

CONTRIBUTION FOR AN ARGUMENTATION OF CORPORATE SOCIAL RESPONSIBILITY FROM THE PERSPECTIVE OF CIVIL ECONOMY

Oscar Daniel Licandro - Universidad Católica del Uruguay - olicandr@ucu.edu.uy

Resumo: Este trabalho apresenta uma análise das contribuições da Economia Civil para a argumentação teórica da Responsabilidade Social Empresarial (RSE). A falta de fundamento da teoria econômica, suportada em suposições diferentes daqueles da escola da economia neoclássica, é uma das principais dificuldades para os defensores da RSE para refutar os principais argumentos em oposição a esta filosofia empresarial. Este estudo se caracteriza como uma análise teórica que propõe uma reflexão teórica e reflexiva sobre RSE. Após a introdução, este trabalho está dividido em quatro partes. A primeira parte fornece uma visão geral das críticas da RSE feitas a partir do ponto de vista do pensamento econômico neoclássico. Na segunda parte é explicado o relacionamento entre Economia Civil e RSE. A parte três descreve alguns dos principais conceitos de Economia Civil (relacionalidade da natureza humana, unidade essencial das dimensões econômica e social, princípio da reciprocidade, bens relacionais, os propósitos da empresa, relacionamento entre negócios e ética) e discute como esses conceitos dão legitimidade a RSE. Finalmente, algumas conclusões são apresentadas.

Palavras-chave: Economia Civil, Responsabilidade Social Empresarial, Stakeholders, Reciprocidade, Bens Relacionais

Abstract: This paper presents an analysis of the contributions of Civil Economy to the theoretical argumentation of Corporate Social Responsibility (CSR). The lack of foundation of economic theory, supported on different suppositions from those of the economic Neoclassic school, is one of the main difficulties for the supporters of the CSR in refuting the principal arguments in opposition to this business philosophy. This study is characterized as a theoretical analysis which proposes a theoretical and thoughtful reflection on CSR. After the introduction, this paper is divided into four parts. The first provides an overview of the critiques to CSR formulated from the economic neoclassic thought. The second one explains the relation between Civil Economy and CSR. The third one describes some principal concepts of Civil Economy (human nature relationality, essential unit of the economic and social dimensions, principle of reciprocity, relational goods, business aims and the relation between company and ethics) and thinks of the way CSR is legitimized by these concepts. Finally, it presents some conclusions.

Key-words: Civil Economy, Corporate Social Responsibility, Stakeholder, Reciprocity, Relational Goods.

Recebido: Agosto/2015

Aprovado: Outubro/2015

1. INTRODUCTION

A widely spread text of Milton Friedman (1970), which holds that the only social responsibility of a company consists of generating profitability for its shareholders, with the only limitation of the fulfillment of the law and the respect for certain moral conventions, seems to have set the agenda of the debate on the legitimacy of CSR. Most arguments against Friedman's assertion operate under the rules of the game of his speech, without questioning the implicit assumptions there, related to the ultimate purpose of companies, the economic actors rationality or the equivalents exchange. This phenomenon seems to be explained by the fact that the critics of Friedman have not a framework different from the one of the neoclassic economy and, therefore, they are unable to question his postulates and arguments.

Moreover, a debate on the social responsibility of companies under those assumptions will give the upper hand to Friedman, because logic is implacable. In fact, to argue with Friedman, proponents of discourse on CSR had to introduce contradictory postulates with neoclassical theory. However, as these postulates are not part of a known and minimally consensus theory, they are easy to take down from the orthodox neoclassical discourse.

Throughout the second half of the twentieth century the theoretical production and the conceptual discussion on CSR was based solely on the academic world. In that period, the academic thinking on CSR led to different definitions and theories, as it was evidenced by two classic articles: the one of Carroll (1999) about the evolution of thinking on CSR and the one of Garriga and Mele (2004) which presents different types of theories about the meaning, scope and legitimacy of this concept. In the late 1990s CSR became an important issue for many international organizations (European Union, Organization for Economic Cooperation and Development –OECD-, International Labour Organization –ILO-, United Nations –UN-, etc.) while non profit national and international institutions were created in order to promote the integration of CSR and sustainable development (World Business Council for Sustainable Development -WBCSD-, CSR Europe, Fundación Empresa y Sociedad in Spain, Ethos in Brazil, DERES in Uruguay, etc.).

While in academia, the focus was on the theoretical development, organizations focused on developing tools to manage CSR. The Social Responsibility ISO 26.000 Guide, published in 2011, is the first document which proposes a definition of CSR agreed by various social actors in over 80 countries and a set of guidelines for its implementation. That consensus allowed it to become an inescapable reference for the different social actors

involved in CSR, including academics. For this reason, this paper chooses the concept of CSR proposed in the ISO 26.000 guideline for its analysis.

A perusal of ISO 26.000 reveals that according to this guide a company is socially responsible when it meets the following requirements: 1) it responsibly manages the impacts (externalities) of its activities on society and environment; 2) it takes into account the stakeholders expectations, interests and rights; 3) it seeks to act ethically at all stages and moments of its operation; 4) it incorporates social and environmental considerations into its decisions and contributes to sustainable development; 5) it is accountable to society and its stakeholders by those impacts and the decisions that are involved and 6) all the above mentioned items are not conceived as peripheral actions, instead they are incorporated into the operation of a company (UNIT-ISO, 2011).

