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THE PROCESS OF CONSCIOUS CORPORATE GROWTH: A VIRTUE ETHICS APPROACH TO PRACTICE SUSTAINABILITY

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Abstract
To strengthen human relations and create a valuable sense of unity, given the constant dissatisfaction that affects human behavior and hence corporate conduct, an improvement of the exchange of meanings and values among persons and organizations must be sought. A direct consequence would then be a shift from the identification of external and separated forms towards integrity and a sustainable quality of life. At both the individual and organizational levels it is fundamental to learn about how to face individualism through reciprocity, shortsighted decisions through sustainability, the search of instant gratification through the search for meaning, and the limited target of economic and financial growth through the comprehensive concept of Conscious Corporate Growth. This is, we contend, a manifestation of virtue ethics as a framework for responsible management. In the process of conscious corporate growth the organization develops its capacity to behave in a virtuous way, and to enhance its integrity. This integrity and the enhanced relationships and contribution to society are valued for themselves, as internal goods, not solely as external goods contributing to reputation and profit. This development process occurs within the community of the organization, and benefits from the identification of exemplars at both individual and corporate level. Whilst not yet claiming that conscious corporate growth is a practice as defined by MacIntyre, and recognizing his continuing antipathy toward contemporary business, we suggest that conscious corporate growth is a means for the development of virtuous organizations.
Key words: *corporate growth, economics, moral agency, organisational development, virtue ethics*

Introduction
Whether a company should be treated as a person has been the subject of ongoing debate, often related to the nature of moral agency. This paper takes a different approach. It introduces the concept of conscious corporate growth, and then considers whether this is a utopian ideal of no practical value or a useful framework for further investigation. Taking the latter view, a process based on the use of a compass of values is described which can be used to promote conscious corporate growth.

"The company is a human being".

To say that a company has the essential attributes of a human being is a provocative statement - French (1995), for instance, argues that a corporation can be a moral agent while Velasquez (2003) and many others disagree - but one cannot deny that companies are composed of people and people are fundamental for the existence of the company.

The human being is the element that gives birth to the company and that feeds its growth, through a combination of tangible and measurable inputs (investments, work time, work efforts) and intangible inputs (creativeness, emotions, willingness). Human beings also define the culture, the orientation of the core strategy and the governance prerogatives of the company. Therefore, in order to investigate the manifestations of existence of a company, one must

bring attention to the concept of a person and their life.

Economics and management studies have often failed to guide the growth processes of firms, because they have historically built their theories on the principle that individuals are utility maximizers. In a Pareto optimal society, given certain assumptions, the utility is maximized when no one can be better off without some being made worse off. It is interesting to note that the economist did not use the softer word "person" but preferred the aseptic concept of individual (the so-called 'rational economic man') to avoid any reference to values (Bowie, 2008). The man in this sense considered as an individual is closed in on itself, atom between atoms, isolated and independent from others, with absolute freedom, he associates himself with others for the necessity to pursue his own interests. The person, instead, can not find fulfillment only in itself, regardless to his or her being "with" and "for" others. The person is unique and is open to the totality of relational and social reality. Being a "person" means to relate to others and seek to realize the true and the good as an individual and as a community (common good). The person is characterized by the ability of self-knowledge that can make the virtues emerge and develop.

The doctrine that everyone is a utility maximizer is usually stated in a way that makes it equivalent to psychological egoism. The noun "Ego" is derived from the equivalent Latin pronoun which means I, in the sense of one's identity, or rather the measure of the identification with a form (social role, job, status, goods and so on). According to this concept everyone is motivated to look after his or her own perceived best interest, supported by his or her conscious or unconscious will of separation from others and from the context.

Although the world of economics has moved significantly beyond classical equilibrium theory, the evidence of economic, financial, ecological and social reality seems clearly to show that the direction followed by the main of business and managerial models has been and still is permeated by the principle of an ego-based utility maximization concept, or rational economic man (Etzioni, 1990; McCloskey, 2006). Is it then possible to assume that companies have an Ego, a sense of their identity?

