

SOCIO-COMPETITIVE STRATEGY A TOOL TO SUPPORT PRACTICAL WISDOM IN MANAGEMENT

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Abstract

Although it is not yet really a mainstream alternative to Kantian or social contract ethics, since Alasdair MacIntyre's 1981 book *After Virtue*, virtue ethics has seen a comeback in the field of business ethics, and some current developments could reinforce this. If, however, it is really to become the backbone of the social-responsibility movement, or other equivalents that aim to make business and economics a part of a society with broader ends than just economic ones, it needs to be linked to practical tools and techniques that allow the practice of virtue to influence business decisions and business practice. The Socio-Competitive Approach, developed by Mario Molteni, is one such possible tool. The paper begins by outlining some key aspects of the virtue of practical wisdom, as understood in the Thomistic tradition, and then presents the socio-competitive approach. In the last section of the paper, a first attempt at identifying links between practical wisdom and socio-competitiveness is made and indications of where further development is required if the two are to function together to make the application of virtue more effective in business.

Introduction

As recently as 1981, Alasdair MacIntyre was able to begin his most famous book, *After Virtue*, with an apocalyptic scene. As a result of a great catastrophe, all systematic knowledge of science had been lost and the human population had to try to recover the practice of science from the bits of the periodic table and other disconnected pieces of information that they could find among the ruins. As we know well, he goes on to say that such a catastrophe has already happened, but that it has destroyed our systematic knowledge of morals, and, in particular, that of the virtue system. His book is about recovering the idea of virtue in our post-catastrophe phase of history.

Now, however, it would be more difficult to justify that kind of apocalyptic view. The virtue tradition has become recognised in general as one of the several possible ways to approach moral behaviour, perhaps particularly in the business sphere, thanks, not least, to the work of MacIntyre himself. Although the social contract and Kantian traditions of thinking about business ethics continue to be proposed by many, thinkers and writers are becoming more willing to accept that virtue-based approaches to good business behaviour are particularly helpful and appropriate. For this reason alone, our seminar and this paper are useful contributions. But there is more to this. Perhaps more important still is the general realisation that our technology and science, and the economic systems that make use of them, are destroying our environment, and that we must make changes if we are not to bring on an

ecological disaster. As this realisation begins to influence the way we behave in a systemic way, thinking about virtue, and the idea of the common good that goes with it, may well become not only one among the several possible ways of approaching business ethics, but indeed the central and most effective one because it starts from the nature of things, and from human nature.

Similarly, the virtue-based approach represents an ethic that is generally more compatible with cultures around the globe than the social contract or Kantian approaches, and therefore represents a more fruitful strand of thought to develop for a global business ethic (see Lutz, 2003).

But for this to happen, it is not enough that this approach is potentially compatible with the ethical principles of the world's great cultures. Equally important is that this tradition develops active links to practical business tools and real business cases that allow business people to see how behaving virtuously might look in practice. Hence, the importance of the present discussion, where we try to construct a bridge between the thinking and practice of the virtue of prudence with the business strategy approach known as "socio-competitive".

Part 1: Some Key Points regarding Practical Wisdom

Since other experts in our seminar will focus directly on the nature of practical wisdom, here we will make a schematic presentation, drawing almost entirely on the key source for our tradition, St Thomas, so as to reserve more time and space for presenting the socio-competitive approach and for linking it to the virtue of practical wisdom.

For St Thomas, prudence or practical wisdom fits into a general approach to good human behaviour, and to being a good human being. Before going further, maybe we should remind ourselves what "good" means here. St Thomas, following Aristotle, sees human beings as "beings-with-potential", in the sense that we are never fully developed. There is always more to the human personality, and to relations between people. What is "good" is what realises some of that potential for genuine human development (the phrase used often by John Paul II of "becoming more fully human" is related to this). So what is good for us, and the beings and environment around us, is what develops the kind of beings that we are – what makes us more fully human – in communion with the other living beings and the ecological order around us. As we are probably well aware, this is a very contested idea today in society at large, but it certainly has its coherence and validity and may well be poised for a comeback, as the ecological agenda influences more and more the way we think (as already mentioned).

We refer to this here because it is not possible to understand practical wisdom or prudence without understanding what we mean by "good". This approach provides us with a very different type of ethics from the dominant positions today, which are usually either Kantian (following the rule in all circumstances); utilitarian (creating the greatest utility for the greatest number) or else Humean (it all depends on how I feel about something. There isn't anything rational about morality). One of its advantages is that it can integrate all aspects of human life and action under the banner of straining forward towards what is good for us, and that is how it relates to practical wisdom. We are beings that are partly determined by our nature (our digestive systems just digest, unless we are ill) and partly free to determine ourselves through the direction of capacities towards achieving the good. Here enters the discussion of virtue – a settled disposition towards the good, a habit, learnt and developed

over time (a realization of the potential we have to be like this). Virtue is what makes us and what we do good (cf. p. 377 of the condensed version of the *Summa Theologiae*, edited by Timothy McDermott).

