

Postsecular Reflections on the Value of the Stakeholder Approach in Business

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Abstract

The business strategy literature considers two types of corporate objectives or, as companies like to call them, 'missions', namely the *shareholder* and *stakeholder* approaches. According to the shareholder approach, companies exist to maximize the return for shareholders, and all other stakeholders (workers, managers, customers, suppliers, etc.) are instrumental in achieving this purpose. On the other hand, according to the stakeholder approach (in its more communitarian form), companies exist to benefit all stakeholders (including the shareholders, though, unlike for the shareholder approach, these are not given priority over other stakeholders). As one would expect, and as Naughton et al (1995) have pointed out, the notion of pursuing the common good in business is far more consistent with the stakeholder approach than with the shareholder approach. We argue that the case for the stakeholder approach, which – in its communitarian form – embodies the common good in a business context, is strengthened by recognising that we live in a postsecular predicament where many of the secular certainties of modernity are questioned in favour of approaches which draw on the resources of religious traditions. The growing body of literature on postsecularism discusses the normative implications for modern societies of living in an era where, contrary to the prediction of secularization, Jürgen Habermas argues that the moral intuitions of religions and spiritualities becomes important resources to cure the pathologies of modernization, including the crisis of an individualistic system of relations which prevents the construction of real and strong communities. Given the individualism and the secular frame which we argue to be inherent in the shareholder approach, in contrast with the genuine sense of community and openness to transcendence inherent in the stakeholder approach, our philosophical argument strengthens the case for the stakeholder approach as the preferable approach to corporate mission and identity in our contemporary, post-secular societies.

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Introduction: A new postsecular context

There has been never so much discussion on secularism as in recent times (for a good overview see Calhoun et al 2011). Not only with reference to societies that would seem to reject or challenge secular trends or principles but also –and perhaps more interestingly - with reference to our modern Western secularised and rational (so we are told) societies. This

is probably part of a broader crisis – political, economic, social and moral – the contemporary modern world is going through. The crises are also reflected in the problematisation of the many models and frameworks that dominated the twenty's century thinking and actions. Typical of this predicament of uncertainty is the proliferation of the “post-descriptions”, that is, the constant call to go beyond the dominant paradigms that, however, doesn't still crystallise yet in something new, but can mainly be described by being different from its predecessors - hence the ‘post’. The examples are many: post-modern, post-liberal, post-human, post-positivist, etc. Here we would like to offer some reflections on how to deal with the economic dimension of the contemporary crisis in the spirit of what is suggested by this year's GCGI conference call which is rightly pointing out that, ‘we have important spiritual resources that can assist and guide us to overcome these crises’. We want to start, however, not from a religious or spiritual point, but from one of the other post-descriptions that in the last ten years has been increasingly discussed in philosophy and social sciences, ie, the notion of post-secularism or post-secularity.

Over the last few years the notion of postsecularity has in fact gained increasing relevance in social and political discussions (for a review of the literature on the topic see Petito and Mavelli, 2012 & 2014). This term has been often employed in a general way to explain the return or resilience of religious traditions in modern life, an unexpected development of modernization which was wrongly believed to go hand in hand with the process of secularization. In a second and possibly more relevant way for our argument, the postsecular has emerged as a normative call to include – against the prescriptions of the political philosophy of secularism - religious and spiritual voices in the current discussions on the political and social challenges faced by our societies.

The German philosopher Jürgen Habermas, one of the most well-known contemporary representatives of the Enlightenment's tradition of rationalism and dean of the idea of secularism in politics, that is, of a rigid separation between religion and the public sphere is the thinker who has, probably more than anyone else, contributed to ignite the current debate on postsecularity. Since the middle of the last decade, Habermas has progressively elaborated an understanding of the postsecular as a normative ideal of inclusion of the moral intuitions of faith as a means to address the crisis of a secular consciousness, increasingly unable to resist the power of markets and bureaucracies and to address important ethical and political questions (Habermas 2006, 2008a & 2010). Habermas has unexpectedly argued that the moral intuitions of religions and spiritualities become important resources to cure the pathologies of modernization, including the crisis of an individualistic system of relations which prevents the construction of real and strong communities¹. For Habermas, the key is to find a mechanism of translation of the moral intuitions of faith into secular language, which allows the former to be accessible also to non-believers through the universal language of reason. In any case, this crucially demands rethinking the very boundary between the religious and the secular.