2. CRITICISMS OF CSR

According to Zamagni (2012) criticisms from the neoclassical economic thought of CSR are focused on questioning not only the very existence of the concept, but also its effectiveness. Regarding the former, Milton Friedman (1970) argues that the only responsibility of business is to make money and the employers who adopt CSR discourse are behaving suicidally. For Friedman it is necessary to separate economic purposes from social purposes. Social purposes are characteristic of businessman as human beings and therefore, contributions to society should be made individually and separately from business. A company has only an economic purpose. In line with Friedman, Steinberg (2000) argues that a company has not the intended purpose of promoting the public good, which contradicts the assertions in different approaches to CSR. Meanwhile, F. Peter (2004) points out that legitimacy in the market sphere is automatic for the neoclassical approach, which demolishes the whole argument of CSR based on the idea that socially responsible behavior is a necessary condition for generating such legitimation. The second column of the table summarizes neoclassical ideas that contradict each of the six CSR requirements mentioned above.

Regarding the criticism of the effectiveness of CSR, formulated from the neoclassical perspective, Zamagni (2012) identifies four main criticisms: 1) there are cognitive limits to know exactly the real interest of the stakeholders; 2) it is necessary that most of economic actors play the game of CSR, because otherwise the winners will be those whose behavior consist of a combination of purchasing behavior and instrumental rationality; 3) it may occur that “unscrupulous firms to eliminate their rivals or to reduce their competitive force” (Zamagni, 2012: 177) and 4) there is “the danger that socially responsible behaviors can

conceal a dangerous conflict of decisions (trade-off), between moral commitment and social commitment” (Zamagni, 2012: 178), since it is very difficult to combine pure business logic with the one of pure philanthropy, as it is proposed by a good part of philosophical thinking about CSR.

Table 1

CSR requirements and neoclassical thinking ideas that contradict them

CSR requirements (ISO 26.000)	Neoclassical thinking ideas
It responsibly manages the impacts of its activities on society and environment	The only limits to the actions of a company are determined by the law and certain moral conventions. It is valid to externalise costs towards stakeholders and the environment.
It takes into account the stakeholders expectations, interests and rights, as social and economic actors. The purpose of a company is to generate value (economic, social and environmental) for itself and for its stakeholders, beyond what is laid down by law and contracts. It is assumed (not in an explicit way) that trade relations combine the principle of equivalent exchange with the one of reciprocity.	The purpose of a company is to maximize shareholders’ returns. Economic relations are impersonal. The only commitments with other stakeholders are those established in laws and contracts. The only way of relationship with stakeholders is through transactions based on the principle of equivalent exchange transactions. There is no room for reciprocity.
It incorporates ethical considerations in decision-making and to assume the consequences of actions. It does not explicitly adhere to any ethics theory, but it implicitly involves two philosophical approaches to ethics: 1) <i>social utilitarianism</i> ("good ethics is good business") and 2) <i>the ethics of responsibility</i> (assuming the consequences of decisions).	The market is neutral from a moral point of view. Ethic corresponds to individuals (not companies) and it only refers to intentions, regardless of the consequences of actions. It is based on an <i>ethic of intentions</i>
It incorporates social and environmental considerations into its decisions which includes the contribution to sustainable development.	A company pursues only economic purposes. The market operates independently of society.
It is accountable to society	The market does not need legitimization of society, because it is self-legitimized.
CSR is not something peripheral to business and operation. It is present in all corporate decisions and actions.	Social responsibility is not related to business. It is an attitude of businessmen in their private lives.

If the most important international documents on CSR (as the Green Paper on European Union, the Global Compact of the United Nations or ISO 26.000 guideline) and various academic theories on this concept are analyzed, it can be concluded that the argumentation of this new business philosophy (and particularly the arguments in response to

the criticisms above) becomes part of the core concepts of neoclassical economic theory. The same applies if the main problems that it involves (ethical behavior in business, sustainable development, stakeholder engagement, etc.) are analyzed in detail. Moreover, it is likely to explain the supremacy of a argumentation instrumental type, which proposes the need of CSR as an adaptive response of the company to a new environment, rather than a new philosophical view (mainly moral) on the role of business in society.

In CSR literature it is impossible to find a critical review of anthropological assumptions of neoclassical theory (*homo economicus*), about its axioms or the ultimate purpose that this theory assigns to a company (the maximization of shareholders' return). Since these ideas are clearly contrary to the spirit of CSR, CSR theorists are proposing ad-hoc solutions to this contradiction, but without breaking the neoclassical framework. Like Ptolemy, who introduced complex ad-hoc circles to explain planetary retrograde movements that did not fit into the dominant astronomical theory, CSR theorists propose arguments to justify it, which do not question the hegemonic neoclassical paradigm background.