Turning specifically to the question of the virtue of practical wisdom, or prudence, this is the capacity or skill to be able to discern the good in a particular situation, marshal the means needed to achieve the good, and then actually to carry out the actions needed to realise that good. We could say, using the terminology from Timothy McDermott's *Summa*, that practical wisdom is "*reasoned regulation of conduct*, reasoning well about the whole business of living well" (p. 376, italics original). It is not difficult to see why this kind of virtue is important in business.

Practical wisdom involves visualising a good in the future, and working out how to bring that good into existence in particular, concrete, circumstances. These circumstances are always going to be new in some respect, even if it is only in their combination of factors. Sometimes we will be faced with radically different and new situations, containing completely different and new factors that need to be confronted. These are the situations that are especially challenging for the practice of practical wisdom, since we always confront new situations, in part, on the basis of what we have learnt from previous experience. At any rate, practical wisdom involves visualising potential good and then realising it in practice, on the basis of knowledge of the present and the past. Experience is thus important for developing this virtue, as well as learning from others, especially when confronting very different and unknown circumstances. As Comte-Sponville says, "[Practical Wisdom] presupposes uncertainty, risk, luck and the unknown."¹ It works in the "gap" between what is past and known and what could be in the future, which could perhaps be represented by a bridge that is suspended between them. Again, it is not difficult to see how this is a valuable virtue in business.

A prudent or practically wise person is thus able:

- to deliberate, to use his or her reason;
- to identify the good to be achieved;
- to understand how to use means to achieve ends;
- and thus also to make choices between various courses of action.

Without making good things happen, realising the good in practice (with "good" meaning here what we described above), we are not talking about a virtue. It is not enough to know the good or to love or want it. A practically wise person is able to do these things, but without the last part – realising the good, making it come about in reality, in practice – he or she is not able to bring good into reality and therefore is not fully virtuous. We have all met people who are good hearted and well-meaning, but who are unable to get organised, or, in other ways, are unable to realise the good. These people have a good objective to achieve, (they can see what good could be achieved – they can visualise it), but they cannot bring it into existence. They have what we might call "mesopathy" ("illness or weakness of the means", since "mesa (μεσα)" is Greek for "means"). The most we can say about such people is that they are well-meaning, but not that they are virtuous; rather, we would have to say that they lacked practical wisdom in its complete sense.

¹ French original: La prudence suppose l'incertitude, le risqué, le hazard, l'inconnu. André Comte-Sponville, *Petit traité des grande vertus*, PUF, 1995, p. 51.

Almost as a mirror image of this first kind of problem, there is also another way of failing to achieve the good, that is, being very effective in bringing about one's goals, but mistaking incomplete or bad ends for good ones and succeeding in realising a distorted good, or no good at all. This can get to an extreme form where the means become the end itself, and any kind of intrinsic good is instrumentalised to the achievement of what is a mere means (which could be money or profit). This is the problem that Ken Goodpaster has called "teleopathy", that is, illness or weakness of the ends. This second kind of problem is perhaps the one more commonly encountered, or at least tolerated, in business. It is no less a failing in virtue, however, since both the end and the means are crucial elements in creating good.

How can we know what the good is? This is one of the thorniest issues for us to confront, and so we cannot deal with it fully here. We have already said that it is about realising the potential of human nature, but that still leaves a great deal of freedom to us in deciding how and what we will do. We will make three main points. Firstly, as much ethical thinking and also Church teaching has indicated in recent times, dialogue is a crucial element for discerning the good. The nature and methods of dialogue have been widely discussed and thinking on it has been extensive and deep; in the business sphere, much work has been done on systematic approaches to stakeholder dialogue and in major companies, departments run by top managers are devoted to this activity. So we can only scratch the surface here of this subject matter. Suffice it to say for now that we need to be able to listen to the needs and difficulties of others and from these we can learn where goods are lacking and whether we can respond to these lacks with new goods and services.

