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# Capitalism with a Purpose: Can Business Ethics Fight Inequality?

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**Abstract:** Economic crises - such as the Great Recession of 2008 or the 2020 crisis triggered by the Covid-19 pandemic - have always represented an opportunity to address the relationship between macroeconomic variables and business and society's reactions to them. Indeed, negative economic conjuncture, slump and stagnation, represent a challenge and may elicit the opportunity to rethink the role of business in tackling systemic global problems of the current system - such as persisting and raising inequalities and environmental unsustainability - by focusing on Business Ethics both as a theory and a practice. Accordingly, the present work aims at shedding light on the link between the systematic production of inequality within the current economic system and the opportunities for entrepreneurs and managers to significantly reduce it by engaging in business ethics practices. For this purpose, the theoretical framework proposed rests on a step "back" to the discussion of the relation between economic sphere and society, particularly when addressing the issue of value creation/extraction and a step "forward" in the discussion on the purpose of the enterprise and the social role of the entrepreneur. In doing so, three main issues will be addressed: VALUE CREATION - the role of the enterprise in value creation between capital and labour; RESPONSIBILITY - responsible vs irresponsible capitalism; SOCIAL ACTOR - the conception of the enterprise as a social rather than only and economic actor. Bridging perspectives coming from economics, business studies and economic sociology, this paper depicts a robust theoretical and conceptual framework to be used for further empirical research.

**Keywords:** *Business Ethics; Capitalism, Shareholder value; Stakeholder value; CSR; Inequality; Economic Crisis.*

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## 1. Introduction

Economic crises (such as the Great Recession of 2008 or the 2020 one determined by the pandemic upsurge) can be seen as an opportunity to better analyze and address the relationship between macroeconomic variables and society's reactions to them. Indeed, negative economic conjunctures, recessions and stagnations, represent challenging situations for business and social actors, but also an opportunity to rethink how the economy works and the purposes of production and economic policy. In this light, a theoretical framework to discuss the role of business in tackling systemic global problems - such as persisting and raising inequalities (of wealth, income and power) and environmental unsustainability – has not been established yet, as the issue falls between CSR (Corporate Social Responsibility) studies, economic sociology and economic policy disciplines. In order to overcome the limits of these approaches when singularly adopted, Business Ethics (both as academic discipline and practice) as a systematic approach to the issue of the role of business in reducing inequality is here presented.

Especially after the 2008 economic crisis, the issue of reducing inequality has been the center of many debates among scholars, the media, civil society, and policy-making contexts. As awareness on the need to address this issue has continued to spread, it has culminated in the objective number 10 within the UN list of SDGs (UN, 2015; Zsolnai, 2011; Zsolnai, 2015b). Global attention on the need to reduce inequality has been raised by different political, economic and social actors, as diverse as the global financial milieu - see, for instance, the International Monetary Fund (IMF) engagement (<https://www.imf.org/en/Topics/Inequality>), and many social movements (Steger & Wilson, 2012). Inequality has been negatively addressed also in religious and spiritual contexts (Bouckaert & Zsolnai, 2012), as Pope Francis has summarized in his famous tweet on April 28th 2014 “Inequality is the root of social evil”, and the spiritual leader has engaged a strong campaign to raise awareness on the topic, as he has more recently been arguing extensively on the threat of inequality towards fraternity, wellbeing, society and peace - see §21,116,161,168,235 in the Encyclical Letter “Fratelli Tutti” (Pope Francis, 2020). While Government actions to tackle wealth and income inequality have been largely discussed by many economists, scholars of different fields and experts in economic policy (such as, among others, the Nobel laureate Joseph Stiglitz (2012)), business's role within the mission of developing global and local equalizing actions remains contentious.

