Political Governance and Corporate Social Responsibility: Enhancing the Role of the Moral dimension

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Abstract

Society is currently facing profound crises which threaten the stability, development, and individuals' well-being. Specifically, health, environmental, and social crises have become topics of great interest among academics and scholars of Governance. In this transformative environment, companies fulfill a vital role: they need to be responsible to the community by rethinking the maximization of interests. Indeed, businesses should operate by maximizing stakeholder interests and respecting social development. Failure to achieve these priority objectives can have major implications for society. In achieving these ethical goals, Governance covers a crucial role. However, the debate on Governance and management has focused on purely control and administrative aspects. The present research offers a reinterpretation of Governance through a political lens. By examining Shareholder Theory and Stakeholder Theory, it emerges how in corporate management the political approach is superordinate to the ethical approach. This relationship between politics and ethics is analyzed in the context of Corporate Social Responsibility. Indeed, the research argues that Corporate Social Responsibility is political and not ethical fact. The ethical roots of Corporate Social Responsibility can only be rediscovered through the enhancement of the moral dimension of management. In addition to Shareholder theory and Stakeholder Theory, the research explores Easton's model of political systems.

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Key words: Governance; Political System; Corporate Social Responsibility; Ethics; Moral Dimension

Sommario

Governance politica e Responsabilità sociale delle imprese: Valorizzare il ruolo della dimensione morale

La società sta affrontando profonde crisi che minacciano la stabilità, lo sviluppo e il benessere degli individui. In particolare, le crisi sanitarie, istituzionali, ambientali e sociali sono diventate temi di grande interesse per gli accademici e gli studiosi di Governance. In questo contesto di trasformazione, le imprese svolgono un ruolo vitale: devono essere responsabili nei confronti della comunità, ripensando la massimizzazione degli interessi. Infatti, le imprese dovrebbero operare soddisfando gli interessi degli stakeholder e rispettando lo sviluppo sociale. Nel raggiungimento di questi obiettivi etici, la Governance copre un ruolo cruciale. Tuttavia, il dibattito sulla gestione e sul management si è concentrato sugli aspetti puramente di controllo e amministrativi. La presente ricerca offre una reinterpretazione della Governance in chiave politica. Esaminando la Shareholder Theory e la Stakeholder Theory, emerge come nella gestione aziendale l'approccio politico sia sovraordinato all'approccio etico. Questa relazione tra politica ed etica viene analizzata nel contesto della Responsabilità Sociale d'Impresa. Infatti, la ricerca sostiene che la Responsabilità sociale d'impresa è un fatto politico e non etico. Le radici etiche della Responsabilità Sociale d'Impresa possono essere riscoperte solo attraverso la valorizzazione della dimensione morale del management. Oltre alla Shareholder theory e alla Stakeholder Theory, la ricerca esplora il modello dei sistemi politici di Easton.

Parole chiave: Governance; Sistema politico; responsabilità sociale delle imprese; etica; dimensione morale

1. Introduction

In the last few years, States have faced great challenges which have led to the proliferation of new legislative processes aimed at protecting society (Brecher, 2020; Hickman & Petrin, 2020). Moreover, greater attention has been given to organizations, as they represent the engine of social development (Ganson *et al.*, 2021). Governance and Corporate Social Responsibility (CSR) scholars have showed greater activism towards ethical issues as stakeholder concerns about environmental, ethical, and social questions have rapidly increased (Clementino & Perkins, 2021; Kamal, 2021). However, the requirement for an ethical approach to business, investment, and management is not new within the economic debate. Indeed, Freeman and