¹ In business, such pathology is also reflected in the well-documented decline in public confidence in corporations, indeed in institutions in general (see for example Newton and Morris (2000)).

It is in this new context where even the staunch defenders of secularism are opening to a positive and constructive engagement with moral intuitions of the great worldwide spiritual and religious traditions that it is interesting to look at the growing discussion on the role of values and ethics in business. We want to do that within the framework of the ‘common good’ approach and tradition as articulated by the Catholic social doctrine in the persuasion that this is a general principle to be applied to all dimension of collective life, including companies: “No expression of social life — from the family to intermediate social groups, associations, enterprises of an economic nature, cities, regions, States, up to the community of peoples and nations — can escape the issue of its own common good, in that this is a constitutive element of its significance and the authentic reason for its very existence”²; We will to argue, however, that the acknowledgement of something like a fundamental ethical and political crisis of the present liberal and secular Western civilization also requires that this tradition enter a dialogue with all the great worldwide religious and spiritual traditions (Petito 2007). This dialogical move seems to enshrine the promise of enriching our answer, or rather to chart a path towards an answer as, in Khatami’s words, every dialogue, based on a presumption of worth of the Other, ‘provides grounds for human creativity to flourish’. As the Indian post-colonial theorist Ashis Nandy has interestingly argued, such an opening also call for a re-engagement with the disowned or repressed traditions that make up the European experience for ‘any alternative form of dialogue between cultures cannot but attempt to rediscover the subjugated West and make it an ally.’³

The paper proceeds as follows. We begin by describing the two most well-known models of what the business is supposed to achieve, namely the shareholder approach, which sees corporations as existing to benefit shareholders, and the stakeholder approach, which, in its communitarian expression, sees corporations as existing to benefit all stakeholders (workers, customers, managers, etc., including shareholders). We then briefly describe the existing literature on the link between the stakeholder approach and the common good. We proceed to argue that the stakeholder approach, in its communitarian form, embodies the notion of the common good and, with it, genuine concern for others, known in the literature as genuine sociality. We then point to the literature showing empirically the close association between genuine sociality and wellbeing, and, by implication, with the common good and the stakeholder approach. At this point we draw on the postsecular debate, arguing, on the basis of the vast literature in this area, that late modernity has been producing pathologies such as individualism and limited genuine sociality, and, on the basis of the previous discussion, point to the stakeholder approach as a potential way for firms to be ‘cured’, if not fully at least partly, of the pathologies inherent in this trend. Finally, since leading philosophers such as Habermas have pointed to religions and spirituality as sources for ‘healing’ these

² Pontifical Council for Justice and Peace, *The Compendium of the Social Doctrine of the Church*, Vatican, Rome ,2004, para 165

http://www.vatican.va/roman_curia/pontifical_councils/justpeace/documents/rc_pc_justpeace_doc_20060526_compendio-dott-soc_en.html

³ Ashis Nandy (1998) ‘Defining a New Cosmopolitanism: Towards a Dialogue of Asian Civilizations’ in Kuan-Hsing Chen (ed) *Trajectories: Inter-Asia Cultural Studies* (London: Routledge), p. 146.

pathologies, we sharpen the connection between the stakeholder approach, the common good and spirituality.

The shareholder and stakeholder theories of the firm

The branch of the business strategy literature which deals with corporate mission and purpose identifies two schools of thought, called the shareholder and stakeholder theories of the firm. According to shareholder theory, firms exist to benefit shareholders, whilst all other stakeholders, including workers, customers, suppliers, debt holders, the local community, have an instrumental role in maximizing the benefits for shareholders, which essentially equates with maximizing profits⁴. Shareholders care about the well-being of the other stakeholders only in so far as their well-being affects profits; so, for example, if a firm makes more profit by training and investing in its workers, that's what it should do; if, on the other hand, a firm makes more profit by squeezing its workers through paying it lower wages, then that is what it ought to do. Clearly maximizing shareholder wealth may or not be consistent with maximizing the wealth of other stakeholders, so that it may or may not be consistent with the good of all parties concerned, i.e. the common good. According to shareholder theory, the only moral obligation a firm has is to respect the law. However, even this minimum constraint is questionable; for example, the temptation for multinational companies to go and set up manufacturing operations in countries where environmental law is weaker, and so avoid the stricter legislation of other countries, is often hard to resist.