Post-Industrial society

In the post-industrial society we are witnessing a profound transformation of the system of values. We are moving from an ethic based on work, on self-discipline, on thrift and on deferment of gratification, to an ethic of consumption, based on hedonism and on instant gratification of needs (Etzioni, 1990). Moreover, the process of globalization and ICT respectively represent the land and the tools that allow a rapid and exponential development of the model of post-industrial societies that eases the overcoming of the always weaker cultural differences between countries.

In post-industrial society strategic resources, technologies and consumption progressively lose their materiality. Raw materials and capital are outflanked by knowledge and training which become key resources for the competitive development of the company (Barney, 1986). The strategic technologies are no longer only mechanical, electrical or chemical, but also those based on Information and Communication Technology and environmental sustainability. Consumption is no longer predominantly material-based, but choices are more often guided from the content of meaning and significance assigned to the product and service. Post-industrial society unduly emphasizes the availability of countless objects to satisfy infinite needs (arising from the characteristics of the preceding industrial society), forgetting however that resources are not unlimited and that the technical mastery over nature is not always feasible, and can often be counterproductive.

Therefore, major risks inherent to post-industrial societies seem clear even to non-experts. Everyone can reach out and touch the negative side of industrial society: pollution of all kinds, unbearable traffic, chaotic urbanization, stress, new diseases, increased poverty, breakdown of social relationships, etc. As a matter of fact, it would seem that even at the corporate level an ego-personality exists that pursues its own interests and which is often separated from the other economic and social actors and from the overall context.

Conscious Corporate Growth

Theories of corporate strategy and organization are often focused on the investigation of what the company does, why it does it, how it does it and what it should do. They analyze the behavior, the alternative strategies, the competitive advantages, the environment, the stakeholder's relationships, etc (Porter, 1998). In this effort of theorizing it is easy to move away from reality, to forget that companies are an intimate expression of the will and the values of the people who have given birth to them, who operate within them and who gather around them. We often forget that the company is an input–output system based on interaction between people. In other words, it is an inseparable whole with the overall context.

Therefore to investigate better what the company does, why it does it, how it does it and what it should

do, the focus should be on gaining an understanding of what the company is, which values are expressed by the people who compose it, the values of its stakeholders, and the degree of awareness by the organization of its influence on the mutual relationship with the environment. Such attention placed both on interpersonal relationships among people who operate within and outside the company, and on the analysis of the various environments with which the company interacts, can become the continuous practice of a process of **Conscious Corporate Growth**. Choosing to focus on what is the company essence means to start a process of self-knowledge that leads first to understand and then to accept to what extent the personal habits, the ideas and the beliefs of individuals guide the choices of the organization. This does not imply some form of strict determinism, but the investigation of the extent to which the social environment impacts on everyone's behavior and choices. By doing so one may discover that the level of influence is greater than we tend to recognize.

It is here that we make a direct link to virtue ethics as a framework for responsible management, for virtue ethics is concerned with character rather than with what should be done so as to comply with rules or duty, or with how well the results of the company's actions contribute to the good of society. Thus conscious corporate growth for a corporation might be viewed as the process through which it somes to understand its own nature and encourage the development of that nature toward virtuous goals, so that not only are the virtues of individual members of the organization enhanced but the organization itself also comes to more clearly or more closely develop a capacity to contribute to society. As is the case with the development of individual virtues, development by organizations occurs through example and practice.

In order to achieve the results which conscious corporate growth can bring, one needs to observe the company from the outside, while remaining at the same time part of it. This is a task for the top management, but it can and should be extended to the entire organization, to the benefit of the company and of individuals involved in this task. It is a continuous and self-feeding process supported by a principle of improving by experience. First individually and then collectively people and organizations must start to expand their respective points of view regarding the nature of their behavior and of their manifestations of existence. Doing so, they can observe themselves from a broader perspective in order to understand the level at which they are identified with their own identity and with their own business image.

The starting point is to recognize that our culture is based on a collection or body of abstract principles translated into our day-to-day behavior. That is, we all have a set of almost instinctive "default behaviors", programmed into us from infancy, schooling, religious convictions, etc., which represent accepted norms and modes within our local environment (i.e. organizations). This means that the company, through its choices and its actions is identified with an image of itself that is an expression of the level of self-knowledge attained. As the ego is the identification with an identity, a model or a role, the ego of the organization can hence be conceived as the integral or consolidation of all the individual egos involved in it.