As Porter and Kramer have suggested (2011), business has often been addressed as a source of inequality rather than a privileged actor in fighting it. Some scholars had even more sharply argued that the economic turmoil of 2008 had turned out to be an opportunity, on the contrary, to increase inequality levels and proceed in the concentration of wealth and power in fewer and fewer hands worldwide: in his “Never Let a Serious Crisis Go to Wast”, Philip Mirowski (2013) addresses the way the “Neoliberal Thought Collective”, as he names it, had succeeded in exploiting the “emergency state” to promote an agenda that continued to privilege financial speculation over regulation and equalizing measures to fight the social consequences of the economic meltdown. Opposite to what had happened after the Great Depression during the ‘30s, with the adoption of the New Deal Keynesian policies, Colin Crouch (2011) in his “The Strange Non Death of Neoliberalism” explained how after the 2008 crack no detachment from the neoliberal agenda had been implemented. Each crisis can thus represent both an opportunity for social movements, civil society and intermediate bodies to criticize the current system but also an opportunity for economic and political élites to perpetuate that same system (Fioravante, 2019). In this light and in the light of the current economic crisis determined by the pandemic, when looking to reduce inequality as a social and economic goal of the decade, it is highly relevant to analyse and systematize theories and practices aiming to understand the role of business in promoting economic and social reform.

Indeed, we can find evidence that this debate is not at all only confined to academia. In December 2019, the pandemic with its social and economic consequences still to be faced, the Financial Times had titled “The year capitalism went cuddly” (Edgecliffe-Johnson & Mooney, 2019). According to the authors, the opening of a “Business Roundtable”, where representatives from major corporations discussed the issue of the “purpose” of their business models wondering how to drive them towards social goals, the debate on how to overcome the idea of business having profitability as the only mission had been deeply challenged. Indeed, “purpose” is a meaningful term, addressing long term projects, entailing philosophical ideas, putting at stake the remote motivations for entrepreneurship. If we put it on a spectrum, “purpose” entails looking for the opposite of a profit-centered idea, the latter recalling the well-known Friedman Doctrine: “The Social Responsibility of Business is to Increase Its Profits” (1970). Following this stream of debate, after the pandemic burst, the Financial Times returned on the issue with an editorial piece titled: “Virus puts responsible capitalism to the test” (The Financial Times, 2020)

where it was clearly suggested that, given the worsening of inequality worldwide due to the consequences of illness caused by Covid19 and restriction measurements, the need for companies to develop more socially-oriented business models had become even more pressing than before. While CSR scholars and practitioners have spent more than half a century in discussing how companies and business at large can have a positive impact on surrounding communities, on the environment and also on democratic life, the concept of “responsible capitalism” remains largely insufficient when facing current level of inequalities (Kolk and van Tulder, 2006; Ims and Zsolnai, 2015; Ims and Pedersen, 2015). Indeed, the debate on “purpose” needs further inquiry on CSR strategies - overcoming more traditional motivations to adopt responsible behavior, such as reputational and legal reasons (Bruni & Zamagni, 2015) - as it puts at stake not the features of virtuous firms (Solomon, 1999; Schüz, 2019; Constantinescu and Kaptein, 2020), rather the very idea of a virtuous relationship between economic and social spheres, exploring a dimension (namely, the Business Ethics dimension) where all business actors are social actors.

The remaining of the paper is organized as follows: section 2 explores the distinction between creating value and extracting value within the form of contemporary capitalism and how these dynamics affects current level of inequality. Section 3 discusses how CSR scholars have engaged in the debate on entrepreneurship role within them. Section 4 provides a discussion on the features of the responsible/irresponsible corporation proposing a Business Ethics conceptual framework to overcome some of the current limits of CSR literature in focusing on possible actions promoted within the business sphere to fight inequality. Section 5 closes the paper with some considerations pointing out the main insights deriving from the idea of using a Business Ethics approach to strengthen theoretical assumptions to be used for further empirical research.