This is paradoxical, given that most definitions of CSR involves two ideas that clearly question the foundations of the neoclassical paradigm. First, the concept of stakeholder sets limits on the voracity of *homo economicus*. This concept appears in most CSR theories, as it is demonstrated by an investigation of Dahlsrud (2006) and it is observed in the aforementioned documents of Carroll (1999) and Garriga and Mele (2004). In particular, it is important to mention the idea suggested by Carroll (1991), who proposed the transition from the concept of CSR to the one of theory/stakeholder management, which he considered an adequate conceptual framework for managing CSR. More recently, the ISO 26.000 guideline states that a socially responsible company is the one that "takes into account the expectations of its stakeholders" (UNIT-ISO, 2011: 107). Second, the association of the concept of CSR mitigating the negative impacts of the operation questions (or at least relativized) the idea that the ultimate goal of the company is exclusively the maximization utility of shareholders and to achieve it is valid to externalise costs towards other stakeholders, with the restrictions imposed only by laws and some moral constraints.

3. CIVIL ECONOMY AND CSR

But there are exceptions. The Civil Economy School (Zamagni 2006, 2009, 2012) provides a solution to the problem. His anthropological postulates, those about the relationship between business and society and his proposal on the ultimate goal of a company, provide a solid framework to support CSR, without resorting to sophisticated arguments that

logic easily destroys. His assumption about the inherent relationality of the human person (in opposition to self-centeredness of homo economicus), his idea about a company as a human community at the service of society and his belief in the interdependence between the economic and social world are the foundational concepts of an alternative framework of neoclassical economics, where there is room for CSR. Moreover, empirical demonstration (Crivelli, 2003) about the concept of reciprocity being more efficient, in the long term, than the concept of equivalent exchange, is the best argument against those who argue that CSR undermines the company's profitability and sustainability.

Civil Economy holds a normative theory (and therefore morale), which proposes an economic model and a kind of society in which people can deploy their essence and develop their relationship potential. This school opposes deterministic positions condemning humanity to live in societies that threaten the relationality of the human person, both which hold that the human beings are essentially competitive, driven by the desire to maximize their pleasure (the individualistic philosophies), as well as those which convert them part of a machine, stating that the purpose of life is to serve the machinery (Marxism and other collectivist philosophies). While individualist and collectivist theories do not explicit their anthropological postulates and coated them in pseudo-scientific truths, Civil Economy, not only explicit them but also uses them transparently to inform the development of its theory.

Despite its normative basis, Civil Economy is not simply a conceptual scaffolding, inferred from anthropological assumptions and that ignores the contrast with reality. For example, Zamagni (2006) devotes a large part of his book "Motivational heterogeneity and economic behavior" to describe the empirical research results showing that under certain contextual conditions humans prioritize maximizing cooperation over competition individual interests. In other words, Civil Economy proposes (in a normative sense, as something good to be pursued) a kind of economy (civil market economy), under which it is possible the development of a society (institutions, ways of relationship and coexistence) in which human beings can live consistently with their essence (as relational beings). In this economy, socially responsible behavior ceases to be "one" business philosophy, to become "the" hegemonic business philosophy.

Since the evolution of humanity towards a Civil Economy is not guaranteed (because the proposal from the Civil Economy is not deterministic), its supporters (among whom stands the Catholic Church) adopt CSR as a business philosophy that, under the capitalist market economy can generate (within specific restrictions) business specific behaviors of Civil Economy. The following text of Zamagni summarizes this idea:

"When there are still no civilians and fair institutions or when they are incomplete, the common good requires something more and something different from the correct and honest pursuit of individual interests. Therefore, a socially responsible company is one that helps to define civic ethics ... Act respecting the rules given is too little, especially when those rules have to be changed; it means, when we have to overcome the Calvinist conception of capitalism ... " (Zamagni, 2012: 187).

The current hegemonic market economy model (capitalism) away from channeling private property for the common good (which is proper to the relational perspective of human beings), operates in the opposite direction. As part of this economy, CSR emerges as a business philosophy that promotes the adoption of behaviors aligned with civic ethics of civil market economy. Without claiming that CSR modifies the essence of the capitalist system, Zamagni perceives it as an opportunity to generate economic behaviors that break (even partially) with limitations imposed by the rules of capitalism.

In spite of being a concept born in the framework of the capitalist market economy, CSR has many points of contact with Civil Economy. Moreover, from reading the definition proposed in ISO 26.000 guideline, it can be inferred that the concept of CSR is much closer to the conceptual structure of Civil Economy than to the Neoclassical School (provider for moral and theoretical foundation of capitalism). This is the reason why this paper argues that Civil Economy provides theoretical arguments to rebut criticism from the neoclassical school of CSR. Now the main concepts of Civil Economy that provide a theoretical basis for CSR and allow to argue against the criticism from the neoclassical thought will be described.

4. CORE CONCEPTS OF CIVIL ECONOMY THAT LEGITIMIZE CSR

4.1 Relationality of human nature

The central proposal of CSR contradicts the anthropological perspective of the Neoclassical school. If economic actors behave as *homo economicus*, which supports the entire neoclassical scaffolding, CSR would be an utopian pipe dream, it would end up hurting its practitioners and benefiting its competitors, as indicated by some of the reviews mentioned above. Civil Economy refutes the anthropological hypothesis that underlies the neoclassical scaffolding. This school of thought reflects the humanistic tradition of Christian personalism of Jacques Maritain and Emmanuel Mounier, existentialism of Martin Buber and Christian

social thought, which conceive a human being as an essentially relational being whose existence depends on the relatedness. To exist, thrive and be happy, humans need of others, both in their personal lives and in their social and economic activities.