Velamuri (2006), paired Stakeholder Theory with the underrated concept of CSR, which consider businesses and corporations as social agents, constrained by specific ethical responsibilities. Within this model of CSR, Stakeholder Theory attempts to identify stakeholders, both internal and external to the company, to which management is ethically responsible. Following this perspective, it emerges how problems with employees can damage the success of a company (Cravens & Oliver, 2006). Furthermore, the lack of attention to environmental issues can affect the reputation of a company by deflecting customers towards competitors (Lyon & Maxwell, 2008). The literature has mainly studied CSR using a strategic and organizational profile (Ruggero & Cupertino, 2018). However, we argue that in a stakeholder-based theory approach, the most critical aspect is the identification of the priority interests to be satisfied (Harvey & Schaefer, 2001; Miles, 2017). Substantially, CSR is often introduced as a code of ethical conduct that management strives to observe in business management. Nevertheless, since interest groups need a hierarchy and classification, ethics is subordinated to politics (Ciappei, 2002; Carroll, 2008). Indeed, to assert their positions and demands, interest groups are expected to compromise. Management is subordinate to norms that transcend its own willpower (heteronomy) and will prioritize the satisfaction of the stakeholders' interests that have more power and legitimacy (Ciappei, 2002). Since CSR is intrinsically related to governance, this research will first analyze the meaning of governance, enhancing its political aspects rather than its administrative and control dimensions. Subsequently, we will try to analyze the paradigm shift between shareholder and stakeholder theory, clarifying how stakeholder theory is a political model and then an ethical one. In support of these propositions, Easton's political systems theory will be analyzed (Easton, 1953). Finally, the valorization of the political framework will allow to clarify why CSR is a code of behavior strictly linked to economic and instrumental dynamics and only secondarily to ethical dynamics. Indeed, to consider CSR as an ethical paradigm, it is necessary for management to move from heteronomy by embracing autonomy, which is the guiding principle of moral action (Ciappei & Cinque, 2014). Therefore, by rediscovering the morality, values, and ethics of management, it is possible to achieve the full realization of CSR. Following this perspective, the research question that supports this paper is:

Which are the real "roots" of CSR and what is the role of the moral dimension?

2. Literature Review

2.1. Political Governance: Preliminary clarifications

The issue of Governance has traditionally been a theme of interest to researchers in business administration, as successful management is a major driver of companies' success (Brick & Chidambaran, 2010; Tibiletti et al., 2021). According to Ciappei (2002), governance can be defined as the institutional architecture responsible for managing businesses. Considering the governance as an institutional entity allows researchers and academics to obtain a wider and systematic understanding on the topic. Indeed, governance involves the management of people, the organizational structure, and company's responsibilities (Dosi *et al*., 2008; Mergel *et al*., 2021). Moreover, and most important, governance is an effective instrument for regulating interests in relation to the company's objectives (Sheng et al., 2020). Thus, striking a balance between managing people, structure, and responsibilities, and pursuing superordinate interests, enables the pursue of companies' successful initiatives. According to several perspectives, governance is represented as a form of corporate administration aimed at the pursuit of effectiveness and efficiency (Ciappei, 2014). Indeed, governance aims to ensure that the management of the company operates for the interests of all shareholders, ensuring that they receive an adequate return on their investment (Pomeranz & Stedman, 2020). Broader definitions of governance extend its scope to include relationships among the various people involved in the company's activities, including employees (Dazzi & Papa, 2021).

In all these contexts, governance success is measured in terms of competitiveness, resource allocation, institutional guarantees, and transparency. However, this line of analysis could be reductive when compared to the political connotations assumed by enterprises. Indeed, businesses, in their political meaning, express the sum of people, stakeholders, powers, agreements and identities (Ciappei, 2003). Governance should be oriented towards the management of these political and subjective aspects instead of the maximization of effectiveness and efficiency through the administration of the company. According to Ciappei (2003), governance can be defined following two meanings: governance as a holistic expression for government action; governance as the action of government in a context of pluralistic complexity. Therefore, if governance is the art of guiding plurality of centers, institutions and systems that are structurally connected, it must necessarily emphasize its political vocation and subsequently its administrative aspects. Ensuring the pursuit of the interests of all stakeholders would be utopian, and for this reason, in the action of government or governance, trade-offs are necessarily made, i.e., among a plurality of centers, those with more power will be valued (Boaventura *et al*., 2020; Colvin *et al.*, 2020). Governance is political, i.e., it is the need to impose an order in response to the multiple interests of different actors. To summarize, we do not reject the identification of governance with the models of different forms of government but give preference to a more general meaning. To fully understand the meaning of political governance, it is necessary to delve into some extensive theories: Shareholder Theory (Friedman, 1970), Stakeholders Theory (Freeman & Reed, 1983) and Easton's system theory (1953), in which the author pays attention to politics.