This visualization effort opens a new dimension of investigation that allows us to understand and recognize that the choices of a company are often driven by automatic and unconscious processes of action, supported by habits and by schemes of reaction and behavior not aligned to any ideal value but simply oriented to face a sterile competitive game through an egoistic personality. If it is accepted that the Ego of the company exists and when this is manifest as the organization level of individual egoism and of the utility maximization principle linked to it, two questions arise: could this be considered negative? could this imply any need for change?

If the answer to both questions was negative it would mean that the status quo in which workers, companies and we all live is satisfactory and does not require any change. But, as a matter of fact, there is not an *a priori* acceptable answer. The answer must be sought instead at the subjective investigation level through the observation of current economic, financial, environmental and political phenomena. By examining these phenomena one can come to understand the extent to which each individual, group or organization focuses on the strengthening of its own image, rather than the content and of the substance of their actions.

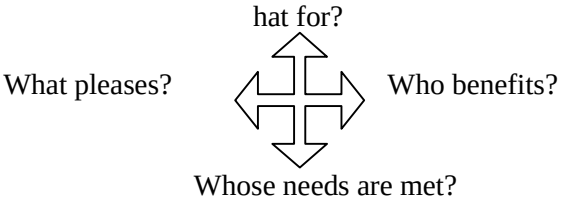
By image here we mean the organization's understanding of itself and not any contrived, public relations image. The more this process of self-knowledge is developed, the more the company expresses itself harmoniously with the environment. The development of the process is not directly related to the age of the company, even though newly established companies may find less resistance to change. The implementation is instead more influenced by the expression of the determination of business people to know how to go beyond the boundaries of the customary form (identification) by focusing on targets that are able to better combine the economic and financial interests with the integrity and the respect of the person.

To achieve this goal individuals should gradually but constantly drive their choices in the direction of the company's growth in the long-run, focused on the person and their values, as well as on the financial and the economic results. This is a process of continuous development of long term values and not only a mere expression of values driven by an egoistic personality or by the speculative corporate image development. Those values are the same ones for which any person and/or organization would like to be remembered by their family, by their loved ones, or for a company by its internal and external stakeholders. Values that ultimately are reflected in the corporate reputation and in the growth of intangible assets, and that generate a tangible result as highlighted in the corporate bottom line (either single or multiple).

Compass of values

Therefore, in order to guide their strategic decisions towards Conscious Corporate Growth, the individual within the company should set up a **compass of values** whose cardinal points are determined by the response to four questions related to the choice to be made:

What for? Who benefits? Whose needs are met? What pleases?



Answering these questions with intellectual honesty may bring the person within the organization to understand the real ends for which he or she is acting and also the effectiveness of the means used to achieve these ends. The action towards a good outcome is therefore driven by true universal values effected by the investigation of three forces:

Human nature: this is inherited and is shared by all human cultures.

Culture: our collective programming, which is learned, not inherited.

Personality: the component that is the additional unique set of mental programs not shared with other human beings; partly inherited and partly learned.

A concrete result of application of the compass of values could be represented by the understanding of the real meaning attributed to the concept of profit by a specific company. Today profit is often considered a means to achieving both the common good of the company and of the communities where it prospers. Despite the undeniable good faith of the supporters of this theory, it seems that in the true business world this approach has mostly been exploited in the service of the ego. The result is that the goal of profit (historically considered the main company goal) has worn the mask of the means in order to increase its own power. All over the world there are many case studies of instrumental use of the theories of Corporate Social Responsibility (Enron, World Com, Parmalat, a good part of those accountable for the present financial crisis, etc.).

The compass of values can in this case, by answering the four questions, shed light on the real motivation behind the corporate behavior in order to drive it toward a virtuous path of growth. These days, people, like money, are no longer tied to a territory, but are free to move where there are better living conditions and better return rates, with no tangible or intangible constraints towards the area previously chosen. In this scenario, the force that governs the economy is no longer just the market system; equally important is the "value system" of the culture within which the economic game takes place.