Secondly, in the business context, it is useful to note that we can analyse the good that is created through our activity (in this case, our work in business) into two dimensions. John Paul II brings this out well in the encyclical *Laborem Exercens*, when he talks about the "objective" and "subjective" dimensions of work, terms which correspond to "foundational" and "excellent" goods respectively, the terminology used in *Managing as if Faith Mattered*, and which we could also often describe as "economic" and "social" or "human" goods. The important thing here is not so much the terms used as the idea that we are creating a dual output from our work processes in business. One output is the objective product or service, the foundational or economic good, to which we can apply all kinds of quantitative and qualitative measures. It is usually this product that gets all the attention in business. The other is the social, human, excellent or subjective product, which is created within the persons themselves involved in the process (whether they be employees, suppliers, customers, financiers, or whoever), and which is often held between them in common. If the business were a machine, it would produce only an objective product, but since businesses include human beings and human work, they inevitably also produce this other dimension to their output. Thus when we are thinking about realising the good in business, we will always be thinking about realising it in these two ways, simultaneously. A practically-wise manager will be managing these two dimensions, both economic and social, recognising that both are outputs of the processes under his or her control.

Thirdly, we may take a further step in this direction, since it will be useful for our discussion. It involves bringing in the idea of the human being as "individual - person", as developed in the thought of Jacques Maritain, one of the greatest thinkers in the Thomist tradition of the 20th century. Maritain's idea of the human being as, simultaneously and always, both individual and person can help us deal with competing interests and conflict in business as part of an integrated understanding of business as a creator of good. Since competition and

conflicting claims between interest groups are a part of life in business, it would be an abstract and ultimately moralistic or moralising approach to business that could not deal with this aspect of business life in an integrated way. And because it starts with the idea that the human being has two dimensions, the individual and the personal, it represents a deeper level of thinking along the lines we have already been discussing, that is, that human work processes produce good in two dimensions. We can relate the two dimensions of the good produced in the work processes of a business to the two dimensions of the person.

As individuals, we are limited in time and space and we compete with each other for access to material resources, all of which, at any given time, are limited. Objective goods produced by the work process always have some material dimensions, hence why they are objective and that we can measure them. Competition at this level is part of doing our work well; we measure ourselves against others and try to do better as a result. Customers and shareholders are doing the same – judging how well we are doing in relation to others, and supporting or withdrawing support from us as a result. Within the business, all the stakeholders are in competition with each other for access to a share in the proceeds of the business. If employees are paid more, then prices may be higher for customers, or payment to suppliers and dividends to shareholders may be lower. It is no easy task to resolve these conflicts of interest (hence the need for practical wisdom), but it is possible to do it on the basis of the other dimension of the human being, the personal dimension, and the shared, common goods that business actors generate among themselves at this level. For the spiritual, personal dimension of the human being is outgoing, generous, searching for good with others in a collaborative way. As a result, the business community, including all those who deal with the business, is based on a whole network of shared, common goods that all the business stakeholders share in together, without competing with each other.² We can aim to synthesise a decision regarding the division of objective, material, economic goods among the stakeholders (for which they are all in competition) by looking at how that decision deepens the shared, common, excellent, subjective good that they have created together, between them, at the personal level, and on which their economic benefit depends.

Two last points may be worth making. Firstly, Aquinas himself thinks that business people can only be imperfectly prudent because the nature of the way of life they have chosen only aims for an intermediate good, that of making profit for themselves, rather than the common good as a whole (see Lutz, 2008). However, it is possible to see the goal of business as promoting the common good (see Alford and Naughton, 2001, for instance), thus qualifying the good actions of business people to be considered as virtuous in a full sense. At the same time, for our needs, it is not so important whether the business person is considered to be able to develop virtue in the full or only a partial sense; the main point here is that he or she is able to create a real good.

Secondly, we should not forget to mention that for many modern thinkers, prudence is to be opposed to ethics – i.e. ethics is altruistic and prudence is self-regarding (Adam Smith and Kant think so, for instance). The history of the name of this virtue is such that even we here have elected to call it by a different name, practical wisdom, to avoid this baggage. In our approach, based on Aquinas, the exercise of the virtue of prudence/practical wisdom is essential to ethical behaviour. My good is only found in communion with that of others (the

² In the business literature, the idea of the “core competences” of a firm would be an example of a shared common good, held in common among the stakeholders of the firm.

common good), and there is no fundamental contradiction between pursuing my good and the good of others. Prudence is the virtue that allows me to do this.

To conclude this opening section, we could make reference to another text from McDermott's translation: "*Prudence explores not only general rules but particular cases. It not only makes plans but makes use of plans, and that you can't do this unless you know both the general principles of reason and the particular practical situations in which they must be applied . . . Human experience reduces the unmanageable infinity of particular cases to a finite set of usual situations adequate enough for human prudence*" (ibid, italics original). The socio-competitive approach (SCA) can help us reduce the vast complexity of the world of business strategy to a "finite set" that helps us manage that complexity in a virtuous way.