The stakeholder approach, on the other hand, generally gives more weight to non-shareholders in the decision making process of corporations, compared to the shareholder approach⁵. The stakeholder approach received a major boost in the academic business strategy literature in 1984 with the work of R. Edward Freeman. The approach takes various forms, some of which are essentially attempts to bolster the shareholder approach (if a firm pays attention to the needs of its stakeholders, it will make more profit) and so, in our view, are not so useful; the form that we shall consider is the one that comes closest to the idea of the common good, i.e. the idea that a corporation should be run with the objective to look after, indeed enhance, the well-being of all its stakeholders, and not of the shareholders only. Those who advocate the stakeholder approach “do not see why the supplier of one ingredient [e.g. capital] in an economic value-creation process has a stronger moral claim on the organization than the providers of other inputs” (De Wit and Meyer, 2010). Stakeholder theory sees firms as embedded in society, with duties (as well as rights) towards society. In general, advocates of the stakeholder approach claim that a firm is responsible towards anyone whom it affects, whether or not the rights of that individual or group are legally recognized. Furthermore, the fact that most stakeholders who are not shareholders tend to be

⁴ One of the benefits of the shareholder approach identified in the business strategy literature is that, by maximizing profits, firms can negotiate lower borrowing rates, and are better positioned to divert hostile takeover attempts.

⁵ Freeman and Reed (1983), both advocates of the stakeholder perspective, take issue with the fact that “it has long been gospel that corporations have obligations to stockholders...that are sacrosanct and inviolable”.

more vulnerable than shareholders (e.g. most workers) makes the stakeholder approach attractive to a society which wishes to protect its more vulnerable members: whilst a shareholder can easily exit a corporation by making a quick phone call to his broker, a worker cannot as easily exit a corporation, because he or she is tied by a contract requiring a few months advance notice, and/or because he or she has bought a house near the firm and cannot easily sell it, and/or because he or she has children that attend a local school and cannot easily be transferred elsewhere. The stakeholder approach is associated with more loyalty by staff, who have a stronger sense of belonging to their firms than employees in shareholder approach firms, and so less staff turnover, with positive repercussion for profitability.

Stakeholder theory, the common good and genuine sociality

The common good is a concept generally understood as a “common interest” shared by members of a community (Argandoña, 1998). It is understood to mean different things by different people; for, example, utilitarians understand it to be the greatest good for the greatest number of people, in particular the sum of private goods, whilst for communitarians each community will have its own conception of the common good, which takes precedence over - and so may be in conflict with - the good of individual citizens. For the sake of this paper, we shall adopt a definition of the common good that is widely used (Argandoña, 2012), namely that it is “The sum total of social conditions which allow people, either groups or individuals, to reach their fulfilment more fully and more easily” (Pontifical Council for Justice and Peace, 2004). Applied to a firm, the common good would then consist in the sum of conditions which enable the stakeholders to flourish – not just the shareholders, but all the stakeholders, that is, the good that is common to all the stakeholders. So the common good is consistent with the stakeholder approach, but often not with the shareholder approach.

Continuing with Argandoña (2012), “Creating value for stakeholders means not only maximizing the creation of social value, but creating a range of “goods”, including intrinsic and transcendent goods”, where intrinsic and transcendent goods include truth, beauty, peace, etc. A fundamental difference between intrinsic and transcendent goods on the one hand, and private goods on the other is that “There may be opposition [trade-offs] between the private good of some stakeholders and that of others (a wage increase for employees vs. an increase in profits of shareholders), but not so with the common good of the company, which consists of intrinsic and transcendent goods [truth, beauty, peace, etc.], which contribute to the company’s goal, are shared by all, [and] develop people’s distinctive capabilities [...]” So, for example, my being truthful does not detract from your being truthful (in fact, in reality, it may well encourage you to be more truthful), my being more at peace does not detract from your being at peace, etc. Additionally, “[there is no] predefined project of what is “good” for each person and for the company”, so that the specific details of what constitutes the common good in any particular situation cannot normally be prescribed in advance but need to be identified in the context of the situation.