"... Human beings are not only or primarily individualistic, as claimed by the axiological individualism; or just socializing, as claimed by the sociological holism, but also they tend to develop the most encouraged propensities in the social context in which they have to act. The argument that prosocial behaviors and reciprocity are exceptions explained in the light of the 'natural and historical preponderance' of 'self-interest' seems so extreme, as the opposite perspective. At its extraordinary complexity of behavior, human beings can be guided by a variety of motivations " (Zamagni, 2012: 39).

Zamagni (2006) argues that the refutation of the individualistic anthropological postulate (denying that individuals are also people) can undermine two major corollaries that are inferred from it: *the impersonality of exchange relations* and the one that holds that *human economic behavior is purely self-interested*. The first of these corollaries is based on the idea that "the less you know about the counterparty, the more will be my advantage, because business will be better with strangers!" (Zamagni 2006: 27). On the other hand, relationality necessarily implies knowledge of others and dialogue with them. Meanwhile, the second corollary involves the idea that "moral feelings as sympathy, reciprocity, sociabilidad, etc., although recognized, are not attributed to any space in the market area" (Zamagni, 2006: 28). Instead, relationality means exactly the opposite.

Both the individualistic and relational perspective are based on normative views (what ought to be) and beliefs about how the real world works. It means, both neoclassical and civilians economists believe that human beings act or tend to act consistently with their anthropological postulate. Also, both find empirical evidence to support that belief. On the one hand, the atrociously competitive and predatory behavior of many businessmen seems to empirically validate the individualistic anthropological postulate. On the other hand, the multiple experiences of collaborative work in the world of business and results of empirical research conducted by experimental economists do the same with the relational anthropological postulate. However, while this assumption does not hold that people "always" act cooperatively (which suggests that there is in them the potential to do so), the individualist

postulate assumes that human beings tend to maximize their pleasure, and that this happens "always" in their economic relations.

Carlos Hoevel (2009: 83) argues that in recent years empirical research on human economic behavior supports the relational hypothesis and refutes the individualistic one. Hoevel bases this opinion on the research of Ernst Fehr and Armin Falk (1999), "that has seriously weakened the neoclassical assumption of 'perfect selfishness', showing how the dimension of justice and altruistic reciprocity exist in economic relations, especially in the labor market". Also he mentions the research of Akerlof, which has shown "significant applications of the principles of 'expressive rationality' and identity in many other areas of economic decision-making" (Hoevel, 2009: 83). For example, Akerlof and Kranton (2000: 748) conclude that "identity is likely to affect economic outcomes, for example, in areas of political economy, organizational behavior, demography, the economics of language, violence, education, consumption and savings behavior, retirement decisions, and labor relations".

While the individualistic anthropological postulate weakens the legitimacy of CSR, the relational anthropological postulate legitimates two of the main ideas of this concept. On the one hand, the idea that establishes the need to understand each stakeholder perspective and fosters collaboration with each one and, on the other hand, the idea that, ultimately, the goal of a company is to create value for itself and for its stakeholders. Indeed, from the perspective of Civil Economy, cooperation and collaboration are a natural tendency of humans and, therefore, of the organizations that they build. A company does not exist without its stakeholders. The search to keep a balance between its own interests and the ones of its stakeholders, far from going against nature, it is part of it. Like Zamagni (2012: 73) notes:

"The perspective of studying Civil Economy picks up certainly the most engaging challenge: to show that there is no opposition between identity (being for itself) and relationship (being for another) and that interest cannot be the sole basis for men associating".

4.2 The essential unity between economic and social dimensions

As mentioned above, one of the criticisms from the Neoclassical school of CSR consist on saying that a company only pursues economic goals and, therefore, it does not make sense to get involved in the solution of social problems. Moreover, doing it is morally wrong, leading to its self-destruction. This review is the result of one of the main tenets of the

neoclassical school: the market is an ethical and socially neutral institution. It means that the economic activity operates in an autonomous way from social relations (and therefore, policies). Hence, within the framework of neoclassical perspective, concepts such as "social value", "shared value" or "triple bottom line" are contradictory to the logic of functioning of markets and, therefore, contrary to the purpose of a company.

However, the perspective of Civil Economy refutes this assumption because "economic and civil issues have in common the relational structure of human existence" (Zamagni, 2006: 18). In other words, the argument against CSR makes sense in the context of anthropological conception of homo economicus, but this situation changes in the context of the relational perspective of human nature. According to Bruni and Zamagni (2003: 11), in the current globalized markets, "a company is asked to be social in its usual economic activity".

It is important to notice that the statement about the interdependence between the economic and the social dimension is not only a philosophical position, since the supporters of Civil Economy believe there are empirical arguments that prove the real world works that way. In short, the neoclassical reasoning, which argues against CSR based on considering that a company does not pursue social goals because the economic area and the social one operate autonomously, falls under its own weight if it is assumed that they interact, as it is established by Civil Economy and multiple research has shown it.

