets as a mutual concern for each other’s flourishing and well-being.

The shift from the liberal-minimalist to the civic republican model of CC runs parallel to a greater, more intense participation of the workers in the company and its common good. This precisely has been the focus of “organizational citizenship behavior” (OCB) research. One of its starting points is the observation that on the basis of obligatory, contractual behavior alone, organizations do not flourish. Instead, organizations have need of discretionary behaviors, not captured by employment contracts or reward systems, to achieve their effective functioning or flourishing (Organ 1988: 4). OCBs may therefore be defined as “contributions to the maintenance of enhancement of the social and psychological context that supports task performance” (Organ 1997: 91). They lend credence to the idea that workers are not purely self-seeking individuals or *homines oeconomici*, but human beings with an unrenounceable relational or social dimension who care about the good of the group.

Several operational dimensions of OCB have been identified and they all share in the common feature of going beyond what is stipulated in the employment contract and is, hence, legally enforceable. Among the most common

are altruism (helping others with their tasks), sportsmanship (taking small irritants or difficulties in the workplace in stride), courtesy (respectfulness), conscientiousness (going “the extra mile” in one’s job), and civic virtue (involvement in the organization’s philanthropic or outreach activities, for instance, which are neither directly nor necessarily work related) (Schnake and Dumler 2003). It is clear from these examples that through OCBs, worker participation in the corporate common good is enhanced not only objectively, in terms of improved corporate performance, but also subjectively, that is, through opportunities to develop individual virtues.

Among employees, those who own shares in the company, particularly, shareholding-managers merit special attention. Let us recall for an instant Aristotle’s teaching that citizens carry out the task of government for no one else but themselves: they govern their own affairs, they practice self-governance. This means that no matter how involved one may be in government, if he did so for the benefit of others but not himself—think of someone called upon to rule in a foreign land, for instance—that does not turn him into a citizen of that land, since citizenship requires self-rule. At most, he could be something like a “professional governor.” That is the difference between a simple manager and a shareholding manager. In some measure, the demand for self-rule could also resolve agency problems, since the shareholding employee—and especially the shareholding manager—now becomes both agent and principal at once. By owning shares through stock option plans, managers begin to exercise power and authority over the firm in their own name, as principals, albeit collectively.

That manager and shareholder, agent and principal, governor and governed coincide is precisely the biggest advantage of workers over other stakeholder groups. Only here can the condition of actively taking part in corporate self-government be adequately fulfilled. Only here, too, can we find the objective dimension of work—that is, the external goods and services produced—united to its subjective dimension—that is, the improvements in knowledge, skills, habits, and virtues that work causes in the worker. Alienation from the worker of the products of his labor is avoided. In this sense, cooperatives, or business organizations that are run and controlled by their owners, would fit the definition of a self-governing corporate polity almost to perfection. Its shareholding workers and managers would represent civic republican or communitarian CC in the highest form.

Perhaps the closest example we have found to this ideal situation is IDOM Engineering Consultancy, where not only the title or formality but also a true culture of ownership reigns (Sison 2008: 191–207). The company’s founding document, “The Associational Commitment in

IDOM,” ensures worker participation in three main areas. First, it acknowledges that work, not financial capital is the firm’s main resource and thus sets the conditions so that each worker, regardless of professional qualification or job description, may be able to earn an ownership stake, if he freely chooses. Participation in ownership, although it vests certain rights, however, is not the same as participation in management. Therefore, clear boundaries are set between the attributions of the management team at the executive level and those of the general assembly of worker-owners. The latter body reserves the right to confirm nominations to the executive board and to approve proposed changes affecting the valuation or distribution of ownership shares and modifications in capital structure. As for participation in profits, the formula according to which the surplus value generated by the firm is distributed among the different owner-workers is also subject to their discussion and approval as a body. In any case, there has been a long-standing agreement in the principle that IDOM does not exist first and foremost to generate profits, but to provide opportunities for the professional and integral human growth of its members. This explains many of its policies regarding the selection, retribution, and training or development of workers as well as its major strategic business decisions.

Conclusion: Participation and the Virtues

As mentioned in the “Introduction,” we have embarked on this research partially in response to the dearth of work dealing with the participation of stakeholders—other than shareholders and employees—in a firm’s decision-making, management, and governance. We then explained in what ways our essay is a continuation and in what ways it signals a break from Moriarty’s (2009) original article. The main difference lies in that we seek a justification for the participation of the various stakeholder groups based on the common good of the firm. This, of course, necessitated a clarification regarding the common good of the firm which we take to be work, particularly in its participatory aspects.