In the title of this paper, we have suggested that the SCA can be a tool to help us exercise the virtue of practical wisdom in management. Let us now look at the SCA before considering its value as a tool in exercising the virtue of practical wisdom.

Part 2: The Socio-Competitive Strategic Approach

For the top management of a company what does it mean to create a *real good* through their activity? Their responsibility is to design (*discerning the good*) and implement (*realizing the good*) a strategy that is able to:

1. Offer products/services that give real value to customers³;
2. Assure competitiveness, survival and growth to the company;
3. Give a satisfactory reward to shareholders;
4. Meet the legitimate expectations of "social" stakeholders (workers, community, environment, etc.), also going beyond legal obligations.

Points 2 and 3 can be named the social-environmental dimension of top management responsibility (and company performance), while 1 and 4 form the competitive and economic dimension. The two dimensions are mutually related. A company that is not able to be competitive and to reach an economic equilibrium in the long term generates significant damage for internal and external stakeholders. Similarly, a company that does not pay attention to developing harmonious relationships with its social stakeholders increases its risk profile: adverse effects of social or environmental origin can hit the company, with serious consequences for competitive and economic performance. Furthermore, as point 1 indicates, we are aiming here to provide a real good to customers, rather than an apparent one.⁴

If it is true that the two dimensions of responsibility feed one another, we cannot forget that under certain circumstances the interests of various groups involved in the strategy-making process could be at least partially in conflict. For this reason it is sometimes necessary to reach a compromise, one that could be acceptable on all sides.

This is the case, for instance, when technological changes affecting a particular industry and/or the intensity of rivalry among competitors forces the company to reduce staff. Top

³ Obtaining the preference of client is not sufficient to satisfy this condition. The preference could be manipulated (see the financial product sold to savers before the great financial crises of 2008) or the product could be immoral (see pornography).

⁴ See *Managing as if Faith Mattered*, chapter 2.

management inspired by the socio-competitive logic will look for all possible ways to reduce the damage to employees: reduction of working time for all to reduce the number of persons to be made redundant; financial support for starting a new small firm; education programs for developing new skills; agreement with an outplacement company, etc.⁵

Nevertheless in this paper we want to underline that a top management team that aims at creating a real good is always looking for practical solutions that combine high competitive and economic performance with high social and environmental performance.

We call such a solution a *socio-competitive synthesis*.⁶ It identifies an innovative way of responding to expectations from one or more groups of stakeholders, going beyond legal obligations, giving life to a solution that contributes to maintaining competitiveness and the long-term success of the firm (Figure 1).

Let us look at the individual elements of this definition. *First*, the response given to a stakeholder group is innovative: sometimes it can be adopted by copying other firms, but frequently it is a fruit of the social entrepreneurial creativity of management which is able to find a new solution connected to the specificities of the industry and the firm. *Second*, such a response can be considered socially relevant in a very concrete fashion, given that it refers to a specific spatial and temporal point. This is because it is a programme that responds specifically to expectations of interest groups, as compared to normal business practice. *Third*, the new solution contributes either to reducing costs and risks or to producing a differentiation advantage. It is essential that this social entrepreneurial creativity does not sacrifice shareholders' expectations but rather that satisfying their expectations is part of its result.

Let's consider these three elements related to an example of a retail corporation. The company decided to look at one of the principal human resource management problems of its point-of-sales, the checkout timetable. This also involved the speed and quality of the checkout service that was one of the key points of quality perceived by customers (*first* element). A self-management system for working hours was set up that allowed the workers, mainly young women, to integrate their personal and family needs with those of work. It fed among workers a sense of belonging and raised the level of satisfaction. At that time this solution was innovative for the context in which the company operated (*second* element). Later, some competitors imitated this method and, later still, it became a standard component in all bargaining agreements with the union. It is important to underline that for the company itself there were two basic advantages: the organisation and management of the department became easier and less expensive, and the satisfaction of the personnel converted into less absenteeism and better customer relations (*third* element).

To understand the social-competitive synthesis we need to subject an idea or a project proposal to two screening issues: (a) does this idea respond to the manifest or latent aspirations of the various stakeholders more efficiently than the existing solutions? (b) can this response consolidate/increase the company's competitiveness? Only an affirmative answer to both issues would indicate an example of socio-competitive innovation. A positive

⁵ See W.F. Cascio, *Responsible Restructuring: Creative and profitable alternatives to layoffs*, Berrett-Koehler, San Francisco, 2002.