4.3 The concept of reciprocity

Capitalist market economy is essentially based on the equivalents exchange. According to Zamagni (2009), the principle of equivalent exchange is characterized by: 1) the values exchanged are economically equivalent; 2) determining the price precedes transfers between who buys and who sells and 3) transfers of who buys to who sells are not free, since they are determined by what it was given (which is established in the contract). In other words, after the contract agreement, the parties are no longer free and the only thing that makes sense is that each one meets their due, being this their sole responsibility. The formal expression of the equivalents exchange is the contract, since it establishes (in the form of rights and obligations for the parties), the values that are exchanged. The Neoclassical school provides a theoretical basis for such behavior, arguing that it is the only one that governs economic relations.

It is easy to infer that, if economic relations are reduced exclusively to the equivalents exchange (such as the neoclassical approach theorized and it is practiced in the capitalist

economy), all CSR conceptual building collapses. What is the point of going beyond laws and contracts, if social actors operate solely in terms of rights and obligations that flow from them? The answer to this question is based on the principle of reciprocity, which was proposed by Civil Economy and has been verified empirically under certain circumstances. Unlike the equivalents exchange, reciprocity operates out of contracts. There is a reciprocity exchange when A delivers something to B, with the expectation of receiving something in return, but: 1) without determining the price of the delivered value in advance and 2) B is free to do not give anything to A in return of the value received. The following text of Zamagni explains the ultimate meaning of this concept:

"The essential aspect of the reciprocity relationship is that transfers which are generated by itself are inseparable from human relations: the objects of transactions are not separable from those who give them life; it means, in reciprocity, exchange is no longer anonymous and impersonal, as it occurs with the equivalents exchange " (Zamagni, 2007a: 38).

While laws and contracts operate in the field of the equivalents exchange, CSR does it in reciprocity. The voluntary choice to reduce the negative impacts of the operative which are not covered by laws and contracts, as well as the positive plus resulting from certain responsible practices, are based on reciprocity behavior. The philosophy of CSR offers companies to complement typical and necessary relations based on the principle of equivalence, by incorporating a behavior based on reciprocity. Or, in words of Zamagni (2007b: 71): "In short, the Social Responsibility of a Company or a socially responsible company would be one that practices the principle of equity, invests in human capital and practices reciprocity".

The assumption behind this proposal establishes that reciprocity can generate virtuous circles that increase the benefit of all parties. Is that what happens when a company invests in helping their suppliers to produce higher quality? At the end of the process, both will have won more than they would have reached if they had kept within the framework of a traditional business relationship type. The company will have better inputs, greater involvement of the supplier and greater security of supply. The provider will develop skills (know-how, incorporation of technology, improvements in management, etc.) to enhance its ability to compete, reach new markets and be sustainable.

Recent research on experimental economics has discovered the presence of reciprocity in economic relations. According to Lucca Crivelli (2003: 33), reciprocity appears in experiments, "as a social norm that systematically determines the behavior of many people and as a rule capable of promoting cooperative relationships ... especially in situations where it is unthinkable or impossible to recourse to a contractual relationship"; it means, when it seems to be an economically irrational behavior. For example, various experiments based on game theory, conducted by Axelrod, show that behavior based on reciprocity tend to prevail in a wide variety of situations. According to Axelrod (1984: 100) the "cooperation based on reciprocity can get started in a predominantly noncooperative world, can thrive in a variegated environment, and can defend itself once fully established".

Fehr and Gächter (2000) indicate that in controlled laboratory experiments subjects assume reciprocity behaviours, even in situations where it is unlikely that the reciprocal responses will lead to future material rewards. In that sense they claim:

“...the self-interest model has also failed to give satisfactory explanations for a wide variety of questions of interest to economists, including questions about labor market interactions, public goods, and social norms. We believe that for important questions in these areas, progress will not come from additional tweaking of a pure self-interest model, but rather from recognizing that a sizeable proportion of economic actors act on considerations of reciprocity” (Fehr y Gächter, 2000: 178).

As CSR should not be confused with philanthropy, it is also necessary not to confuse reciprocity with altruism. While the equivalent exchange provides a way to give that foresee the equivalent to be received as a counterparty, and altruism consist on giving something without expecting anything in return, reciprocity is based on giving with the expectation of receiving something, that does not necessarily correspond to what was given. According to Fehr and Gächter (2000: 160) altruism “is a form of unconditional kindness; that is, altruism given does not emerge as a response to altruism received”. Hence Zamagni (2012) points out that reciprocity is at a midpoint between the equivalent exchange and pure altruism. It is under this approach that the definition of reciprocity proposed by Fehr, Gächter and Kirchsteiger (1991: 839) has to be interpreted:

“The essential feature of reciprocity motives is thus a willingness to pay for responding fairly (unfairly) to a behavior that is perceived as fair (unfair). Whether

an action is perceived as fair or unfair depends on the distributional consequences of the action relative to a neutral reference action”.

Despite these benefits, reciprocity has its risks. In reciprocal relationships the person who gives first in the one who runs the risk of not receiving anything in return, and even be abused or a victim of bad faith from the other party. For that reason, Zamagni (2009) notes that "reciprocity is a fragile inter-relationship". Some of the criticisms of CSR, made from neoclassical thought, are based on this risk. However there is a limited risk because the expectation to receive is based on knowledge of the other party and the ability to understand the potential advantage to act accordingly. Moreover, empirical research shows that in situations characterized by incomplete contracts (as it occurs in relationships with employees and the community) or in the production of public goods, reciprocity is able to cause a substantial increase in social efficiency, to reduce free-riding and the agency problem (Crivelli, 2003).