2.2. Pillars on Shareholder and Stakeholder Theory

Understanding the purpose and goal of a business is a debated topic. According to Friedman (1970), the aim of a commercial enterprise is to provide profit to its owners. Indeed, shareholder theory considers profit as the sole objective to be pursued and as the single and unique social responsibility. Managers are seen as mere stewards of the owners' money and investments, and cannot invest the company's profit in any social, political, or environmental cause beyond their contractual duties (Tse, 2011). Thus, the managers' responsibility should be to the shareholders since they are the investors and owners of the company itself. Using the capital that lenders have advanced, managers should invest in those projects that seek to create the greatest value for these investors (Jackson, 2011). However, the exponential growth of multinational corporations and the process of globalization has pushed society to demand greater commitment from corporate actors, both owners and shareholders and managers (Wherter & Chandler, 2010). Since the 1970s, business management, has begun to include more actors from the social environment transforming the activity of management and coordination (Carroll, 2008). Indeed, critics of shareholder theory often point out that this model is limited to generating shareholder benefits while neglecting the important role of company's actors such as employees, suppliers, customers, government, and society, who simultaneously contribute to the success of any organization (Charreaux, & Desbrières, 2001). Following this perspective, managers have to respond with their actions to a multiplicity of stakeholders. Proponents of stakeholder theory, such as Freeman (2010) and DesJardins and McCall (2004), emphasize that companies should be managed to serve the interests of all stakeholders, not merely shareholders. According to this theory, the interests of shareholders should never harm the community, and management should also consider the interests of other agents affected by corporate decisions (Gilbert & Rasche, 2008). Stakeholder Theory systematically reintroduces into the public debate the idea that corporate governance must include a moral vision: in practice, governance needs to address both shareholders and communities' interests (Freudenreich *et al*., 2020). From an organizational perspective, this implies that managers have to consider the expectations and interests of all parties affected by their decisions (Mainardes *et al*., 2011). Thus, managers' role does not coincide with a fiduciary mandate between them and the ownership of the company, but a multi-trustee mandate between them and all stakeholders involved (Sciarelli and Sciarelli, 2018). Among the many issues presented by Stakeholder Theory, the most discussed were:

1) how to properly identify the various stakeholders;
2) how to define their participation in the company's direction;
3) how to theorize a stakeholders' hierarchy in terms of their rights over the company (Steurer, 2006).

According to Mitchell *et al*. (1997) a firm should try to classify its stakeholders based on certain criteria such as power, legitimacy, and urgency. In addition, managing multiple stakeholder relationships implies the need to simultaneously juggle different objectives and this could be problematic and confusing (Sundaram and Inkpen, 2004). Furthermore, the most critical aspect related to stakeholder theory concerns the distribution of value among a multiplicity of actors. Indeed, it remains unclear how the value created by an organization can be fairly distributed to constituents (Tse, 2011). Following this final perspective, the theoretical picture needs to be analyzed through a political approach that may not coincide with the ethical approach of value distribution.