In defining a set of desirable values for a corporate culture, then, we will choose terms not for their relative popularity, but rather for their utility in describing a company that is worth working for. This requires an "uncommon amount of common sense" and of courage in accepting that, in the short run, good ethics may not necessarily mean good business and good profit. Nevertheless, it is important to persist with this effort because, as the experience suggests, good ethics always brings virtuous behavior which is a good ingredient to manage the growing uncertainty of the future. This leads to a general improvement of profitability in the long run and to a new genuine satisfaction of doing well which extends to all the personality spheres and to the corporate reputation.

Profit as means *and* end

Such a mature concept of Corporate Social Responsibility has to deal with the new phenomena of the post-industrial society, the blossoming of complex forms of social aggregation based on cultural identity, the pursuit of improving the quality of life not solely attributable to the growth of income: all factors that favor a dimension of rationality that is not only instrumental but also "expressive". Universal values elude a precise definition. It is difficult to enumerate, classify, or teach them. They can instead be experienced, understood and communicated. They gain strength when they are embedded into a visible example and when they are applied uncritically, in order to create and to spread new experiences in the process of research and deepening of the same values. It is in the name of these values that profit can really cease to be the main goal of the company.

In the search for a manifestation of Conscious Corporate Growth, profit becomes for the company what is for the person the result of a continuous exercise, oriented to the development of the deepest qualities and skills, both at individual and social level. Profit then becomes at the same time the means and also the ends of the company. It represents a means for expressing the constant flow of individual and organizational inner search that leads one to consider the company as part of a whole with the surrounding environment. This enhances creativity, creates desire to work for a good end and also creates a sense of community at work. The positive effects that this can have on profit are evident, hence it can no longer be considered in isolation from the stream from which it derives.

It is certainly true that what many people ask for from a company is money. However, today some people may choose to work for some companies rather than for others for many different reasons: because they offer a sense of accomplishment, because they work with interesting people, because they may travel, because they can spend more time with the family, etc. As was clearly highlighted by Maslow (1970), once the basic needs are met (food and safety), other aspects become more important: relationships, different types of personal achievements, to give a meaning to life. Therefore it is reasonable to believe that, as far as possible, workers, customers, suppliers and investors themselves will seek proactive companies that offer something considered more valuable than purely economic. This implies that companies will be induced to compete based on ability to give meaning and significance to their strategy and to their actions. In this alternative model the sustainability of business initiatives becomes a spontaneous result of the process of Conscious Corporate Growth. It is not therefore an overall aim to be achieved, but a natural condition of existence of the company that already exists in the organization and must only be recognized through a practice of self-investigation, starting with the individual level.

The company does not become good through a specific strategy but instead through finding the good that is already inside the organization. This can happen only if there are some fundamental changes in the way the company perceives itself and its surrounding environment that allow this good to be manifested. The distinctive element is to discover and develop a spirit of unity in the organization, which generates the growth of social capital and interpersonal relations rooted in the history, on the culture of the company and of the general environment in which the company operates. The result is a positive impact on business strategies and practices which extends to the stakeholder's behavior and to the whole society. If the company is not yet ready for this shift then some individuals within it may start up new projects. They could launch value-based business initiatives, workers could accumulate and disseminate expertise in specialized fields with a new collaborative spirit, local networks and stakeholders could mobilize finance, business services, business ideas, niche markets as a result of an overall improvement of the economic environment.

People can discover and manage how to work in an optimal state of enjoying the activity in itself while they are doing it. Therefore, people can find what they are doing completely motivating and aligned with their personal values, so they do not bother about the passing of time. They are completely immersed in the present because they find meaning in what they do, for the benefit of the overall organizational effectiveness. In other words people within the organization learn how to recognize themselves in their double role of actors and directors, so they start to interact in a most effective way within and outside the company, to build, as direct effect, virtuous relationships.

The organization already potentially has everything needed to perform in a virtuous direction. What really drive sustainable actions are the intentions and the virtues linked to them. The process of Conscious Corporate Growth lets the virtues arise and develop their potential through the implementation of the best action possible, in accordance to what its members think that is worth to do. In this manner the action is performed with a high level of attention and responsibility and any mistakes that arise can be identified, understood and used to reorient the action. So as the virtues behind the actions informs the results, so the Conscious Corporate Growth can spontaneously bring to a virtuous behavior.