It is also important to note that Civil Economy does not propose reciprocity as an alternative to the equivalents exchange. On the contrary, it suggests that both can complement themselves:

“I do not hold it possible to govern a modern economy based solely on the principle of reciprocity, in opposition to the principle of equivalents exchange: I would say, rather, that a market organization that can encourage pro-social behaviors, rather than mortify them, tend to work more efficiently, substantially reducing the level of transaction costs associated with its operation and, above all, in a more satisfied way for all” (Zamagni, 2000: 11).

Based on what was mentioned above we can conclude that, Civil Economy provides, through the principle of reciprocity, a theoretical foundation to two constituent central ideas of CSR concept. On one hand, the idea that social responsibility is a set of behaviors towards stakeholders to provide them (voluntarily and under certain circumstances) a non-established value in laws and contracts. On the other hand, the complementary idea which states that this value is delivered with the expectation of generating benefits for both parties.

4.4 Relational goods

From the essential relationality of a person, Civil Economy infers the existence of a type of assets in human interactions and particularly in commercial transactions, which are call "relational goods". Hence, as Hoevel states (2009: 88):

"The exchange of goods and services between economic agents involves much more than mere transactions. Through transactions we engage in relationships and meetings that affect both our personal lives and happiness, and the development of the economy. Thus, relational goods arise -among which we can mention, friendship, trust, and of course the gifts-, which are crucial to understanding the specific operation of a post-industrial economy".

According to Bruni (2013), the concept of relational goods was introduced by, among others, Benedetto Gui y Carole Uhlaner. Gui (2001) defines relational goods as "a heritage of mutual understanding, common experiences, habits of cooperation that helps to lead a good life and to have positive synergies that go beyond economics."

Relational goods are characterized by: 1) they are non-material goods related to interpersonal relationships, which are not individually consumable (Gui, 2001) and "the benefit that each consumer gets from its use cannot be separated from the benefit obtained by others"(Zamagni, 2006); 2) they have meaning and value in themselves as they are not means to another end (Uhlander, 2013) and 3) they can only be created and owned by mutual agreement and reciprocity (Uhlander, 1989) (Zamagni, 2006).

The concept of relational goods is found in current approaches to relationship marketing (holding that customer loyalty depends primarily on building relationships and trust) and modern approaches to human resource management (which have come to the conclusion that a good working environment, the existence of teamwork and ethical leadership generate greater satisfaction than salary payment). In other words, customer loyalty and employee satisfaction are largely the result of a set of relational goods (affection, trust, team spirit, pride of being part, etc.). And this is because under relational goods perspective, the relationship itself is what constitutes it, "so there is no independent inter-relationship of the good that is produced and consumed simultaneously" (Zamagni, 2012: 71).

A perusal of ISO 26.000 guideline reveals that many of business practices aimed at creating relational goods also take part of behaviour which are considered socially

responsible. It means, CSR philosophy recognizes (in an implicit way) the existence of relational goods integrated to commercial transactions and offers companies to incorporate the creation of such goods to their responsibilities. One of these relational goods is trust, characterized by its power to create positive synergies between actors that develop it. As Zamagni notes (2007a, 36): "Today we know that generalized trust is the true factor of economic development and moral progress of a country. In fact, only trust is able to generate such reputational capital that significantly lowers the cost of the transaction".

4.5 The purposes of a company

As it was mentioned above, literature on CSR proposes a change in the purpose and rationale of a company, by which its ultimate goal is no longer exclusively the profit maximization of shareholders, instead of it, the ultimate goal is the optimization (in a mathematical sense) of the benefit of all its stakeholders (including shareholders). In the words of exhibitors of Stakeholder theory, "the real purpose of a company is to serve as a means to coordinate stakeholders' interests" (Evan and Freeman, 1993: 82).

This reformulation of a company's purpose collides with the orthodox neoclassical conceptual architecture, while it is included in Civil Economy and Christian social thought, which is closely connected to this theory. In his encyclical *Centesimus Annus*, John Paul II says:

"... The purpose of a company is not simply making a profit, but rather the very existence of the company as a community of men who, in different ways, are endeavoring to satisfy their basic needs and form a particular group at the service of the whole society ". (Juan Pablo II, 1998: 67).

In line with this idea, a document issued by the Pontifical Council for Justice and Peace (2014: 17) on the vocation of business leader, states: "Profit is like food. An organism must eat, but it is not the overriding purpose of its existence. Profit is a good servant, but it makes a poor master". On this subject both, Christian social thought and Civil Economy, emphasize the idea that a company has a social purpose and that therefore its commitment is towards the whole society. Under this approach CSR is part of company's nature and not something added to its operation. That is why Crespo (2009: 121) states: "It would be more appropriate to talk about corporate responsibility in society instead of CSR".

4.6 Corporate ethics is a function of its members' ethics

Ethical behavior, based on values and skills to solve in the fairest possible way the many ethical dilemmas that managers face, is a constituent part of CSR. As a company is a human work, its behavior is the reflection of the people's behavior who direct and feature it. Hence, CSR will only be possible if these people assume it as a value enfolded in their own practises.