2.3. Political System and Stakeholder Theory

One of the most important aspects in the application of stakeholder theory lies in the identification of stakeholder groups and in their management (Carroll, 2008). To understand that the management of different stakeholder groups is a political fact, we reinterpret the political system theory of Easton (1953). According to the author, in world reality there is a constant relationship between environment and system. The environment coincides with society and interest groups, while the system coincides with politics. The connection between the environment and the system is a dynamic relation able to adapt and change (Easton, 1957). First, Easton clarifies those changes in society result in demands from interest groups for the maintenance or modification of certain standards. Consequently, the political system should seek to respond to these inputs by elaborating some grant decisions in the areas highlighted by the requests. Making and implementing a decision means generating a change in the surrounding environment. Moreover, this interaction with the environment results in the generation of new demands from the environment and interest groups.

Finally, new demands and decision supports lead to the beginning of the cycle. This cycle represents the ideal functioning of a stable political system, while a dysfunctional political system is unable to follow all the steps without breaking down (Easton, 1959). According to the author, the main reasons for the failure of a political system can be found in the steps where decision-making and operational processes take place. The main "pathology" of the system lies in the inability to identify, select, process, and respond to the right requests coming from the environment, generating occlusions in the institutions and the stalling of decision-making processes (Easton, 1953). This inability to identify, select and respond to the demands of society and interest groups can result from a variety of issues, including cultural and economic. Indeed, due to a lack of culture, the political system may reject or overlook certain questions regardless of their actual cogent importance. Moreover, when economic resources are scarce or inadequate to meet the demands of a variety of interest groups, decisions will necessarily have to be made to compromise (Ciappei, 2002). Under these assumptions, the connections between political systems theory and stakeholder theory are evident (Ciappei, 2014). Indeed, Easton's model applies to the relationship between political authorities and the social environment the same criteria that stakeholder theory theorizes between firms and stakeholders. Specifically, the environment in which a commercial enterprise operates is represented by the stakeholders, who pose demands to the enterprise - in terms of resource allocation, wealth generation or regulation and sanctioning of behaviors (Carroll, 2000). To enforce their demands, stakeholders aggregate into interest groups. The stronger an interest group is, the more chances there are that its requests will be taken into consideration and receive a response from the system (Ciappei, 2005). Thus, when a request is supported by a small and weak group it will not be considered. Furthermore, it may happen that smaller groups, sacrificing some of their demands through compromise, negotiation, and confrontation to have a better chance of being considered and receiving a response from the system (Easton, 1968). Therefore, as Easton's system points out, it may be that management inevitably prioritizes demands from the strongest groups, which can directly determine the success or failure of the enterprise. Through his theory Easton (1953) highlights the importance of recognizing supra-systems to govern and manage complex facts. Important contributions on complexity have also been underlined by recent authors (Golinelli *et al.*, 2010; Barile & Saviano, 2011) who clarify that to comprehend reality in a complete form it is necessary to search for its deep structure, considering the multiplicity of aspects that characterize it. According to the authors, the environment-system relationship can also be expressed in the structure-system form (Barile & Saviano, 2011). The structural analysis of reality provides articulate and precise descriptions of a phenomenon. The systemic interpretation, instead, produces a more explanatory representation of events and reality, aimed at understanding their real behavior. Accordingly, complex reality should be analyzed through a systemic perspective that moves away from conditions of objectivity (Golinelli *et al.*, 2010). To face a mutated and ever-changing scenario, companies and managers should try to develop adequate competences and skills, recognizing the role and responsibilities that their decisions have in environmental and social contexts. Indeed, on the one hand complexity impacts organizations, on the other hand organizations are also generators of complexity. The subjective inability of the decision maker (manager) to grasp and govern articulated phenomena reflects the necessity to rethink management education. Following this perspective, the complexity of reality imposes a return to the capabilities over the competencies of each individual (Barile, 2009). Following this perspective, the complexity of reality requires managers to rediscover their capabilities rather than their competences. Indeed, when the observed phenomenon is not referable to the interpretative schemes, the decision maker is required to choose and act according to his or her value system (Barile, 2009). Therefore, to govern a complex reality, capabilities should be valued over competencies. Using capabilities means managing reality according to one's own value system.

