

An ethical fundament for the ecological business model: From stakeholder model to the communitarian approach.

Abstract for conference Philosophy of Management, special track: 'Beyond Corporate Sustainability: Philosophical Reflections on Ecological Management and the Circular Economy'
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The paper that we want to present articulates concepts to help identify and concretize the current ecological ambitions of corporations from an ethical perspective. The topics of 'ecology' and 'sustainability' have been on corporate agendas for forty years now. At present, they are receiving more consideration than ever before. We roughly distinguish three phases in sustainability movement:

1. The 'passive period' (before 1990) in which the firm was defined in a moral 'light' or even amoral way. The firm acts in markets and shareholders and managers try to make a profit and increase their market share without too much interest in the broader surrounding of business.
2. The 'active period' (1990-2005) in which corporations actively aspired to simultaneously realize business and ecological goals. This was the period in which corporations communicated and cooperated with non-corporate stakeholders. The 'people, planet, profit' model is illustrative of this era.
3. The 'integral period' (2005-), in which corporations try to realize business goals in an ecologically innovative way. In this current phase, business management (of the fore runners) does not only try to cooperate with stakeholders dealing with ecological goals; it has internalized the ambition to make business models themselves sustainable. This can aptly be described in terms of 'ecological management' in the broader context of a 'circular economy' in which the ideal of 'cradle to cradle' is aimed for. Of course, there have been corporations with this ambition in previous times, and some corporations remain morally ignorant, but today the ecological ambition is becoming the new norm. This contrasts with previous periods in which companies were satisfied and thought to uphold their ethical responsibilities if enough of the demands of ecological stakeholders were met.

In this paper, we try to articulate an ethical underpinning for this new era and concretize it with the help of entrepreneurship theory.

In the previous (active) era of sustainable business, ethics was mostly contract- and stakeholder-based, in the third period, business ethics is – so we argue – better understood in terms of communitarianism. In terms of business ethics, the ‘active period’ was still mainly based on a broad concept of welfare. Ultimately, this is based on a utilitarian perspective: Corporations tried to satisfy as many different shareholder and stakeholder preferences as possible. The problem with this utilitarian ideal is that dilemmas arise when different parties have conflicting expectations. As a consequence, it might occur that considerable challenges are not dealt with in an ethically responsible way, while less important issues are.

In the current era of the integral business model, new corporations emerge that challenge the stakeholder-approach for leaving too many challenges unaddressed. In terms of business ethics, we witness a shift towards communitarian philosophy in which corporations are defined as societal organisms. This does not imply that corporations have no dilemmas left, but it does imply that the ‘flourishing’ of communities – a sector, corporation, region, etc. – is taken to be an integral goal of management. In this ‘prospective’ perspective, corporations perceive themselves as part of an ecosystem and develop into and towards an ecologically improved business model. They are actively envisioning an ecologically integrated business model.

The goal of this paper is to formulate a communitarian perspective on business in which the goals of ecological sustainability are understood as an integrated business purpose. We articulate a modest typology of the different ways in which we can understand the corporation as an integral societal organism as part of its natural surroundings. In order to do so, we combine the hands-on theories of entrepreneurship (Sarasvathy 2001) with those of the communitarian philosopher Alisdair MacIntyre (1981; 2016). With this dual approach – of entrepreneurship and business ethics – we aim to describe the responsibilities of corporations in making the economy more sustainable.

We develop our conceptual argument with examples of the sustainability policies of Shell, Unilever and the (‘circular’) carpet producer Interface. These examples help identify the ambitions of today’s corporations with regard to sustainability and the dilemmas they face. We show how utilitarian-economic purposes conflict with ecological ambitions and how sustainable precursor corporations aim to reconcile this conflict. The classic models in management and governance are inapt to address the success of this reconciliation. Yet, theories in entrepreneurship leave much room for this integral (organic) perspective, for they define success in an inclusive way. Central to our analysis is the concept of ‘goal’. Inspired on

the literature on 'effectuation', we articulate an idea of economic goals (profit, market share, image building) as integral to the presupposed natural order and its cyclic mechanisms of renewal. We combine this analysis of goal setting with that of MacIntyre, in which goals are formulated in terms of the realization of certain 'goods' that are central to the functioning of practices. In adjusting the framework of MacIntyre we identify business as working on the threshold between economic and ecological success. This means that the realization of ecological goals is not the satisfaction of the interests of 'stakeholders', but the realization of the business that experiences itself as a mechanism of market society.

This vision of business as an integral part of society implies a future orientation. We frame this in terms of a 'prospective ethics', in which business is required to ethically develop its future in cooperation with other societal partners. This has the advantage for corporations of being able to realistically envision their future business models and acknowledge the necessary steps to take. Corporations can develop towards currently formulated goals step by step. This means 'growing down' into an integral business model. Economic growth is not simply expansive in this model but rather intensive. This approach dovetails with the basic competences entrepreneurs have according to effectuation research. This research shows that entrepreneurs work with the resources 'at hand' and not so much with envisioned business plans. The 'plan' of entrepreneurs is exactly to work integrally with the resources surrounding business. Hence, we argue that there is an anchor for ecological management and business in entrepreneurship theory, which we combine with the insights of communitarianism.

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