## **2. Capitalism Alone**

To fully grasp the potential of the role of business in fighting inequality, it is necessary to first look at the contemporary sources of inequality and how they are linked with the current form of capitalism. Indeed, economic crises of our times develop within a scenario that has been defined by the radical absence of alternative economic systems (ever since Fukuyama’s famous End of History in 1989) from a material but also an ideal point of view. Current capitalism has been thus defined as “Capitalism without opposition of the working class” (see Reed, 2014), for its feature of de-territorialization which has been summarized with the term

Hyperglobalization (Rodrik, 2011) and, lately, has been defined as “Capitalism Alone” by Branko Milanovic (2019) for the idea that labor has a decreasing role in producing wealth (and, thus, in determine production). What underlies these perspectives, heterogeneous in their disciplinary roots is the ability of current capitalism to produce wealth disregarding labor contribution to its production, therefore neglecting working conditions and surrounding communities’ wellbeing. Moreover, these visions underline how dynamics connected with supply and demand matching of goods and services markets are less relevant for firms’ choices, just as non-financial investments linked to competitiveness, as the latter becomes more and more entangled with speculation activities rather than product and service improvements. As it has been argued, all of these tendencies have a significant impact in contrasting economic growth (Stiglitz, 2012) and result in contributing to growing macroeconomic levels of inequality within society. This relation between the current of financial capitalism and growing inequality is not unidirectional. As Piketty (2019) has demonstrated, every inequality régime needs an ideological justification. Given that economics is a social science and deals with a sphere where what happens is historically determined by political choices, psychological influenced behavior and social habits, all of which are at least in part collectively determined, together with being conflictual and contested, wealth production and distribution is always a result of acceptance of certain social mechanisms with certain rules and conditions, which are socially determined as well. While Piketty (2019) focuses on moral and ideological justification for the current level of inequality, focusing on the role that education plays within the process of its acceptance and challenge, Mariana Mazzucato (2018) in her “The Value of Everything” argued that inequality régimes rest on value extraction and that a problematic, neoclassical-funded value theory, is at the core of its ideological justification. Concerning the latter, she argues that value extraction is often conveyed by neoclassical economists and public discourse disguised as value creation. Some key economic concepts, such as efficiency and innovation, are mistakenly used to support inequality rather than being employed as indicators to understand which social actors do actually bare the costs and the benefits of R&D investments. In this light, also the concept of the entrepreneur’s risk is not to be conceived as a private issue but rather as something that affects a larger community and the public sphere as well. In her view, Mazzucato (2018) argues for the theoretical inconsistency of identifying a thick border separating a production sphere with productive actors from a beneficiary sphere with different passive receivers. According to her view, value creation is a process fostered by the

participation of workers, the public and a variety of stakeholders far broader than the mere firm. Disregarding society and public sphere's roles in innovation and value creation would thus lead to a narrow concept of value, mostly identified with market-driven price mechanisms, which is misleading in the understanding of the relationship between business and society.

### 3. Profits and Prosperity?

Since the second half of the 20th century, CSR has been trying to bridge the idea of the firm as wealth producer in the form of mere profit with the idea of the firm as value producer to some extent to be held accountable to a larger community. In order to tackle the issue of whether business actions and behaviors can have a systemic and significant impact on inequality reduction, it is necessary to deepen how the increase of inequality levels and atomization within society depends on the idea that:

*There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception fraud* (Friedman, 1970).

Hence, if the current form of globalization has limited governmental possibilities of intervention within the economy (Rodrik, 2011) and last century collective organisations are weaker and weaker (Crouch, 2011), to disregard business possible role in fighting inequality would be to admit that SDGs' are utopistic goals and that business can prosper even in a society deeply harmed by social and political turmoil, which is something that Milton Friedman himself would find problematic given his idea that political freedom and economic freedom nourish one another in a symbiotic dynamic.

Moving from similar research questions, scholars have been trying to understand business's engagement in tackling inequality within the field of CSR before the pandemic (see, among others: Utting, 2007; Kaplan et al., 2018; Bapuji & Husted et al., 2018; Bowman & Ambrosini, 2000; Bowman, & Ambrosini, 2010) and in the light of the worsening current situation (Bapuji & Patel et al., 2020).