2.4. Key points on Governance, Stakeholder Theory and Political System

Governance is often defined as a form of management designed to achieve effectiveness and efficiency (Provan & Kenis, 2008). As mentioned, governance aims to ensure that those who run the company, i.e., managers, act in the interests of shareholders and the stakeholders that characterize the firm. Prioritizing profit maximization for shareholders through managerial governance is the focus of Shareholder Theory (Freeman & Velamuri, 2006). However, the wide range of social changes and the proliferation of requests coming from all the actors, have pushed academics and scholars to make a paradigm shift: governance must be an instrument aimed at ensuring the maximization of the interests of multiple groups and not only of the individual shareholders of a company (Carroll, 2000). In this regard, we are witnessing an overcoming of shareholder theory to embrace stakeholder theory. Consequently, as mentioned above, Stakeholder Theory systematically reintroduces into the public debate the idea that corporate governance must include a moral vision: in practice, governance must address the interests of individuals, communities, and society (Hemingway & Maclagan, 2004). Dwelling only on these assumptions, governance would coincide with the moral management of business activity aimed at pursuing the interests of multiple poles. However, this research seeks to expand this conceptualization by highlighting the political nature of governance. Indeed, as suggested by Easton's theory of political systems (1968), the stronger an interest group is, in terms of power and ability to affect the success of the firm, the more chances there are that its demands will be satisfied.

Since strength, understood as the power to influence the success and even the existence of the company, is the main criterion for becoming a stakeholder, it is inevitable that to gain more power, individual stakeholders will form alliances and interest groups, joining with others with similar needs, expectations, and interests. However, as pointed out by Easton (1953 and 1959), the resulting negotiation involves the sacrifice of the original positions. This sacrifice translates into dropping certain ethical values and moral demands to be considered by institutional power. All other potential stakeholders who will not be able to obtain the necessary power will be neglected, and their demands ignored. This scenario high-lights at least three points that need to be analyzed:

1) Governance is a political issue: interests, consensus, and strategy are the levers that influence managers in the selection of stakeholder groups to satisfy;
2) Through compromise, the ethical and moral values of individual stakeholder groups are lost;
3) Maximizing the interest of some groups at the expense of others leads managers to make political choices which have priority over ethical and moral values.

In sum, governance is political, and compromise undermines social values and managers' ethics.

2.5. Governance and CSR

In a globalized environment, a growing attention towards companies' behavior and responsibility has emerged (Aras & Crowther, 2008). Accordingly, corporations, with their increased level of responsibility and obligation to their stakeholders, have developed a code for corporate governance to establish appropriate relationships with stakeholders (Knox & Maklan, 2004; Said *et al*., 2009). Due to the changing social conditions, business models must achieve sustainable and responsible development (Berber *et al*., 2019). According to Carroll (1999), corporate social responsibility is the obligation of businessmen to seek those corporate policies and follow those areas of action that are desirable in terms of society's goals and values. Following the evolution of the construct, an organization's responsibility occurs when measures exceed legal obligations and economic goals (Dahlsrud, 2008).

Moreover, CSR should outline a balance between making a profit, scarcity of natural resources, and increasing demand for labor (Said *et al*., 2009). CSR considers businesses and corporations as social agents that are primarily bound by ethical obligations. In this sense, the idea that businesses are exempt from responsibility is overcome. Within CSR, a central role is played by Stakeholder Theory: the theory seeks to identify stakeholders inside and outside the company, to whom management should be ethically responsible. Thus, the rights and expectations of stakeholders should be considered in the decision-making process (Freeman and Dmytriyev, 2017). However, the fundamental rationale that drives companies to engage in CSR remains an enigma. Indeed, CSR can be seen as an extension to maximize wealth for shareholders, but also as a cardinal rule for society (Friedman, 1970). According to Michelon & Parbonetti (2012), through CSR, the management and the company can gain more legitimacy. As argued by several scholars, the CSR field is characterized by different approaches and the most influential would be the economic and instrumental (Boesso *et al*., 2013). The economic and instrumental view is based on two assumptions: firms are expected to maximize their profits and managers have responsibilities to shareholders (Sundaram and Inkpen, 2004); moreover, managers can engage in social or ethical issues if these questions generate profit (Mackey *et al*., 2007). Accordingly, many economists would not reject socially responsible behavior, but would evaluate the contribution to value creation of CSR activities. Following this perspective, stakeholder-based CSR also contributes to instrumentalist thinking. As Mitchell *et al*., (1997) reveal, various corporate stakeholders are considered in the decision-making process if they are powerful and capable of influencing the company's bottom line.

