The aim of the paper is ...

to analyse the teachings of some of the historical Masters of the Italian *Economia Aziendale* (EA) in order to verify possible consistencies with the more recent Stakeholder Management Theory (SMT) and the possible interactions and ways the two theories may reciprocally enrich each other.
Structure of the presentation/paper

1. Characteristics of the Stakeholder Management Theory highlighting some critical ethical questions open to different interpretations
2. *Economia Aziendale* (the azienda, its finalism and essential characteristics)
3. A possible “historical” answer to critical ethical SMT questions
4. Conclusions

The origins of the concept of stakeholder

- **roots**: theory of cooperative games of Nash (1950 and 1953);
- **uses of the term**: developed in pioneering work at Stanford Research Institute (now SRI International) in the 1960’s (Freeman and McVea, 2001);
- **approach to strategic management**: Freeman and Reed’s article in 1983 and Edward Freeman’s book in 1984
The diffusion

Nowadays, there is an exaggeratedly widespread, frequently confused, use of the concept of ‘stakeholder’. In this regard, Phillips et al. (2003, p. 482) suggest avoiding “misleading interpretations” of the stakeholder concept.

Freeman (1994) and Freeman and Phillips (2002) use the expression “genre of theories”.

Genre of stakeholder theories

“A ‘stakeholder theory’ is one that puts as a primary managerial task the charge to influence, or manage, or balance the set of relationships that can affect the achievement of an organization’s purpose” (Freeman and Phillips, 2002, p.334).
Stakeholder Management Theory

The term Stakeholder Management Theory (SMT) in this paper will be used to mean a theoretical framework based on specific hypotheses.

Essential core of SMT (1)

SMT1: a stakeholder can be defined as “any group or individual who is affected by or can affect the achievement of an organization’s objectives” (Freeman and McVea, 2001);

SMT2: a company can be described as a system of stakeholders and their relationships;

SMT 3: a top manager, acting in compliance with the stakeholder management approach and theory, works out strategies that take their consequences into account, not only for the stakeholder “shareholder”, but all the stakeholders;
Essential core of SMT (2)

SMT 4: top managers (stakeholders too) maximize the well-being of every stakeholder, and, in this way, the shareholders’ interests too;

SMT5: a business operation without ethical aspects does not exist (refuse of the “Separation Thesis”);

SMT6: SMT is neither a socio-economic or political theory nor a comprehensive ethical theory. The need to refer to a specific “normative core”, therefore, follows.

SMT - Critical points (1)

1) Does the identification of stakeholders and their salience depend (and/or to what extent) on rights/legitimate expectations or on the instrumental-strategic interests of shareholders?
2) Does absolute harmony, at least in the long-term, among shareholders’ and other stakeholders’ stakes have to be taken for granted? Is this always true? What can we say about the influence on profitability of different ethical, religious and socio-political points of view and of the diffusion of ethical and legal compliance of a society?

3) The ‘essential nucleus’ of principles which the SMT is based on does not refer to a specific normative core founded on comprehensive general ethical theories. How is this ethical base formed and how does it influence and shape the different stakeholder theories?
SMT and EA

In the paper we try to tackle these challenging questions by examining some of the historical thoughts of Italian Masters of *Economia Aziendale*.

The Italian *Economia Aziendale*

We analyse the thought of the “father” of the *Economia Aziendale*, **Gino Zappa** (1879-1960) and those of some of his pupils:

- Aldo Amaduzzi (1904-1991)
- Carlo Masini (1914-1995)
- Pietro Onida (1902-1982)
... just to summarize: 6 points (1)

EA1) *azienda* is an **economic institute** that cannot be separated from its social, ethical and economic aspects. All these characteristics coexist in all decision making.

EA2) *azienda* is an **open system**, which is part of a wider socio-economic environment and its elements (including forces, reciprocal relations, etc.) that shape a whole which is more than the sum of its parts;

... just to summarize: 6 points (2)

EA3) *azienda* is a **moving complex or a dynamic system** which is bound to last in time: it has an uninterrupted life, in spite of the more or less assiduous changing in its elements;

EA4) humankind with its needs has a central role in the concept of *azienda*;
... just to summarize: 6 points (3)

EA5) the power of attraction of azienda for its present or potential constituents (for SMT “stakeholders”) is based both on the realization of human beings and an inclination towards the common good;

EA6) In order to achieve this common good it is necessary to balance different interests and the cooperation of all those who take part in the azienda

SMT and EA (1)

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Q.1: stakeholder identification and salience (1)

“The subject of economics, even in the course of the complex events involving the azienda, is always man. Also in the aziende, all the economic action is entrusted to men, who are variously organized; everything is returned to men in a highly varied distribution”.