The whole literature engaging in this debate is affected by the theoretical "blind spot" here addressed: the role of business in reducing inequality is contested as CSR term and history themselves are (Sheehy, 2015). Indeed, it is not possible to conduct empirical research on the issue disregarding the fact that what is at stake in the theoretical framework is a definition of "responsibility" that builds on background understanding of politics, anthropology, sociology and philosophy. Without undertaking the

exercise of making these background assumptions explicit, theoretical accuracy cannot be obtained. This is very clear when analyzing, for instance, motivations for adopting CSR practices, as summarized by Porter and Kramer (2011) in “moral obligation”, “sustainability”, “license to operate” and “reputation”.

As Sheehy (2015) argues, these are motivations understandable for business scholars but not for economists. The reason why it is so is that neoclassical economists use the anthropological assumption of the homo oeconomicus which is unfit to grasp behavior that would be labelled as “unrational” according to their view (Zamagni, 2007). Thus, the need for Business Ethics to integrate business studies to strengthen their assumption but also to find suitable assumptions to tackle current challenges (Melé, 2020).

Indeed, as value creation for a larger community than the sole firm and inequality reduction depends on production (its actors, its organisation and governance), and a new theory of value is needed to qualify what “responsible capitalism” is, the link between business and inequality lies more on the issue of “redistribution through growth” than “redistribution with growth” (Kaplinsky, 2014). Kaplinsky’s theoretical distinction was developed to address policies for poor reduction in low and middle income countries but is very helpful also to grasp how production can be intertwined with redistribution (and, thus, inequality reduction or increase; Pennacchi, 2020):

*I observe two overlapping perspectives on the link between growth and distribution, notwithstanding the above-mentioned confusion of nomenclature and the blurring of categories. The first is a set of explanations which see poverty reduction (in both its absolute and relative sense) as arising as an outcome of an ex-post redistribution of the gains arising from growth. This fits under the “Redistribution and/with Growth” headings. The second is an analysis in which redistribution – or, perhaps, a more equitable pattern of distribution – arises endogenously as a core component of the growth-path itself. This fits under the Redistribution through Growth heading. (Kaplinsky, 2014)*

Business studies and business ethics in unravel the tools to focus on redistribution ex-ante as they deeply address the way production is organized but also the relationships of power and influences of culture and habits within it. While long standing debate on CSR has been mostly focusing on ex post actions undertaken by the firm to redistribute part of the profit (i.e. of production), and has been looking for voluntary practices (Pinkston & Carroll, 1996) that can be conveyed as “international private business self-regulation” (Sheehy, 2015) – thus resulting in an analytical approach useful to understand singular experiences or a sum of them – ex ante redistribution

needs a systemic approach which presents alternative models of production, of ownership, of governance. As Business Ethics aims to give new legitimation to the business sphere (Schlag & Melé, 2020) it promotes that rethinking of both anthropological and philosophical assumptions as well as sociological and economic reshaping of the theory of value which is needed for a systematic approach (Waddock, 2018). Nevertheless, in order to do so, the very possibility of “alternatives” have to be assessed.

#### **4. From Shareholder value to Shared Purpose**

Although current debates on CSR and Business Ethics argue for a rethinking of the relationship between the business sphere and society that goes in the opposite theoretical direction, the classical suggestion of Milton Friedman on the exclusive nature of the enterprise as profit maker is to be taken seriously both in its assumptions and consequences. The idea, connected to this view, of the firm as producer and of society as receiver (in various ways, mainly through taxation) is deeply rooted in the neoclassical view (Mazzuccato, 2019) and the theoretical “step back” to be made to discuss whether business can have a relevant role in fighting inequality is linked with the understanding of whether there is a possible alternative to the Friedman Doctrine or not. Indeed, the very concept of “responsible capitalism” can be seen as an alternative to an “irresponsible” one, or just an exception to the rule.