2.6. CSR and Stakeholder Management

Using the economic and instrumental reinterpretation of CSR, this paradigm is unrelated to ethics, however Garriga & Melè (2004) attempted to clarify the mapping area of CSR by classifying four different approaches. First, there are instrumental theories in which CSR is seen as the sole means to create wealth and to achieve economic outcomes. Second, political theories analyze the power of corporations in society and the responsible use of this power in the political sphere. In addition, integrative theories focus on the satisfaction of social demands. Finally, ethical theories are based on the ethical responsibilities of corporations in society. According to this perspective, it is necessary to develop a new approach to CSR that integrates these four dimensions (Garriga & Melè, 2004). To integrate these four dimensions, it is necessary to rethink and re-discuss the purpose of the company and the destination of the value it produces. Value creation must go beyond the individual scope of the Shareholder model, in which the main interests to be satisfied are those of shareholders, and embrace the Stakeholder model, which also consider the interests of management, customers, employees, and the community affected by the company's decisions (Ciappei, 2002).

While Shareholder theory only requires management to have the classic "virtues" of doing business, such as efficiency and reliability (Wittmer & O'Brien, 2017), the Stakeholder model implies a social responsibility for the company, which should extend social value. This aim of producing value for the entire community can only be achieved by rethinking the figure of the manager as a moral subject, capable of identifying the various stakeholders and taking initiatives based on their multiple interests (Hemingway & Maclagan, 2004). This approach requires an extension of the concept of value: value cannot be limited to its monetary dimension but must be extended to the social and environmental dimension (Sciarelli, 2007). Following this perspective, management should create value according to the different stakeholders, obtaining different types of profit, such as consensus and trust. Moreover, the goal of producing value for the whole society impacts on the company's performance, requiring a different strategic mind and different priorities and approaches. To deal with the inevitable changes required by the practical application of Stakeholder Theory, a new leadership concept emerges: Stakeholder Management (Post *et al.*, 2002). According to several authors, the Stakeholder Theory is doomed to fail in the practical process because it is impossible to consider the interests of all stakeholders involved (Blattberg, 2013). However, the theory itself admits the need to create a dynamic and changing hierarchy of needs and interests among stakeholders (Freeman & Velamuri, 2006). Management should develop a new capacity to identify, understand, and select the different interests of the various stakeholders. In this approach, management should be able to prioritize different interests depending on specific situation (Sciarelli and Sciarelli, 2018). This new skill is part of the Stakeholder Management model, a practical guide for managers and entrepreneurs to decide and act in the perspective of an ethically sustainable economy.

