

On the civic role of firms in emerging ecologies of value

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The main objective of this paper is to develop some reflections on the role of business ethic and trust in the governance of the modern firm in a knowledge-based economy/society. According to Post (2005) “the long term success of the modern business system requires greater and more systematic managerial attention to the interest and concerns of diversal individuals and groups who are, both voluntary and involuntary, affected by corporate activity”. Our major argument in this paper is that this greater concern toward the social consequences of entrepreneurial activity has in the collective nature of knowledge as main source of competitive advantage in a knowledge-based society one of its main reason. Furthermore, we also argue that openness and transparency are two requirements to improves firm’s inclusiveness as major leverage of firms’ creativity and knowledge production.

Until now, the institution of property right has absolved to its function effectively. It is has stimulated firms to invest on research and development in order to improve its competitive position on the market. However, there is a growing number of practitioners and scholars that argue the need to weakening its role. The reasons are mainly two. The first has to do with the cumulative nature of knowledge (Shapiro et.al.; 2006). In a world where knowledge progresses at a slow pace the fact the someone holds the exclusive right on the use of a given knowledge does not have any impact on the time of its development. On the contrary, when the pace of development increases exponentially the property right may be strategically and opportunistically abused to slow down the process of development and preserve firms’ competitive position. Furthermore, with the lowering down of the barriers that separate the distance between the development of a scientific knowledge and its industrial application property right is pervading also the world of science with a net reduction in the stock of public knowledge and consequently in the number of parallel and alternative flows of development. The second reason, differently, has to do with the democratization of the factors of production and distribution. The development of information and communication technologies has meant a reduction on the costs that an individual has to bear in order to actively participate to the process of knowledge creation and therefore a parallel enlargement in the base of parties that are willing to voluntarily participate to this process. The institution of property right, from this perspective, may represent a barrier to the development of trust based forms of collaboration rather than a stimulus to the collective and emerging production of new knowledge.

We argue that the new context impose a review of the concept of governance The new governance has to be capable to mobilize collective and social assets such as trust, loyalty, reputation and social capital. This imposes a transition:

- form an economy grounded on organizations to one that is based on business ecology
- where power, risk and intelligence are distributed and shared
- in a structure that is not hierarchical, but network-based and part of a context that is transparent and dialogic
- in order to stimulate the emergence of shared visions, communitarian ties and ethical principles that commonly and reciprocally recognized.

Governance has to become a self-organizing process that emerge form the bottom. Firms are ever more required sharing knowledge and elaborate projects cooperating with others moving along a value chain that is extended to a network of actors that are interested and voluntarily participate to the activities of the firm. A network that is capable to mobilize not only the direct stakeholder, but also the civil society in a collective process of knowledge creation, production and distribution. This is precondition to be capable to fully exploit the individual and collective potential that is embedded on enlarging the base of knowledge sharing by weakening the power of intellectual property right without being exposed to the risk of wide opportunism and free riding.

How a multi-stakeholder governance, which combine many particular and local interests, can stimulate the emergence of a collective interests and prevents the diffusion opportunism? We argue that this requires enhancing individuals', collective and reciprocal responsibility through two major mechanisms. The first, which works on the mid-term, is the adoption of tools that are useful to certify and communicate firms' social engagement and responsibility. The adoption of these tools has dual functions:

1. Internally, it stimulates the adoption behaviour that are compatible with the norms and values that are promoted by the firms in the market;
2. Externally, it improves firms' accountability both institutionally and form a market point of view.

The second, which has a long term orientation, is to invest on culture. Showing that in a complex word, where everybody are interdependent and mutually affect each others, opportunistic behaviours translate into a zero-sum game where everybody lose is the only way to provide society with the stock of anti-virus necessary to self-limit the diffusion of opportunism and self-stimulate the development of spontaneous cooperation as model of knowledge creation.