Argandoña’s point indirectly addresses a criticism of stakeholder theory put forward by Naughton et al (1995), namely that stakeholder theory, whilst closer to the common good than the shareholder approach, suffers from atomism, where individuals still only care

essentially about their own individual rights rather than for the group; the authors go on to suggest, rightly in our view, that the (pursuit of the) common good eliminates, or at least substantially reduces, this problem. Argandoña's argument that the common good embodies transcendental goods that are non-rival and essentially public implies that people need one another and must collaborate to generate these goods (such as beauty, peace, etc.), so that people working in firms pursuing the stakeholder approach in its communitarian form cannot and do not live atomistically.

So far we have looked at what the common good entails, and we have seen that the common good is closely aligned with stakeholder theory, but not with shareholder theory. Looking at the definition of the common good that we have adopted, we can see that it emphasizes the flourishing of the stakeholders. Like the pieces of a puzzle that fit together precisely, we now introduce another piece of the puzzle: the literature on genuine sociality, which lies at the intersection of psychology and economics, and which shows empirically that individuals who are genuinely concerned with the well-being of others display greater well-being than those who are mainly concerned with their own interest. Applied to our discussion, this literature suggests that firms which adopt the stakeholder approach, and which are therefore genuinely concerned with the well-being of all its stakeholders, are likely to achieve a greater level of well-being for their stakeholders in general than firms which adopt the shareholder approach.

According to Bruni (2010), there is a "huge empirical evidence that genuine sociality is one of the heaviest components of self-reported happiness", where self-reported happiness refers to the response of individuals when asked in surveys how happy they are (or, how they rate the quality of their lives, or their wellbeing). Essentially, the literature finds that relationships such as family, friends, faith, volunteering and participation in local community clubs are important determinants of self-reported, or perceived, well-being, with medical data confirming the data about self-perceived happiness. Income, on the other hand, tends to become less significant at higher levels of income (see Becchetti et al, 2010). Additionally, looking at medical data it has been suggested that religion has a positive effect on health, with religious people displaying lower mortality, suffering less from depression, being better able to handle stress, and having a better image of themselves (Habisch, 2012).

Indeed, there is a large body of evidence indicating that people sometimes act altruistically, defined in Bolton and Ockenfels (2000) as the willingness to sacrifice own resources to improve the well-being of others without demanding anything in return. We observe plenty of examples of altruistic behaviour in real life, including charitable donations (Konow and Earley, 2008), volunteering (Thoits and Hewitt, 2001), and paying taxes even when there is little chance of being caught by the taxman (Lubian and Zarri, 2011). Furthermore, games played by economists in labs have repeatedly shown that some players display altruistic behaviour (Fehr and Schmidt, 2006). And as we all know, sometimes people go as far as sacrificing their lives to help others.

Interestingly, there is a growing body of evidence that is beginning to take form around the question of the performance of firms that follow the stakeholder approach vis-à-vis that of firms that follow the shareholder approach, or, in other words, firms that tend to display

genuine sociality vis-à-vis those that do not. According to Becchetti et al (2010) (who do not use the terminology of “shareholder” and “stakeholder” approach firms, preferring that of “traditional” and “socially responsible” firms), firms that follow the shareholder approach do not outperform stakeholder approach firms in terms of profits; on the other hand, looking at the sum of surpluses for all stakeholders, stakeholder approach firms outperform shareholder approach firms. This implies that stakeholder approach firms have more social value than shareholder approach firms, and that, even though shareholder approach firms might be expected to make more profits than stakeholder approach firms since by definition that is what the shareholder approach is about, in reality they do not. These findings suggest that a mentality of treating others instrumentally does not result in greater individual gain than a mentality of being genuinely concerned for them, but it does result in a smaller cake for the community as a whole.

The stakeholder approach between post secularism, social pathologies and dialogue of civilizations

As we argued the saliency of the case for the stakeholder approach is enhanced if we look at the bigger social picture and the problems faced by the advanced societies and economies in late modernity. For Habermas the degeneration – or what he also surprisingly calls the irrationality - of secular modernity manifests itself in the disruptive forces of markets and administrative powers and the pathologies of neo-liberal modernisation and globalisation that are displacing social solidarity (Habermas 2008b). The shareholder approach with its emphasis on maximising profits and shares’ value represents a key mechanism in the contemporary working of neo-liberal markets. It can be argued, therefore, that it contributes to the social pathologies that are increasingly affecting the social cohesion and communitarian ties of contemporary societies, in other words, its common good.