2.7 Do Ethics matter in CSR?

CSR as rethought after the conceptual fusion with Stakeholder Theory, has been considered ethically dubious, since it would aim at a convenient "window dressing" to win the favor of selected stakeholders and public opinion rather than acting well for purely ethical reasons (Steurer *et al.*, 2006). From this point of view, the goal of profit maximization remains stable, and the so-called social responsibility becomes a mere tool to obtain a monetary return from a company's activity (Porter and Kramer, 2011). According to Porter & Kramer (2011), values such as philanthropy and sustainability would be nothing more than a facade to hide from public opinion the adoption of the classic economic business model. Indeed, in the academic debate, all the relational and ethical value of CSR is constantly justified based on the value created and the advantages obtainable against competitors. Following this perspective, CSR does not pursue an ethical driver, but is a useful tool for increasing profits (Freeman *et al.*, 2020). As aforementioned, Stakeholder Theory is first a political and then an economic model; however, the same theory could also arise as an ethical model (Freeman, 2010). Nonetheless, additional positions demonstrate that the ethical side is systematically and strategically subservient to the economic side (Carroll, 1999; Steurer *et al.*, 2005). In sum, the central purpose of the corporation remains the maximization of shareholder interests, but the tools used to achieve corporate goals become transformed into illusory moral values (McGhee, 2002). This approach implies that the primary intent of promoting social responsibility serves as a mechanism to help corporations control themselves by escaping government regulation. In this perspective, through CSR, the perception of stakeholders is manipulated to gain a good reputation and strategic advantages over competitors. Since morality implies an inner consensus and internalization of ethical principles by the moral agent, i.e., the manager, CSR based on Stakeholder Theory, cannot be presented as a true "ethics", but rather as a valid business strategy, aimed at maximizing value for corporate stakeholders. The superficial adherence to ethical principles as opposed to a true ethical commitment (McGhee, 2002), is aimed at winning the trust and support of consumers and unaware stakeholders (Porter and Kramer, 2011). Thus, we can assume that CSR resulting from the application of Stakeholder Theory is problematic: on the one hand it is an effective business strategy, on the other hand it is a flawed ethical theory (Steurer *et al*., 2005). Several studies have pointed out that such an instrumental view of CSR does not lead to the expected financial return, as a superficial and incomplete ethical system can prove to be more dangerous and damaging than the total absence of an ethical and social code (Spiess *et al*., 2013). To sum up, the only way to implement CSR is to embrace a moral code of conduct consistently and truthfully, caring for the stated values and ethical and social consequences of a company's decisions and actions. Hence, what makes CSR an ethical model of governance and action is not Stakeholder Theory, rather the moral, ethical values, and virtues of management.

2.8. Virtues and moral dimension: a conceptual model

Companies, as human and social expressions, will have to rethink the function of profit maximization, favoring the human dignity of their workers and producing the development of their communities of reference. The new economy to which humanity must strive should go beyond the search for profit, rediscovering a value for its employees and for the community (Ciappei, 2002). To achieve a balance between profit and social development, organizations must incorporate the concept of virtue into the concept of CSR (Hemingway & Maclagan, 2004). According to D'Amato *et al*., (2009), CSR guidelines establish the extrinsic conditions that organizations must fulfill to be labeled as good corporate citizens. However, virtues such as honesty and humility establish the intrinsic drivers that transform organizations into moral communities (Heugens *et al*., 2008). To achieve overall virtuosity and promote ethical and social performance, organizations need to integrate intrinsic and extrinsic drivers by approaching virtues and CSR guidelines in complementary ways (Ciappei, 2014). First, virtues provide generic guidelines for setting organizational goals in terms of virtuosity. In addition, virtues such as honesty, outline the standards of CSR by providing guidelines that organizations should implement to become socially performing (Castro-González *et al*., 2019).

Finally, virtues belong to the cultural dimension of an organization and directly influence individual ethical behavior. In conclusion, virtues provide the input, while CSR guidelines provide the output for organizational action (Constantinescu & Kaptein, 2015). Humility, individual honesty, and CSR guidelines are sides of the same coin: sustainable long-term organizational performance. Humility and honesty are virtues inherent in a good leader, namely, a moral person who is righteous in his or her professional and personal life and capable of influencing the moral conduct of subordinates. Following this perspective, it is possible to analyze the meaning of moral leadership: it is the vehicle through which beliefs, virtues, and ethical values impact leaders, the workplace, and society (Fassin *et al*., 2015).