A significant definition of what a “responsible” enterprise is can be found in “*L’impresa irresponsabile*” by Luciano Gallino (2005). According to the Author responsible and irresponsible features are not generically referred to entrepreneurs’ and managers’ behavior but have to be discussed in connection with the company’s model of governance. As argued before, governance can be a key issue to be discussed in the light of “redistribution through growth”. Concerning the irresponsible firm, Gallino addresses what he refers to as a new model of governance which had been spreading in the US during the ‘90s and gained attention and support worldwide since. This model is described as ideologically founded on maximization of shareholder value in the short term, regardless of actual dimensions and profitability of the firm. Secondly, it is founded on the idea that, to obtain this goal, management and government of the firm had to be changed accordingly, privileging big investors’ funds (both private and/or public) and other financial actors interested in owning its shares, thus limiting the influence of small investors. According to Gallino (2005), the shareholder value approach as a successful ideology had been promoted in response to a structural fall of the rate of profit between the ‘60s and the ‘90s. The ideological feature of

this view would be due to the fact that it becomes both a theory and a practice, and to the fact that organization, management, production, innovation and other features become subjected to this maximizing effort. In this view, maximizing value becomes the primary purpose of the firm and, thus, its *raison d'être*, leaving no other space for other purposes, to the point that production itself had become more an auxiliary function rather than a core one, and entailing the necessity to minimizing the cost of labor and exploit a race to the bottom in costs on each singular ring in global value chains.

The consequences of the spreading of shareholder value approach have been underlined by Lazonick and O'Sullivan (2002), by arguing it entails a direct impact on rescaling of the labor force (both to smaller dimensions and to its contractual power) and an equally direct negative impact on economic prosperity, especially in the long run.

The ideological feature of the shareholder value approach has not only been underlined by critics. Indeed, such model has become as conquering as to be considered the business ultimate paradigm, considered the conceptual business parallel of the ultimate political paradigm of liberalism and free market to which Francis Fukuyama (1989) referred as “the end of History”. Just as the political scientist argued that, after the fall of the Soviet Union, no other political and economic model could be better than the one adopted by the western world, some scholars have argued that shareholder value would have become the unanimous approach for business. As stated by Hansmann and Kraakman (2000):

*Despite the apparent divergence in institutions of governance, share ownership, capital markets, and business culture across developed economies, the basic law of the corporate form has already achieved a high degree of uniformity, and continued convergence is likely. [...] This consensus on a shareholder oriented model of the corporation results in part from the failure of alternative models of the corporation, including the manager-oriented model that evolved in the U.S. in the 1950's and 60's, the labor-oriented model that reached its apogee in German co-determination, and the state-oriented model that until recently was dominant in France and much of Asia [...] Since the dominant corporate ideology of shareholder primacy is unlikely to be undone, its success represents the “end of history” for corporate law. (Hansmann & Kraakman, 2000, p.439).*

In this vein Giulio Sapelli (2018, p.142) has defined shareholder value more as a “macro-societal” model, rather than a “micro-entrepreneurial” one. According to Sapelli, when shareholder value approach is embraced it has direct consequences as mechanism of value accumulation and distribution, resulting in a systematic disregarding of local community wellbeing and environmental sustainability dynamics, and in an increase

focus on financial speculation. According to this view, production and profit would push to become as radically disembedded - in Polanyian terms (Polanyi 1944) - from society as they can, supported by the ideological view that leads to think about shareholder value as “the only game in town”.

Nevertheless, far from becoming the ideological triumph that Hansmann and Kraakman (2000) preconized, it has been deeply criticised and different models have been proposed. Building on literature of economic anthropology, Sapelli (2018) demonstrates how different forms of capitalism and productions not only are theoretically feasible but have always existed (even when marginal) in human history. The quest for alternatives to the shareholder value paradigm has gained attention when facing the consequences of 2008 economic crisis: Porter and Kramer (2011), for instance, argue for a change of paradigm in order to regain public opinion’s trust, and propose the more inclusive idea of shared value:

*A big part of the problem lies with companies themselves, which remain trapped in an outdated approach to value creation that has emerged over the past few decades. They continue to view value creation narrowly, optimizing short-term financial performance in a bubble while missing the most important customer needs and ignoring the broader influences that determine their longer-term success.* (Porter & Kramer, 2011, p.4)

Just as shareholder value as firm systematic behavior approach has broader consequences for society, shared value does the same:

*The concept of shared value resets the boundaries of capitalism. By better connecting companies’ success with societal improvement, it opens up many ways to serve new needs, gain efficiency, create differentiation, and expand markets.* (Porter & Kramer, 2011, p.7)

It thus results clear that the firm can create profits without prosperity, leading to an increase in inequality, but in order to assert the idea of feasible and ambitious alternatives to this approach the question to be asked is whether the firm can create profits because it creates prosperity: which is the rephrasing in Business Ethics term of the issue of redistribution through growth.