Habermas has argued that our modern societies are post secular in a double sense: first, in terms of their predicament, contemporary societies are going through a change of consciousness by realizing the falseness of the secularization thesis and the continued resilience of religion in societies and in the public space; second, in more normative terms, modern societies need to develop a new post secular sensitivity and draw on religion as a source of public reasoning to cure the pathologies of modernization, including the crisis of an individualistic system of relations which prevents the construction of real and strong communities. The re-appropriation of the moral intuitions of faith, which for Habermas is the core of the postsecular ethos, is thus a distinctive attempt to redress the irrationality of the modern secular world by drawing on the resources of religious traditions. In other words, this new post secular approach calls for a critique of predominant secular worldviews, on the grounds that values such as democracy, freedom, equality, inclusion and justice may not necessarily be best pursued within an exclusively immanent secular framework. The business ethics on which the stakeholder approach is based clearly speaks to the need of moving values such as equality, inclusion and justice as the centre of the discussion on the crisis of our current economic paradigm whose assumptions are reflected in the shareholder approach.

The critique of some of the central aspects of the modern narrative have been outlined by a number of post-modern approaches, which often includes a criticism of science and reason as sole means of achieving knowledge. These post-modern approaches, however, tend to stress the existence of a multiplicity of incommensurable perspectives. These approaches tend to oppose a universalist logic such as the one of the common good. In this respect a postsecular sensibility with its emphasis on the search for additional, intuitive sources of knowledge such as spiritual and religious traditions, traditional (folk) wisdom, emotional intelligence, meditation, (see Bouckaert, 2012) but also mediated by reason, seems to suggest a dialogue between reason and faith, secularism and religion, material and spiritual concerns that is more coherent with the search for the common good.

As we have suggested, the need for a postsecular ethos is also a call to a broader dialogue among the great worldwide religious and civilizational traditions which are holders of a common pre-modern and pre-technological humanistic wisdom the world may be in great need for. In a similar way the statesmen-intellectual, Mohammed Khatami, the reformist Muslim cleric then president of Iran and one of the key spokesperson of the idea of dialogue of civilizations, has argued for the need to navigate beyond the following three related dichotomies: West and East, modernity and tradition, materialism and spirituality. It is Khatami's persuasion that, in this particular historical moment, the path for the progress of humankind and for the construction of a more just and peaceful world order necessarily lies on the border between these dichotomies. In several passages of his speeches, in fact, Khatami has stressed, on one side, the imbalance suffered by the West with its over-reliance on rationality and its fascination with materialism, on the other, the need for the East to embark on a critique of tradition and gain a genuine appreciation of the critical approach of Western culture.⁶ For Khatami the Western techno-political hegemony, grounded in its intellectual over-reliance on rationality, is already experiencing a deep crisis at different levels – intellectual, political and social – and if “the establishment of peace, security and justice in the world” is to be achieved, “the next century should be a century for turning to a kind of spirituality that the ‘Oriental Man’ has several thousand years of experience in its pursuit”(Khatami 1999).

Along similar lines, the Irish Jesuit, William Johnston has recalled that at the beginning of the twentieth century the Jewish thinker Simone Weil spoke prophetically of Europe's need for Eastern spirituality: “It seems that Europe requires genuine contacts with the east in order to remain spiritually alive. It is also true that there is something in Europe that opposes the Oriental spirit, something specifically Western...and we are in danger of being devoured by it” (Johnston, 2000: 40). Referring to a wide range of problems that beset the world today such as the crisis in the relationship between man and nature, the ethical crisis that has developed in the economy and scientific research and the crisis in family structures, Khatami reaffirms the centrality of dialogue of civilisations in also finding practical solutions since “it

⁶ Mohammad Khatami, remarks at the Symposium on Islam, Iran and the Dialogue of Civilizations, Palace of Weimar, Berlin, 12 July 2000; an edited transcript of the discussion can be found in Mohammad Khatami, Josef van Ess, and Hans Küng, ‘Symposium: Islam, Iran and the Dialogue of Civilisations’, *Global Dialogue*, 3, 1 (2001), pp. 1–13

now appears that the Cartesian-Faustian narrative of Western civilisations should give way and begin to listen to other narratives proposed by other human cultures” (Khatami, 2000). These criticisms, however, are balanced by Khatami’s praise for western culture and its achievements. In this respect Khatami reconciles his own strong foundational starting point with an unconditional openness to the transformative dimension of dialogue and to its unpredictability in terms of result as expressed, for example, in the following passage: “Dialogue is a bi-lateral or even multi-lateral process in which the end result is not manifest from the beginning. We ought to prepare ourselves for surprising outcomes as every dialogue provides grounds for human creativity to flourish” (Ibid.).