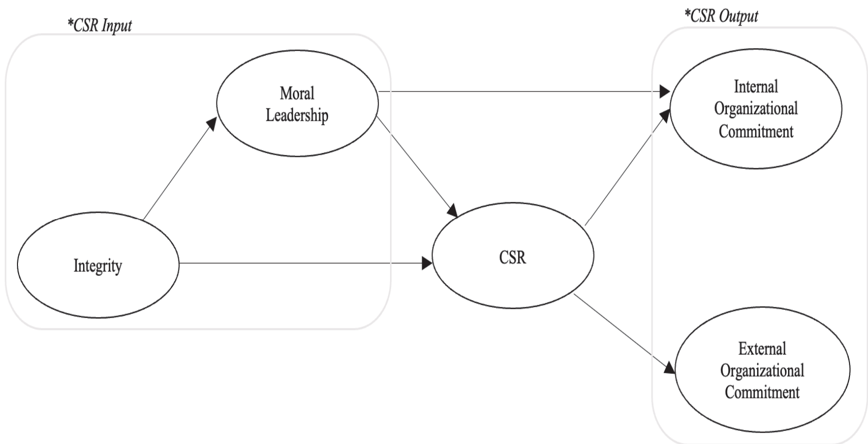
Although the business world is dominated by rationality, efficiency, and the pursuit of material goals, realizing change is achievable. Indeed, the management, through values such as honesty, humility, and wisdom will be able to overcome rationality by rediscovering its decision-making autonomy in the business context (Constantinescu & Kaptein, 2015). Ethical standards, levels of corporate responsibility, and the role of personal values are interconnected concepts that support the idea of business "as a vocation". Through accountability and personal values, it is possible to create an ethical organizational culture by developing CSR and providing moral leadership (Sauser, 2005). Ethics and values emphasize integrity by suggesting that a person's character should promote virtues throughout the community (Bertland, 2009). To summarize, ethics helps to create a managerial environment that promotes best practices. Moreover, ethics allows us to understand the authentic "roots" of CSR.

In the following conceptual model, we highlight how manager integrity can be considered an antecedent to the development of moral leadership. Moral leadership is identified as the leader's behavior that demonstrates superior personal virtues (Gu *et al*., 2015). This aspect involves setting an example for subordinates, such as integrity and fulfilling one's obligations, never taking advantage of others, and selfless comparison (Farh *et al.* 2008). Moral leadership is also considered as a mediating variable in the integrity-CSR relationship. Briefly, the model assumes that the integrity of the individual influences moral leadership and both variables have an impact on the pursuit of proper CSR practices (Veríssimo & Lacerda, 2015). These elements qualify as inputs to CSR. The final part of the model assumes that CSR guided by a value system can increase the commitment that an internal and external stakeholders have to the organization.

3. Conclusion

This chapter aims to argue governance in its political sense. The premise pursued is that the firm is an open system and management should ensure the pursuit of all actors' interests, both shareholders and poles of interest. However, the achievement of multiple interests is not pursuable and in the action of governance, trade-offs are necessarily made, i.e., among a plurality of centers those with more power will be valued. In this perspective, governance is political, i.e., it is the need to impose an order in response to the multiple interests pertaining to different subjects. To sum up, the present research does not reject the identification of governance with the models of different forms of government, but it gives preference to a more general meaning of governance. Moreover, with social changes, governance has embraced and re-valued stakeholder theory. The focus on the community and on a multiplicity of interest groups is also the presupposition of CSR. However, we have pointed out that stakeholder theory while considering community interests, is primarily affected by political aspects and subsequently by ethical questions. Consequently, if CSR is developed around a purely political theory that embraces compromise (stakeholder theory), it is not possible to mention ethics and CSR. We have concluded that CSR can assume ethical character only when the input is the ethical and moral values of management, going beyond the concept of heteronomy and embracing ethical autonomy.

Figure 1 Authors' elaboration



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