(Zappa, 1954, p. 1265)

Q.1: stakeholder identification and salience (2)

The azienda is, therefore, founded and operates at the service of human beings and for the purpose of their ethical life (Onida, 1954a, p. 12 and 1954b, p. 711-712).

As a social institution, the azienda has to serve human needs “to make the aims of human social life which are essentially of an ethical nature easier to achieve” (1954b, p. 711).
Q.1: stakeholder identification and salience (3)

In Carlo Masini’s work too, the reference to humankind in its material and spiritual entirety is central (Masini, 1964, p. 1).
All economic activity, including business administration, is exercised to satisfy material needs according to the superior aim (natural and supernatural) of the “fulfilment of the human person and of the world in God” (Masini, 1964, p. 3).

Q.1: stakeholder identification and salience (4)

All these considerations together with the unity and systemic view of the azienda, suggest an ethical approach to stakeholders’ identification and salience.

Any instrumental consideration (Donaldson and Preston, 1995) seems to be denied.
Q.1: stakeholder identification and salience (5)

The anthropologic way of perceiving the azienda, the need for harmony among varying interests and the responsibility towards the whole socio-economic system that the aziende are asked to sustain, however, encourage the thesis of an enlarged and ethical vision of the stakeholder identification and management. No space seems to be left for exclusion or overpowering.

Q.2: shareholders vs stakeholders’ stakes (1)

“their remuneration and the participation in economic production must be determined by a debate through which a reconciliation of different interests is obtained, giving due consideration to both the economic characteristics and the social and ethical qualities of the people to whom this remuneration is due”.

(Masini, 1974, p. 35)
Q.2: shareholders vs stakeholders’ stakes (2)

The prosperity of an azienda demands the maximization not of a single element, like profit, but the “realization of simultaneous maximums”, “dynamically combined” and reconciled together “to their mutual strengthening”. “In the firm, considered as an economic and social institution, meant to last, apparently opposite interests converge towards the common good” (Onida, 1971, p. 91).

Q.2: shareholders vs stakeholders’ stakes (3)

The ‘harmonic conciliation’ of different interests seems to be not only the most convenient way to run a company, to ensure its persistence, but rather the right thing to do.

- A normative approach seems to be proposed.
- A “new” model of maximization
Q.3: in search of a normative base for SMT (1)

1. SMT, in particular in the model proposed here, is strongly connected with ethics (Separation Thesis is refused (Freeman, 1994; Wicks, 1996)), but it is not an autonomous or comprehensive ethical theory, needing a “normative core”;

2. these cores may be different and might give origin to different theories, even though they are a part of the genre or SMT theories, according to the six principles mentioned before.

1) Gino Zappa and his pupils include ethical principles and considerations in their reflections on the azienda’s aims and practice;

2) ethical considerations of Italian EA suggest that ethical actions are not separable from business actions (Separation Thesis seems to be refused);

3) ethical principles, showing slight differences, are founded on a comprehensive ethical theory, which, when mentioned explicitly, is related to the common good theory.
Q.3: in search of a normative base for SMT (2)

The wealth of the *aziende* and of society in general entails that those who take part in them do not make temporary arrangements among hostile and opposing parties, but have lasting relationships directed towards the common good (Onida, 1954b, Zappa, 1955, p. 1758 and 1956, p. 309): “in this way a new economics of welfare would replace the old-fashioned economics of self-interest” (Zappa, 1956, p. 309).

Q.3: in search of a normative base for SMT (3)

In order to reach this harmonic composition of interests every member should cooperate (Masini, 1964, p. 48).
Q.3: in search of a normative base for SMT (4)

“… regarding the firm’s conduct in connection with specific desired external benefits, circumscribed and immediate […], but rather it induces us to weigh up all the direct and indirect, immediate or deferred, social effects of such conduct” (Onida, 1971, p. 105).

Some conclusions

The Italian Economia Aziendale Masters may, therefore, be considered as implicit precursors of the stakeholder managerial theory and their thought, without having pretensions of giving a definitive answer to crucial ethical questions still being debated, may contribute in a different way.
Furthermore…

The need of further investigations as far as stakeholders’ relationships are concerned
… from a concept of ‘bringing an interest’ to a concept of the right and duty to cooperate
The threefold view of the *Economia aziendale*, the inclusion of managing, organizing and accounting implies a wider concept than the ‘sole managing’ of stakeholders