⁶ See: Molteni M., *Responsabilità sociale e performance d'impresa. Per una sintesi socio-competitiva*, Vita e Pensiero, Milano, 2004.

response to the social-responsibility question without its insertion into the development of the company would be an act of philanthropy, that while seeming positive to its beneficiaries could not be deemed *paradigmatic* for enlightened management. Indeed this type of action is often criticised by those who would prefer to see resources used to generate wealth for shareholders. The socio-competitive synthesis, however, increases both workers' and other social groups' satisfaction. This contributes to maintaining competitiveness and, as a consequence, economic performance.

We should consider the effects of feedback – balancing and reinforcing⁷ – connected to the socio-competitive synthesis (see Figure 1). Firstly, there are two balancing processes, given that the competitive advantage generated helps to narrow the gap between the desired and the actual strategy, as well as satisfying the stakeholders and enabling them gradually to fulfil their need. This balancing effect explains why the socio-competitive synthesis tends to lose its value over time from both the competitive and social points of view, becoming a mere working condition of the company⁸. Thus, there is the need for continual re-launching, working out new projects with their own socio-competitive characteristics. Secondly, there are two reinforcing processes as improved economic results make more financial resources available, increasing faith in the potential of synergy. These both feed the development of the company and increase the will to satisfy the expectation of stakeholders in completely different ways.

Before discussing the different forms of socio-competitive synthesis, it is interesting to note that the main idea underlying this concept is effectively expressed in a passage of the recent encyclical by Benedict XVI: “If love is wise, it can find ways of working in accordance with provident and just expediency” (*Caritas in veritate*, n. 65). He is speaking about finance, specifically with regard to the experience of credit unions, but the logic of the sentence is applicable to all types of business.

Now, the notion of the socio-competitive synthesis can concern a wide range of company elements, from a single process to the whole strategic orientation. The inverted cone proposed in Figure 3 provides a classification of such solutions. At the lower levels of the cone we find solutions concerning operational management, often also applicable in different industries. As we climb up the stairs of the cone, we find solutions with greater strategic value, which typically can be taken only within a specific industry or even a specific firm. According to their nature, the socio-competitive syntheses at the lower levels are typically the result of decisions made by managers on a medium level (such as functional managers), while those at the top of the cone need the active contribution of top management.

At Step 1 of the cone we meet **micro-actions**, where managers are able to combine a positive social or environmental impact and an economic benefit: the introduction of an environmentally friendly packaging that reduces the cost of packaging; the adoption of light bulbs where the higher cost of purchase is compensated in a short period of time by energy cost savings; the use of proximity switches, and so on.

⁷ For a distinction between ‘reinforcing (or positive)’ and ‘balancing (or negative)’ feedback, see Senge P.M., *The Fifth Discipline*, Doubleday, New York, NY, 1990.

⁸ The differential value of the social-competitive synthesis also tends to decrease due to the copying process that corporate culture tends to generate.

For **functional initiatives** (Step 2) we mean win-win solutions inside a corporate function that have a wider impact than the micro-actions have. As examples we can consider: the introduction of a corporate nursery school that, besides the unquestionable benefits for the employees, also reduces absenteeism and the need for extended maternity leave; the adoption of “green” pallets which connect ecological benefits and cost savings; using rail transport where possible, with a reduction of both pollution and transportation costs; equipping a factory with a system of solar panels, capable of covering at least part of its energy needs while reducing energy costs; the implementation of a cause-related marketing program that, in addition to the benefits for the social cause, obtains better commercial results than a traditional advertising campaign. Figure 2 shows an example of a socio-competitive synthesis at this functional level in a large retail corporation. The company decided to look at the principal human resource management problem of its point-of-sales, i.e. the checkout timetable, in a completely different way. This also involved the speed and quality of the checkout service that was one of the key points of quality perceived by customers. A self-management system for working hours was created that allowed the workers, mainly women, to integrate their personal and family needs with that of work. For the company there were two basic advantages: the organisation and management of departments became easier, and the satisfaction of the personnel converted into less absenteeism and better customer relations.

At Step 3, we find **functional policies**. In this case all the activities belonging to a corporate function are interpreted in a socio-environmental way. Consider, for example, a human resources management policy including extraordinary measures for safety, a plan for work-life balance, a structured package for corporate welfare, and so on. Such a policy, from the social point of view, raises employee satisfaction and, from the economic point of view, produces benefits in terms of lower turnover and higher productivity. Another example is the introduction of a responsible supply chain management system that helps suppliers in improving their competences and therefore the quality of their products. In so doing, this policy generates better work-life conditions for suppliers and their families, and ensures higher quality products to the company, important for its differentiation strategy.

Cross company initiatives (Step 4) involve more functions and businesses of the company. A global policy for energy saving, for example, can be achieved through the mapping of energy consumption for every organizational unit followed by an action plan to reduce both environmental impacts and costs.