## **5. From economic actors to social actors**

Following Richard T. De George definition of what Business Ethics is (2005), he argues that the discipline insists on three levels. First, it conducts an inquiry into the relationship between ethics and economics (an issues that dates back to ancient Greeks but that is also intertwined with the moral philosophy from which the very discipline of economics stems in Adam Smith’s thought).

In this light, it questions neoclassical and neoliberal views of entrepreneurship by promoting a return to a theory of value linked with society wellbeing and, for example, the capability approach (Sen, 1987).

Secondly, it promotes and interact with intellectual and practitioner networks within the business world and among businessmen and people involved in entrepreneurial and managerial professions by addressing different forms of governance and management to overcome shareholder value limits (such as the Humanistic management network and social movements such as ZeroWaste and The Economy of Francesco).

Thirdly, as an academic discipline, it provides a theoretical framework where CSR is included but some of its cornerstone concepts are placed within a larger re-elaboration of the *homo oeconomicus* paradigm.

All three levels are to be explored in order to understand the potential role of business in fighting inequality. As we look at inequality of income we can see that, working within the first level to address issues such as decent work, labor supply and demand, but also the purpose of work, it is possible to go beyond neoclassical approach by understanding that individuals do not interact on a neutral market but are conditioned by social context and, as already stated, current ideologies.

On the second level, wealth inequality can be addressed by rethinking the role of the enterprise as a social actor and thus as embedded within society and community: if shareholder value approach is only one of the possible approaches to economic enterprise, people involved in shaping business environment can make a difference in how different actors interact.

On the third level, it is possible to address inequality of power, by providing further inquiries into the possibility of economic democracy, civil economy and other forms of exchange and production, thus providing alternative models of governance and ownership. This latter sphere of inquiry is where theories of social power are to be found and further explored, to understand its possibility of existence in between economic power and state power (Hahnel & Wright 2016; Bruni and Zamagni, 2015).

The afore mentioned levels of analysis rest on the idea that the enterprise and the entrepreneur are to be understood as social actors. This view radically differs from the neoclassical one, although it builds upon some insights already present within the History of Economic Thought, such as the Schumpeterian view of the “sociology of success” (Skidelsky, 2018): the creative disruption process is thus understood as something that happens within the current social conditions and not as being detached from them as if it was a dynamic happening in an empty space instead of an historically given context. According to this view, the profile of the

Schumpeterian entrepreneur is a social figure, a multifaceted social actor, not a mono-dimensional utility maximizer as in the neoclassical model. As Pennacchi (2020) suggests, many of the ideas needed to rethink the enterprise are already present in some classics:

*Indeed, it is now required a specific theory of the innovative firm as well (Lazonik, 2016), different from the one assumed by the neoclassical doctrine, which has never had a proper one, having waited until the institutional theorists à la Williamson to adopting something alike. Interesting seeds of theory of the firm can be found in Schumpeter and in “not-crollist” and “not-stagnationist” Marx in the third book of The Capital, and from them it is necessary to grab inspiration. [...] The second thing to do is to notice that financialization dynamics are closely intertwined with the shift of the entrepreneurial view towards short term profits and towards shareholder value theory and short-termism, which, while transforming the role of the manager in financial capital’s agent, disregard investments and sacrifice the productive base. (Pennacchi L., 2020, p.65).*

The theory of the firm here required is a theory that addresses economic activity only as a part (although a defining one) of the relations that makes the fabric of capitalist societies. Indeed, as Sapelli suggests: *Capitalism is the ensemble of personal relationships* (2018, p.127). This is true whether these relationships are understood as being inherently conflictual (as in Marx) or inherently harmonious (as in Friedman). Thus, the distinction between a responsible and an irresponsible capitalism becomes blurry, as in a narrow idea of CSR a firm would be hold responsible or irresponsible towards a society which would be “outside” it, while the very firm essence is already to be considered “society” as such.