In the light of this broader reflection, we might start to see how the limits identified in the shareholder approach are also part of a larger economic, social and political crisis to which the postsecular and inter-civilizational dialogues seem to indicate – if not yet an answer – at least a promising path towards an answer. But we want now to return to the specifics of the link among the stakeholder approach, the common good and post-secularism.

A post-secular understanding of the link between stakeholder theory, the common good and spirituality

The 1998 seminal work by Argandoña on the link between the stakeholder approach and the common good has received only limited attention by academics, as Argandoña acknowledges⁷, possibly as a result of the argument being cast in fairly abstract philosophical terms. We want to suggest that substantial interest could be generated if the link between stakeholder theory and the common good could be seen through a post-secular framework, in particular by emphasizing the potential ability of this link to address the pathologies indicated by Habermas, most notably individualism. This would involve recognizing that the stakeholder approach, as a result of incorporating genuine sociality, has the ability to promote the social cohesion of the firm and therefore improve the wellbeing of all the stakeholders, namely of the workers, managers, shareholders, the wider community.

The stakeholder theory of the firm sees stakeholders as equitable partners in the successful running of the firm, and their common wellbeing is the objective of the firm, at least in the communitarian expression of the stakeholder approach. This is in contrast with the shareholder approach, whereby the objective is the wellbeing of shareholders, and all other stakeholders are seen as instrumental in achieving that objective. In this paper, we have argued, along similar lines to Naughton et al (1995), that the stakeholder approach by definition is much closer to the ideal of pursuing the common good of a company than the shareholder approach. Furthermore, because the stakeholder approach incorporates genuine sociality, and genuine sociality has been empirically associated with higher wellbeing, we have argued that we can expect the stakeholder approach to generate higher wellbeing than the shareholder approach. Finally, companies which switch from the stakeholder approach to the shareholder approach can, again by virtue of the fact that the stakeholder approach

⁷ See www.youtube.com/watch?v=YsiUFVU2uTA. 1st International Workshop on the Role of Business in Society and the Pursuit of the Common Good, ESSEC Business School, 8 March 2012

incorporates genuine sociality, be expected to experience the ‘healing’ of relationships between stakeholders, in particular healing from social pathologies like individualism and the inability to form community ties which Habermas and others have identified as a central degenerative processes of late modernity.

The link between the stakeholder approach, the common good and post-secularism can be better understood by recognizing that the common good includes goods that are intrinsic and transcendental, such as beauty, peace, harmony, etc., so that, given its close link with stakeholder theory, the common good gives a “soul” to stakeholder theory, a deep meaning which people can relate to and identify with, which is precisely what the various “post” movements in our times strive to attain.

The discussion of intrinsic and transcendental goods makes clear that there is a link between the stakeholder approach and spirituality, a link which in the literature has only begun to be recognized, as Wicks (2014) writes in the introduction to the special edition on Stakeholder Theory and Spirituality in the *Journal of Management, Spirituality and Religion*. Among the various way in which spirituality and religion can enrich our understanding of the shareholder approach, Wicks identifies the dimension of healing, which for him, and we very much agree with him, is about the reconciliation and restoration of relationships. As a matter of fact, the other ways which Wicks briefly describes also lead to healing; for example, the role of community, which, if lived in the spirit of the common good, enables stakeholders to flourish; another, related example is that spirituality and religions point to the need for firms to satisfy not only material necessities, but also non-material ones such as having a sense of belonging to a community and of being able to trust colleagues, to rely on them and to contribute to their well-being (as well as one’s own well-being)⁸.