As we approach the higher levels of the pyramid, (Step 5) we meet with **social and/or environmental businesses**, businesses in which the special attention given to the social and/or environmental impact is the heart of competitive strategy. Usually these businesses are added to traditional ones, and are capable of generating additional revenue and income streams. Here are some examples: the launching of a new line of products aimed at satisfying the needs of a weak social group; the introduction of financial inclusion services or a program of micro-credit, for a bank; the launching of a new product for which environmental value is the key differentiation advantage for a manufacturing company.

The synergetic approach between economic performance and socio-environment results can inspire a decision that impacts the full **company profile** (Step 6). This is the case of a manufacturing company located in a rural context, perhaps of a developing country, that chooses not to concentrate its operations in one large factory but to spread them throughout the area. The creation of various plants, taking care to achieve the minimum effective size for

each of them, can ensure that workers of peasant origin may continue to cultivate the land at the end of the working day and thus stay within their own social networks. The high level of satisfaction, the strong sense of belonging of employees and the consensus of external stakeholders may give rise to higher levels of productivity and competitiveness.

At the highest level (Step 7) we meet with those companies in which the social and/or environmental orientation constitutes the heart of their own **corporate identity**. All the top management's decisions aim at being shaped by this criterion. Normally this situation is the result of leadership with a deep socio-environmental sensitivity and the charisma necessary to promote such a corporate culture. You can find examples of similar firms in different contexts, in different areas, among companies of all sizes⁹.

Finally, the socio-competitive syntheses at the lower levels of the inverted cone tend to be more easily imitated among different industries and companies and to converge in content and form. This phenomenon is a result of several factors: their adaptability to different business contexts; the managers' recognition of the ability of these initiatives to contribute to competitive and economic performance; the increasing pressure from stakeholders, who have seen these solutions operating in other companies; the introduction of these practices among the elements to be considered in self-regulation initiatives promoted by companies at national or industrial level; the inclusion of such initiatives in the checklists used by ethical rating agencies.

On the contrary, the socio-competitive synthesis created at the top of the inverted cone is emulated with much greater difficulty. These are typically firm-specific, difficult to imitate, and therefore a source of competitive advantage at the level of differentiation.

The model of a social-competitive synthesis can be used in two different managerial circumstances. As we have already noted, it can be used to evaluate if a process or a strategy that is already in force is truly virtuous.

Moreover, it can be used as a stimulus for fostering business innovations which are designed to serve the common good. When creating a new strategy it is essential that decision makers consider carefully the social and environmental impact of that decision, because, like it or not, these impacts are part of the decision itself.

In this sense, in future we need to develop a checklist to guide management in this direction. As a first contribution to this, we propose the following questions:

- Did you try to forecast social and environmental impacts connected to the proposal?
- Does the proposal respond to a manifest or latent aspiration of one or more groups of stakeholders more efficiently than existing solutions?
- If it is latent, can you verify in the dialogue with the stakeholders the relevance for them of the interests you are going to satisfy?

⁹ Examples often cited are, among others, InterfaceFLOR, a worldwide leader in the field of textile flooring modular, and Ben & Jerry's, a manufacturer of ice cream (see Bollier D., *Aiming Higher*, Amacom, New York, 1996). For small Italian firms, to the cases contained in M. Molteni - A. Todisco, *La Guida del Sole 24 Ore sulla responsabilità sociale d'impresa*, Il Sole 24 Ore, Milano 2008.

- Did you promote a preliminary dialogue with the stakeholders involved to discuss the proposal?
- Does the proposal create a true (not apparent) good for the stakeholder involved?
- Is not possible to apply entrepreneurial creativity to introduce small changes to the proposal in order to raise the degree of satisfaction of stakeholders involved?
- Does the proposal contribute to the competitive advantage (cost of differentiation) of one or more businesses of the company?
- Can you estimate the corporate benefits of the proposal in terms of lower cost, lower risk, increased turnover, improved reputation, increased team spirit and so on?
- Is it possible to apply entrepreneurial creativity to introduce small changes to the proposal in order to raise the benefits for the enterprise?
- Does the proposal represent even a small contribution to building the common good?

Part 3: Bringing Practical Wisdom into the managerial decisions

What points of contact can we see between the discussion of the virtue of practical wisdom above and that of the socio-competitive approach? We give here some initial thoughts, in the hope that these can be improved in the context of the discussion during the seminar.

Firstly, we see clearly the presence of the two dimensions of good and the need to create a synthesis between the generation of the two of them. Stakeholder dialogue is integral to finding new socio-competitive solutions, as is reference to real as opposed to apparent good.