If, as it was already mentioned, one of the central ideas of CSR is that a company build reciprocal relationships with its stakeholders, it is necessary to find a good answer to the following question: how can people who manage companies articulate (optimize?) the interests of a company and those (possibly conflicting) of its stakeholders? Given that responsibility is a free choice of whom exercise it, the answer is one of the moral kind: it depends on personal ethics. Now, what kind of ethics is the most appropriate to ensure responsible behavior?

Answering the question above, Zamagni (2012) believes it is not the *ethics of intentions*, because this theory holds that an action is good when harmonizes awareness and law enforcement, regardless of the consequences. We already saw that CSR involves taking and minimizing the negative impacts of business activities. Therefore, ethics of intentions do not provide an adequate framework to ensure that managers adopt that attitude. Nor is the *ethical theory derived from social utilitarianism*, which holds that being ethical is profitable (good ethics is good business). In this case, the responsible behavior responds to an instrumental purpose (avoiding consumer complaints, obtaining the operating permit from the neighbors, etc.) and, so once the factors that make it necessary disappear, the motivation to practice it disappears too. Neither the *ethics of responsibility* (in its modern version, proposed in the framework of stakeholder theory, rather than in the original version proposed by Max Weber) solves the problem. While this theory promotes the analysis and weighting of the negative impacts of business activities, “does not constitute a solid anchoring for the notion of responsibility” (Zamagni, 2012: 192), because it is based on the idea of a social contract that commits (morally, socially) parties.

The three theories share the same limitation to ensure (as far as possible) a responsible behavior of business executives. In all of them such behavior is always dependent on factors outside their conscience and their personal morality. In the first case, because of the fact that consciousness only proceeds to choose something, but not to be in charge of it; in the second,

because the responsible behavior depends on external stimuli to consciousness, which can be circumstantial and in the third case because that behavior depends on the enforcement of a contract. To Zamagni, the solution lies in virtue ethics:

"If economic agents don't already embody in their structure of preferences those values that they are supposed to respect, there isn't much to be done. For the ethic of virtues, in fact, the enforceability of the norms depends, in the first place, on the moral constitution of individuals; that is of their internal motivational structure, much before any system of exogenous enforcement." (Zamagni, 2012: 197).

In short, socially responsible behavior of companies depends mainly on the morality of people who manages them, and particularly if they have competences (attitudes, skills, knowledge) of virtue ethics. Obviously, the Neoclassical economics is unable to provide a conceptual framework to analyze and understand this problem, for the simple reason that it posits the moral neutrality of economic actors.

5. CONCLUSIONS

In conclusion it should be noted that the main tenets and ideas of Civil Economy provide a theoretical basis for the existence of CSR as a business philosophy and its practical relevance under certain circumstances. This general conclusion results from the consideration of the following specific conclusions.

First. On the one hand, CSR concept contradicts the main tenets and ideas of neoclassical economics. On the other hand it has many points of contact with the Civil Economy. Furthermore, for the members of this school, CSR emerge as an idea which contributes, within the framework of capitalist economy, to the development of behaviors of a civil economy. Therefore, School of Civil Economy provides the theoretical framework underlying the existence and relevance of CSR.

Second. The relational anthropological postulate of Civil Economy legitimizes the idea (central to the CSR concept) that establishes the need to understand the perspective of stakeholders, to integrate their interests to the company management and to foster collaboration with them. Under the perspective of Civil Economy, cooperation and collaboration are a natural tendency of men, contrary to the provisions of the neoclassical anthropological postulate of homo economicus. The existence of relational goods (derived from relationality), as trust and credibility, provide a foundation for many behaviors proposed

by CSR. A company does not exist without its stakeholders. And, therefore, the search for balance between the company's interests and those of the stakeholders, far from going against nature, it is part of it. Socially responsible behavior allow to build relational goods, which in turn generate reciprocity by the stakeholders. The relational postulate refutes neoclassical criticisms, since a large part of its questioning of CSR lies in the fact that it is not aware of such goods.

Third. Civil Economy debunks two central ideas of neoclassical economics: the ultimate goal of a company is to maximize profits and it does not pursue social purposes (as a result of the fact that economic and social areas operate independently). Therefore, concepts such as "social value", "shared value" or "triple bottom line" are far from being inconsistent with the logic of the functioning of markets and, consequently, contrary to the purposes of a company.

Fourth. The principle of reciprocity helps to understand how the relationship between the responsible company and its stakeholders operates. CSR, by definition, acts on contracts and laws; it means, above those transactions based solely on the equivalent exchange. CSR philosophy holds that the creation of economic, social and environmental value, beyond the provisions of contracts, has the potential to generate positive synergies, in which a company and its stakeholders can obtain clearly higher benefits than they would get if they stay at the space of the equivalents exchange. The concept of reciprocity formulated by Civil Economy provides a conceptual framework to explain how this type of relationship works. It is based on the expectation of future positive performance of stakeholders in response to a company responsible behavior.