What is problematic within neoclassical thought is not only the theory of the firm as so far addressed. The notion of the market as neutral field of encounter between demand and supply is to be challenged as well. As Mazzucato (2018) argues, the market exists only as an output of interactions and social relations between business, public institutions, unions, third sector, civil society and so on. Therefore, not only capitalism can be defined as a relational economy, but the very nature and quality of those relations which build it determine the form of capitalism that develops in time and not viceversa. In this light, Mazzucato (2018) argues for value, rather than price, to constitute the heart of the analysis on what is productive and what is not: shareholder value ideology, together with the tendency from the ‘70s onward to include the financial sector and speculation within the GDP accounting, resulted in a misunderstanding leading to calculate as productive what extracts value rather than creating it. If we understand value as something to be shared among territories,

communities, stakeholders we need new forms of accounting and evaluation of productive mechanism, innovation and efficiency.

If the firm and the market are to be understood as social actors and social output of their interactions, a theory of society is needed and this is how and why Business Ethics can provide the correct frameworks to be applied when looking for the role of business in tackling inequalities (or sustainability issues, gender issues etc.). It is not enough, in fact, to state that inequality is bad (morally or economically) but a theory of value stressing why it is so is needed and it cannot stem from narrow disciplinary divisions or analysis of singular cases, as a systematic view is required. The division between responsible and irresponsible firms can thus be substituted by qualifications of those which create value and those which extract it, together with providing a distinction between firms which enact and enlarge social power (through their governance, organizational and business model) and those which diminish it. Addressing more directly the issue of inequality, the question to be asked would be whether the firm promotes redistribution through growth (*ex ante*, i.e. through its production organization and its decision hierarchies etc.) or redistribution with growth (with some CSR activities) or no redistribution at all.

## 6. Conclusions

If business has a distinctive role in reducing inequality it needs to consider the enterprise as a social actor without definite borders between its economic sphere and social outputs of its activity. Some of the consequences of this renewed approach are:

- the understanding of the entrepreneurial risk not as a private issue but rather a collective bared cost (Mazzucato, 2018);
- the idea of a constellation of interests developing in a continuous and bidirectional dynamic between social forces, cognitive networks and stakeholders (Rusconi and Dorigatti 2006; Sacconi, Blair & Freeman, 2011);
- the overcoming of the *homo oeconomicus* paradigm in light of the need to contrast fragmentation and atomistic tendencies of contemporary society (Polanyi, 1944; Melé, 2003) to be substituted with further inquiries on the possibility of social power and community (Sapelli, 2018; Rusconi & Dorigatti, eds. 2006);
- the promotion of the idea of the integral enterprise (Butera F., 2020) and of the merging between business and humanistic values and culture (Ketola, 2008; Spitzeck, ed. 2009; Zsolnai, 2015a).

To sum up, the furthest theoretical framework from the Friedman Doctrine is a framework through which two dimensions can be grasp: the fact that what happens within the firm affects society, through its models of governance, management, organisation etc., and the fact that values which are considered relevant for a society (such as social cohesion, democracy, accountability etc.) can affect the way in which firm functions (Gallino 2010). As Pennacchi (2020, p.55) argues:

[...] *there is the need of an high approach to issues of “economic democracy”, an approach that would underline its “neo-humanistic” foundation and that would uncover its feature which is not only economical but profoundly ethical and political.*

In order to fight inequality, business has to perceive itself as social actor and behave accordingly.

We hope that our paper gives strong reasons for overcoming theories and practices looking at society and business as separated spheres which can interact although remaining theoretically separated. On the contrary, a first original aspect of our paper is that it provides an analytical framework to understand how business sphere's organization and management deeply affects inequality levels and community wellbeing. The second original contribution we hope to make is the outlining of a conceptual framework able to point out how entrepreneurship has a significant role in fighting current level of inequalities (of income, wealth and power) by adopting a systematic Business Ethics approach.

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