Just as the practically wise person tries to visualise the good, marshal the means to produce it and then to actually do the producing, so the socio-competitive approach mirrors this form. But while the language of practical wisdom is rather distant from that used by the average practising manager of today, that of the socio-competitive approach is more accessible, and therefore likely to be more successful in aiding managers to be truly practically wise.

At the same time, there are differences between what we have discussed regarding the virtue of practical wisdom and the SCA. Principal among them is that the SCA is more of a tool that requires morally developed, virtuous people to use it well, rather than a guide for developing good human character and good human action, as is the discussion of prudence. We all know that tools are only as good as the people who use them. Just as Ken Goodpaster emphasises that the SAIP has to be used with prudence, by people who are at least trying to develop the virtue of practical wisdom, so similarly, the SCA is no magic solution. It provides very useful guidance and help to managers who want to apply it well, but it cannot substitute for their own moral development.

A more general difference is that the SCA is not just a tool for developing practically wise strategies, but also a way of understanding socially-responsible business in the light of the virtue and common good tradition. It provides a model for business coming out of this tradition, and thus goes beyond the level of a tool.

At the same time, in order to be a more useful tool in helping to develop strategies in a proactive way, more practical tools (checklists, diagrams, flow-charts etc) would be helpful. The SCA still shows its provenance as an idea developed by academics to help them explain and understand what is happening in businesses that aim to be both socially-responsible and economically competitive. Now it needs to be developed further to help those at the coalface

produce those innovative syntheses between social and economic good that it has been helpful in explaining.

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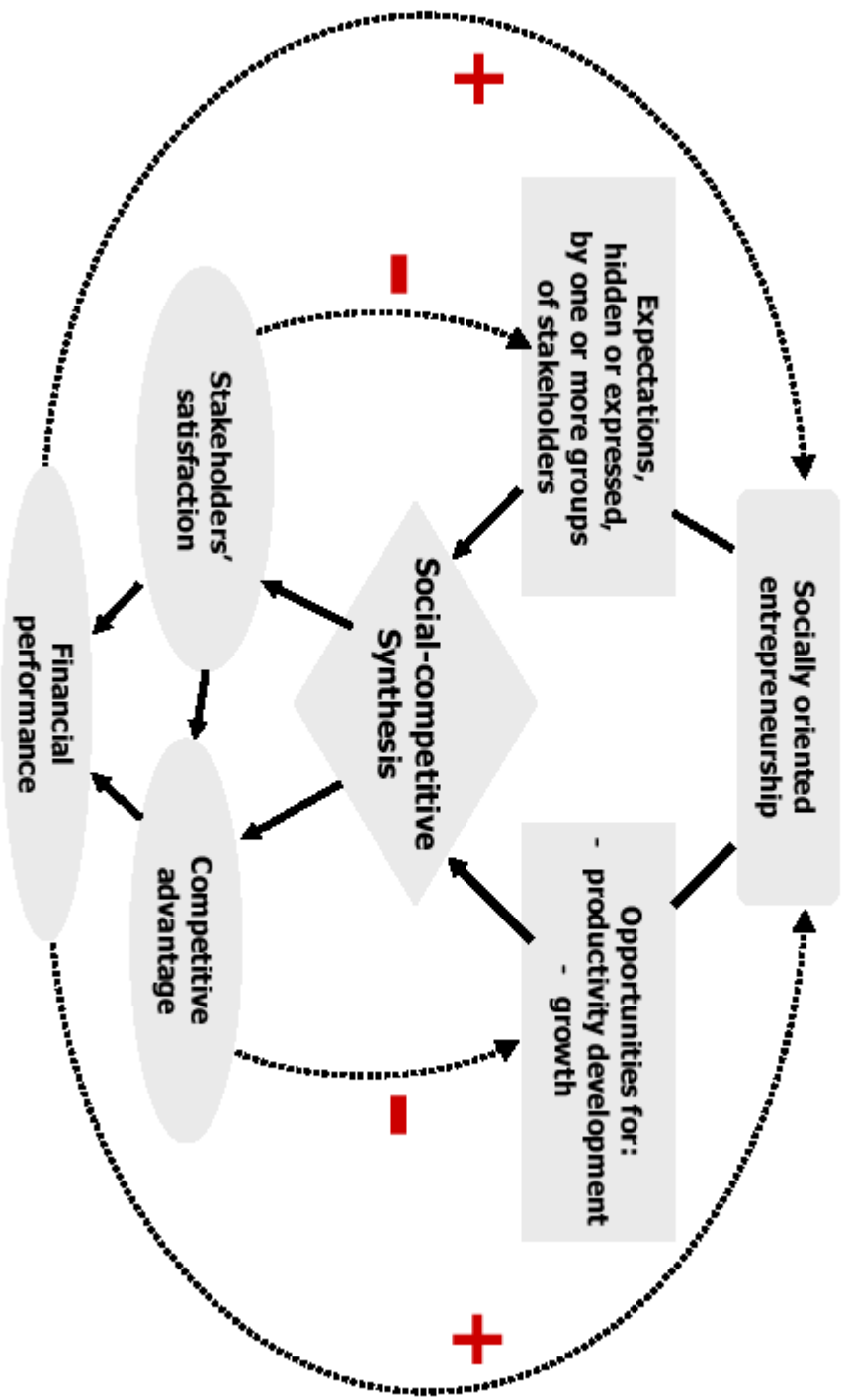
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Fig. 1 – The social-competitive synthesis