On the importance of the common good in spirituality and religion it is useful to quote Saint John Chrysostom, a doctor in the Eastern Orthodox and Catholic traditions who lived in the fourth century and was Archbishop of Constantinople, who said that “This is the rule of most perfect Christianity, its most exact definition, its highest point, namely, the seeking of the common good . . . for nothing can so make a person an imitator of Christ as caring for his neighbours.” (Mofid, 2013). Many religions, but also certain value systems not directly connected to any religion (e.g. Kant’s thinking that people cannot be treated instrumentally) promote the ideal of the Golden Rule, that is, “treat your neighbour as yourself”, or, in its negative form, “avoid doing to others what you would not want them to do to you”. The West is familiar with these through Christianity⁹, but similar expressions of genuine concern for

⁸ As Wicks (2014) points out, spirituality and religion can help strengthen the theological and ethical foundation of stakeholder theory (for example, see Carrasco (2014) on how Catholic Social Teaching can provide such a basis, and Ray et al (2014) on how the monotheistic religions of Christianity, Islam and Judaism can do so). This in turn suggests that stakeholder theory could be the practical instrument by which religions answer fundamental social questions about how to live well together and in harmony with nature.

⁹ In Christianity and in Catholicism in particular, devotion to Christ makes it possible to escape from a state of selfishness that separates people from each other and causes them to be deeply dissatisfied (see the Catechism of the Catholic Church, 1994).

others can also be found in other religions that are more widespread in the East¹⁰. More generally, spirituality is associated with peace, discovering goodness in others, being grateful to others, showing compassion, turning away from hatred and practicing forgiveness, all of which lead to joy. In other words, spirituality is about genuine sociality, of which we spoke above. As Wicks (2014) indicates, spirituality and religion can help firms emphasize ‘names and faces’ (see Freeman, 2004) rather than spreadsheets and numbers.

In the light of this common teaching of different religions (notwithstanding varying degrees of emphasis and nuances), the stakeholder approach is, in its communitarian form, clearly much more aligned with spirituality than the shareholder approach. On the other hand, the shareholder approach, in which shareholders act first and foremost in their own interest and treat other stakeholders instrumentally to achieve their goal of maximizing profits, is void of genuine sociality and therefore of spirituality.

This brings us to the final ring in the chain of reasoning. The stakeholder approach, once its spiritual dimension is recognized and appreciated, can be understood as a post-secular alternative to the shareholder approach, which embedded in a secularist and only-rationalist worldview void of spirituality. In other words, the stakeholder approach can be understood as an attempt to move beyond the existing paradigm in the economics and business strategy literature, which is the shareholder approach. Like all “post” movements, it seeks to find meaning by moving beyond the existing paradigm, namely the shareholder approach.

Conclusive remarks

The public outcry in recent years over corporations that are seen to act as bad citizens, for example as a result of minimizing their tax burdens by shifting their profits to location with low tax rates, suggests that the public is eager to see a greater diffusion and take-up of the stakeholder approach by corporations, especially large multinational firms. We, too, are of the view that the diffusion the stakeholder approach would be useful, not only to society, but on the basis of both theory and evidence, to corporations too, particularly in the long run.

The contribution of this paper has been twofold. Firstly, it has linked post-secular discussion with the literature on business strategy, making it possible for the two disciplines of social theory and business strategy to engage in what we see as a fruitful interdisciplinary dialogue. Secondly, the paper has argued that the stakeholder approach can be seen as a post-secular alternative to the mainstream, secular approach, which essentially coincides, particularly in the academic literature in economics and business strategy, with the shareholder approach of profit maximization. Seeking to maximize profits and treating others instrumentally, we have argued, fails to pursue the common good of the all stakeholders and needs to be overcome by a more comprehensive approach inspired by a postsecular ethos which takes seriously the social dimension of spirituality.

¹⁰ For a recent example from Hinduism relating to the purpose of corporations, see the teachings of Sri Sai Baba’s teaching that a corporation should “do business not with the aim of maximizing profit, but with the purpose of serving humanity” (Sivakumar, 2011).

One of the practical applications of this paper is that it can be used as a springboard to facilitate discussion in class on the usefulness of different approaches to company mission and purpose in our present times. In particular, a discussion can focus on whether the stakeholder approach would help to address the pathologies inherent in modernity, as described by Habermas. Additionally, with a view to developing the themes discussed in the paper, another useful avenue of future research includes bringing more sharply into the discussion what different religious and civilizational traditions say about the common good and then to draw out the implications for the usefulness and attractiveness of the stakeholder approach.

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