The next step consisted in identifying the different corporate members or stakeholders and indicating the multiple channels through which they could participate in the common good of the firm, all this against the conceptual backdrop of CC. For shareholders, engaging the common good means not only providing financial capital which is the result of accumulated work for the firm (*poiesis*) but also investing responsibly (*praxis*). This requires screening the companies in which they invest for products that prove harmful to the environment and to other people, or goods and services which, although not harmful in themselves, are nonetheless produced in a

harmful way, such as by using slave labor, for example. Rather than simply demanding maximum returns, shareholders should ensure that their investments do not go against their ethical principles and values. Or better still, investments should promote the values shareholders hold dear. Herein lies their virtuous participation.

For clients and consumers, participating in the common good entails not only the satisfaction of their needs and desires by means of the products the firm offers (*poiesis*). First of all, they should likewise examine which among their needs and desires are really worth pursuing, lest they turn into instigators or accomplices in the manufacture of harmful products or perpetration of evil deeds. This would be the case, for instance, of terrorists who, as buyers, wish to get hold of weapons of mass destruction. Once this bar is passed, consumers could use the power of their purchasing decisions to patronize or to punish purveyors, depending on the merits of each case. Moreover, they could engage in responsible consumption (*praxis*) through which they not only fulfill their wants, but they also take advantage of opportunities to improve products, develop skills, and acquire knowledge, for example. The attractiveness of co-production processes may be found in this feature of consumption, in that they are an opportunity for virtues.

In the case of competitors and suppliers, it would not be enough to respect the rules of fair play in the provision of products (*poiesis*). Commitment to the common good of the firm demands concern, to the extent possible, over the people constituting the different links in the supply chain (*praxis*). As the fair trade example illustrates, responsible suppliers can be an effective force for good, not only by combatting exploitation but also, and more importantly, by upgrading product quality and promoting equity in global commerce.

States and governments could likewise participate in the common good of firms through prudent regulation and sound fiscal policy (*poiesis*). But virtuous participation would take place preeminently in the measure that the principle of subsidiarity (Pontifical Council for Justice and Peace 2004: 186–187) is observed (*praxis*). Government should not take over functions that firms are better prepared to perform. Instead, it should cede protagonism, encouraging and promoting private initiatives and stepping in only as a *subsidium* or help, when they prove insufficient or ineffective. Oftentimes, this means providing basic infrastructure, removing abusive monopolies or protecting competition, and enforcing the rule of law efficiently.

It would not be enough for workers to simply comply with the terms of their contract (*poiesis*) to fully participate in the common good of the firm. Rather, they should strive to work toward the direction that OCBs point out (*praxis*). Such behaviors would not only guarantee the observance of contributive justice, rendering to the firm its due through

one's honest efforts, but also, they create a chance for workers to engage in supererogatory acts. These include honing their productive skills, increasing and improving their knowledge, deepening the meaningfulness of work in their lives (Ciulla 2000) and developing the moral virtues. Among stakeholders, workers enjoy a privileged position in participating in the common good of the firm which is, after all, work. Thus, not only the transactional dimension of work and the economy are satisfied but also the gratuitous or gift dimension, as the latest documents of CST suggest (Benedict XVI 2009: 36; Schrift 1997; Faldetta and Paternostro 2011). Such manner of acting likewise prevents managerial capitalism from turning exploitative and self-seeking, grafting into it instead a philosophy of stewardship over the common good of the firm. This line of research which we have scarcely delineated here certainly merits further elaboration in future works.

Finally, as Moriarty (2009: 381-2) correctly noted toward the end of his essay, the search for a guiding policy in the participation of employees and other stakeholders cannot be limited to something as blunt as AENOSP. Rather, a more nuanced view ought to be adopted, since who qualifies for which manner and degree of participation varies from firm to firm, even from the common good perspective. The other options presented which consider an employee's tenure and net worth, the issues at hand, the relative weightings of the different stakeholders' votes and combinations of the above all merit serious consideration. However, this should not be understood as merely or primarily a technical decision to be left in the hands of management experts, but rather as one which, over and above all, depends on the virtue of prudence of the decider or agent. But, once more, that will already bring us beyond the scope of this paper.

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