Development by propagation

Behind this growth there is a development that can be called *development by propagation*, where people's work embodies a high level of satisfaction, transforming the external world in relation to their subjectivity. People can then be more motivated in recognizing themselves in the good world that they are creating. The concept of development by propagation is in opposition to a *development by accumulation*, typical of pre-industrial and industrial organizations.

The process of Conscious Corporate Growth begins by putting the individual at the centre of the organization and it develops through a process of individual self-knowledge that spreads to the entire corporate community, instead of depending only on rational decisions that mainly descend from above. In short, the process of Conscious Corporate Growth may be an ideal path for the essential and continuous

progress of knowledge, circulation of information, innovation and experience, all factors that allow responding a ready response to present global competitive challenges. Conscious Organizations, therefore, do not compete only on costs, but they respond to market changes by focusing on their real and specific factors of competitive advantage: that of being flexible, fast and creative. It is now crucial to develop a tertiary intelligence rooted in the intangible assets which feed the growth of new businesses and new jobs, creating the conditions for a real sustainable development. In order to achieve these results the organization needs to update the model of its business by:

1. purchasing, producing and selling meanings (*sense making*);
2. putting itself in the shoes of the internal and the external client (*global service*);
3. widening the range of corporate relations and increasing social capital (*networking*);

These three goals may be reached together by activating the self-investigation of decisions and choices taken at different levels within the organization. It may be, for instance, that good results can be achieved by following the golden rule of good sense: "to act towards others as you expect others act toward yourself", rather than "to act towards others as you expect others *do not* act toward yourself" too often applied today. Could the latter come from the utility maximization paradigm which states that "no one can be better off without some being made worse off"?

Could instead the application of the golden rule be considered a comprehensive set of values that lead to a *conscious co-evolution* of the business environment? The challenge is to gradually transform the organization into a "factory of meanings" for the benefit of its own members, the stakeholders, the environment and the vast global economy, thus giving an opportunity to be recognized, valued and "bought" by new proactive potential customers, hence producing tangible profit. The difference from past practices become valuable as the result of the sum of people's creativity, aesthetics, spontaneous cooperation, sharing of values, incentive to personal and corporate community growth.

The key to moving in this direction can be found in an examination of the growing level of dissatisfaction in present society. People have almost everything but are not happy. People believed that the artificial world could satisfy every need, but the reality has shown that we made only one move on a higher need accompanied by a higher level of dissatisfaction. Furthermore, while living in a highly urbanized society characterized by an endless frenzy of real or potential interactions with other people, we often feel terribly alone, or closed in a few family relationships. The dissatisfaction is not therefore just concerned with the tangible result, compared to objects owned or possessed, but also and above all of relational nature.

Conclusion

The response to this constant dissatisfaction that affects human behavior and, as a direct consequence, corporate conduct, must be sought in the improvement of the exchange of meanings and values among persons and organizations in order to strengthen human relations and create a valuable sense of unity. The direct consequence can then be the shift from the identification of external and separated forms towards integrity and a sustainable quality of life.

Both at the individual and at the organizational level it is fundamental to learn about how to face individualism through reciprocity, shortsighted decisions through sustainability, the search of instant gratification through the search for meaning, and the limited target of economic and financial growth through the comprehensive concept of Conscious Corporate Growth.

This is, we contend, a manifestation of virtue ethics as a framework for responsible management. The process of conscious corporate growth is one in which the organization develops its capacity to behave in a virtuous way, and to enhance its integrity. This integrity and the goal of enhanced relationships and contribution to society are valued for themselves, as internal goods, not solely as external goods contributing to reputation and profit. This development process occurs within the community of the organization, and benefits from the identification of exemplars at both individual and corporate level.

Whilst not (yet?) claiming that conscious corporate growth is a practice as defined by MacIntyre (1985), and recognizing his continuing antipathy to contemporary business, we suggest that conscious corporate growth is a means for the development of virtuous organizations.

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