Fifth. As a company is a human work, created and directed by people, the development of responsible practices is tied to the will of those who manage it. If it were true the individualist anthropological postulate, businessmen and business leaders will tend to act in the opposite direction proposed by CSR and it would be a nice utopia. However, Civil Economy argues the falsity of the postulate of *homo economicus* and shows that, under certain circumstances, economic actors seek cooperation and tend to adopt behaviors as those which promote CSR. Hence the importance that ethics has, particularly the Virtue Ethics, as the main engine of businessmen and managers responsible behaviour are their own moral convictions. This problem is incomprehensible to neoclassical economics, since this theory assumes the moral neutrality of economic actors.

REFERENCES

- Akerloff, G., y Kranton, R. (2000). Economics and Identity. *The Quarterly Journal of Economics*, 115(3), 715-753.
- Axelrod, R. (1984). *The evolution of the Cooperation*. New York: Basic Books.
- Bruni, L. (2013). Relational Goods: A new tool for an old issue. *Ecos*, 3(2), 173-178.
- Carroll, A. (1999). Corporate Social Responsibility: Evolution of Definitional Construct. *Business and Society*, 38(3), 268–295.
- Carroll, A. (1991). The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders. *Business Horizons* 34(4), 39-48.
- Crespo, R. (2009). La responsabilidad social empresaria (RSE) a la luz de la Caritas in veritate. *Cultura Económica*, 75/76, 121-127.
- Crivelli, L. (2003). Cuando el homo oeconomicus se convierte en reciprocans. En L. Bruni, y S. Zamagn (Eds.), *Persona y Comunion* (pp. 29-56). Buenos Aires: Ciudad Nueva.
- Dahlsrud, A. (2006). How Corporate Social Responsibility is defined: An Analysis of 37 Definitions. *Corporate Social Responsibility and Environmental Management*, 15, 1–13. DOI: 10.1002/csr.132
- Evan, W. y Freeman, E. (1993). A Stakeholder Theory of the Modern Corporation: A Kantian Analysis. En Tom L. Beauchamp y Norman E. Bowie (Eds.), *Ethical Theory and Business*, (4ta ed.). (pp. 75–84). Englewood Cliffs, New.Jersey: Prentice Hall.
- Fehr, E. y Gächter, S. (2000). Fairness and Retaliation: the Economics of Reciprocity. *Journal of Economic Perspectives*, (14)3, 159-181.
- Fehr, E y Falk, A. (1999). Wage Rigidities in a Competitive Incomplete Contract Market. *Journal of Political Economy*, 107, 106-134.
- Fehr, E., Gächter, S. y Kirchsteiger, G. (1997). Reciprocity as a Contract Enforcement Device: Experimental Evidence. *Econometrica*, (65)4, 833-860.

Friedman, C. (1970). The social responsibility of business is to increase its profits. *Times Magazine*, Septeguimber 13, 122-126. Recuperado de <http://www.umich.edu/~thecore/doc/Friedman.pdf>.

Garriga, E. y Melé, D. (2004). Corporate social responsibility theories: Mapping the territory. *Journal of Business Ethics*, (53)1/2, 51-71.

Gui, B. (2001). Organizaciones productivas con fines ideales y realización de la persona: relaciones interpersonales y horizontes de sentido. En L. Bruni (Ed) *Economía de Comunión: Por una cultura económica centrada en la persona* (pp. 149 -168) (1ª Ed.). Madrid: Ciudad Nueva.

Hoevel, C. (2009). Hacia el paradigma del don. *Cultura Económica*, 75/76, 83-96).

Juan Pablo II (1998). *Centesimus Annus*. Buenos Aires: Ediciones Paulinas.

Pontificio Consejo Justicia y Paz (2014). *La vocación del líder empresarial: Una reflexión*. Ciudad del Vaticano: Autor.

Steinberg, E. (2000). *Just Business Ethics in Action*. Oxford: Oxford University Press.

Peter, F. (2004). Choice, consent and the legitimacy of market transactions. *Economics and Philosophy*, 20, 1-18.

Uhlander, C. (1989). Relational Goods and Participation: Incorporating Sociality into a Theory of Rational Action. *Public Choice*, 62, 253-285..

Uhlander, C. (2013). Relational Goods and Resolving the Paradox of Political Participation. *Recerca, Revista de Pensament i anàlisis*, 14, 47-72.

Zamagni, S. (2012). *Por una economía del bien común*. Madrid: Ciudad Nueva.

Zamagni, S. (2009). Fraternidad, don y reciprocidad en la Caritas in Veritae. *Cultura Económica*, 75/76, 11-29.

Zamagni, S. (2007a). El bien común en la sociedad posmoderna: Propuestas para la acción político-económica. *Cultura Económica*, 70, 23-43.

Zamagni, So. (2007b). ¿Es posible compaginar la competitividad de la empresa con la felicidad? Recuperado de <http://www.etnor.org/doc/Zamagni-competitividad-felicidad-en-la-empresa.pdf>

Zamagni, S. (2006). *Heterogeneidad motivacional y comportamiento económico: La perspectiva de la economía civil*. Madrid: Unión Editorial.

Zamagni, S. (2000, febrero). Humanizar la economía. Elementos para un proyecto sostenible. *Anales del Seminario internacional sobre cooperativas*, La Habana, Cuba, 1.

UNIT-ISO (2011). *Guía de Responsabilidad Social* (ISO 26.0000:2012, IDT). Montevideo: Autor.