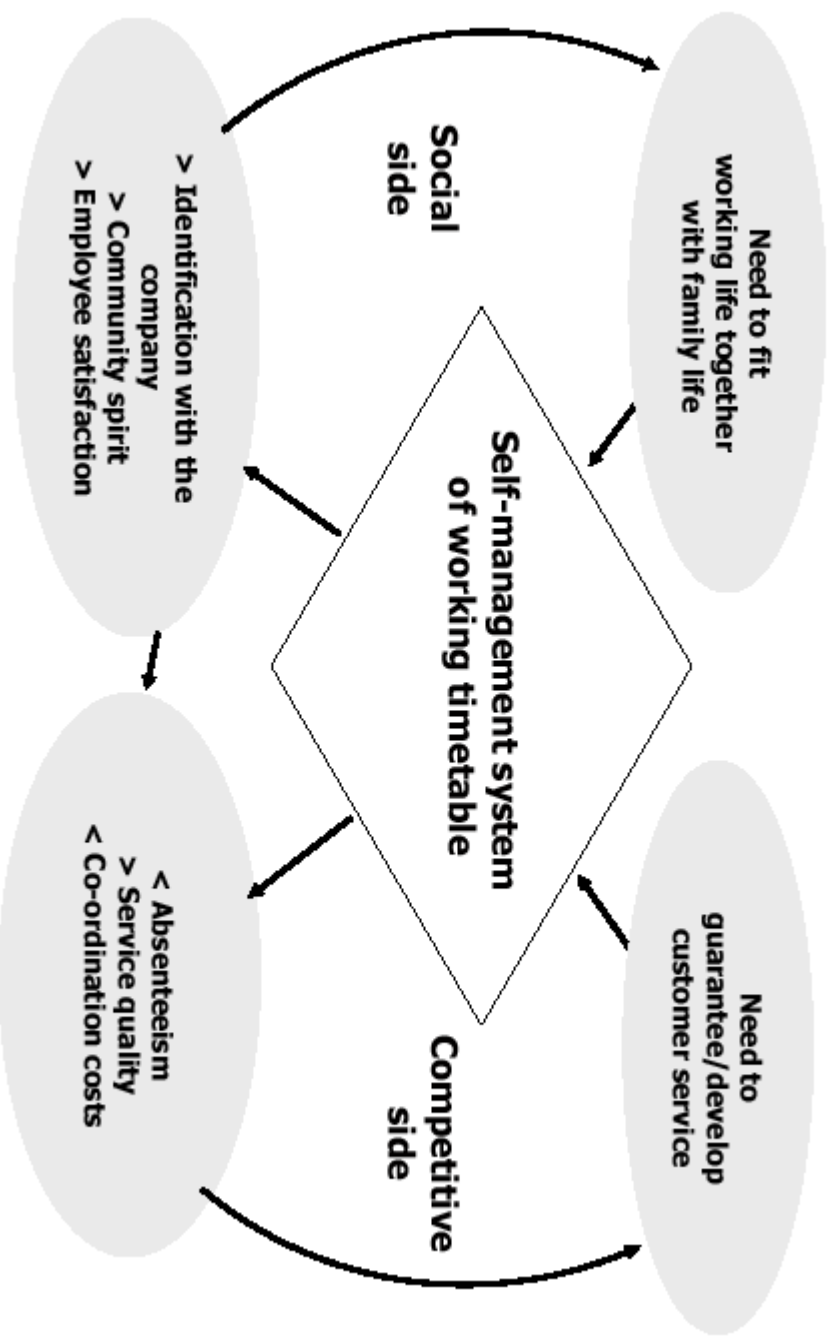


Fig. 2 – An example of social-competitive synthesis: a functional initiative

Fig. 3 – A classification of social-competitive synthesis

