The Exercise of “Civic” Virtues for Family Firms Characterized by a Strong Link with their Territory: some Italian Experiences.

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Abstract

The medieval Thomistic tradition, which is associated with the Aristotelian thought, affirms that “the word “virtue” (virtus in Latin) generally relies on a habit (habitus), i.e. a constant disposition to act well: it is a well-established inclination to the good, so that a virtuous person is led to do the good […] with spontaneity, or, with pleasure [author's translation]” (Mondin, 2000:121). Clearly, the aforementioned spontaneity is a condition which needs to be gained by a constant exercise; an exercise that requires effort and a continuous commitment and which can never be considered as permanently terminated (certain regressions are possible).

Applying the virtue theme to the family business context - first of all to the behaviour of the family entrepreneur/manager – this paper considers important: a) to refer general moral virtues (natural or cardinal ones) to the business context (entrepreneurial/managerial virtues); b) to consider the systemic connection between the natural virtues (considered from an entrepreneurial/managerial point of view) and other virtues, in particular the so-called “civic” virtues (here: honesty/transparency, legality/law abiding, responsibility, tolerance/integration, solidarity/generosity, relationality/sociability, magnanimity/magnificence); c) to pay attention to the role of the “civic” virtues for the achievement of business objectives, in particular regarding the common good, which relies – first of all – on the social and economic development of the territory of reference (local or national).

Starting from the evidence of some Italian business experiences connected to the exercise of a “civic” virtue (i.e. through the financial support to the restoration of important
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artistic monuments), this article offers some concluding considerations about the opportunity to reflect on the traditional indicators used to measure business success by considering a virtuous (“civic”) perspective; and finally suggests using a “virtuousness report” to manage better and run the business and reach its success.

Key words: virtue ethics, "civicness", family business

1. Preliminary considerations on the institutional aims of the firm and on their social impact

For decades, the scientific debate and the professional and operative experience in the business management field have focused on how to reach and improve business success, measured in terms of income and shareholders' value maximization (Cornwall and Naughton 2003; Moore, 2005). The ongoing economic and financial crisis, has shown the opportunity to qualify business success starting from a different perspective, from the nature of the firm and its main aims/objectives.

In 1956, Gino Zappa, founder of the so-called Economia Aziendale (“Concern Economics” or Business Administration Italian studies), defines a firm as «an economic institution intended to last for an indefinite length of time and which, with the aim of meeting human needs, manages the production, procurement or consumption of resources in continuous coordination» 2. Consequently, the firm should be governed in order to achieve the different aims proposed, from those of a lower order to those of a higher one, in terms of market dominance, profitability and satisfaction of stakeholders' expectations. All the aforementioned aims should be conceived as a means to the survival and development of the firm, assuming its instrumentality in regards to the human needs of the key actors (entrepreneur, managers, employees, etc.), of the market demand (consumers), of the different stakeholders and the local community in general.

In this direction, entrepreneurs and managers are required to achieve «the general goal to lead everyone to apply a harmonious and dynamic synthesis of the multiple interests and objectives towards unity, starting from the value assigned by customers and from the concept of sustainability» 3. This can be reached by the implementation of an effective business (and more, corporate) strategy consistent with the environment 4. In this context, the attention of the economic institute, that is the firm, should be focused towards the common good (Argandona, 1998; Arjoon, 2000; Sison and Fontrondona, 2009; Costa and

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4 See Ibidem.
Ramus, 2012)\(^5\), not only of the shareholders but also, among others, of the different members of the social community (otherwise “civil society”).

As mentioned by Vittorio Coda (1984), an essential moment of the entrepreneurial formula is the connection between the firm and external social environment; the firm tries to gain consensus by the external social environment and it offers various perspectives of development, such as: placements (jobs), business opportunities for those who provide financial resources, payment of taxes, cultural patronage, social promotion for disadvantaged segments of the population, and so on. The implicit expectation of the social environment about the firm is based on the assumption that the perspectives offered by the latter exceed the contributions required from the aforementioned environment. A firm that pursues the common good and deserves to be classified as such (a firm because “socially oriented”, that is oriented towards the stakeholders’ needs)\(^6\), is an institution that offers more than what it requires; an institution that generates more – lato sensu – value than what it consumes. It is a business organization run in view of the satisfaction of more needs and deeper needs.

After all, which is the most profound human need to meet? More radical than those materials, those about safety and those about consensus, etc.? Aristotle (1984) says what really generates interest to humans and what really founds each action (in this context even those professional and entrepreneurial in general), is the research of happiness, a deep happiness not to be confused with the mere pleasure, or what may be interpreted as a personal realization. It is important to declare loud and clear that firms are means made up of different actors, directly or indirectly involved (entrepreneurs, managers, workers, consumers, various stakeholders including citizens based in the same geographical area where the firm resides), that can achieve individual happiness and therefore the general (collective) well-being\(^7\), otherwise firms fail their mission.

2. The role of virtues in the pursuit of business aims

According to Aristotle\(^8\), a key role to achieving the aforementioned happiness is covered by virtues, which rely on certain qualities that allow a person to fulfil

\(^5\) See also Benedetto XVI (2009).
\(^6\) Bruni (2009:56), remembers that the company should not focus on the philanthropy in order to reach a social dimension, since a company is a social entity for its nature, at the beginning and during the normal operation. See the following note n.16.
\(^7\) For a Business Ethics based on virtues and oriented towards the common good see: Melé (2009); see also: Arjoon (2000).
\(^8\) That is the reference to Aristotle (1984).
the eudaimonia⁹ (beatitudo, happiness, prosperity), i.e. a well-being status that pushes people to act well.

As MacIntyre points out, beyond a purely instrumental interpretation of the Aristotelian virtue as a means to achieve the good, the so-called good must be interpreted as «[…] a whole human life lived in the best way and the practice of virtues, is an essential part of such a life, not just a simple preparatory exercise to reach it»¹⁰.

It could be linear the assumption according to which the exercise of virtuous behaviour projects people towards a certain degree of happiness, given by the intensity of that behaviour¹¹.

Following the Aristotelian thought, the medieval Thomistic tradition states that «the word “virtue” (virtus in Latin) generally relies on a habit (habitus), i.e. a constant disposition to act well: it is a well-established inclination to the good, so that a virtuous person is led to do good with spontaneity, or, with pleasures»¹².

It is obvious that this spontaneity is a condition to join through a constant practice that requires effort, commitment, dedication and that can never be considered permanently achieved, because potential regressions are permitted.

Bringing virtues into the business economics field in general, and to entrepreneurial and managerial behaviour in particular, it is essential to establish a link between moral virtues (natural virtues) related to any general context and those virtues related to a specific context (in this sense, business virtues); the business virtues promote an integral development either of the economic agent¹³ (i.e. entrepreneur, manager, etc.) or – directly and/or indirectly – of the stakeholders; on the other hand, business virtues also encourage the economic improvement of the business, this is the economy of the single firm, the market in general¹⁴ and, so far as relevant, the social context.

Here we suggest a business ethics based on virtues (or better from virtues), this is a wide and transversal ethical perspective of doing business that involves the experience of many entrepreneurial and managerial behaviours. Far from relegating ethics to a specific dimension of success, the latter has been proposed as an implicit qualification of success tout court, i.e. competitive, profitable and social¹⁵. However, this does not happen every time that ethics is taken into consideration by firms in a specific way; e.g. when firms support philanthropic

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⁹ About the possibility to reach the eudaimonia by exercising leadership, see Flynn (2008).
¹¹ What is proposed at the beginning of the current paragraph summarizes the contents of Ruisi (2012).
¹³ About the integral development of economic agent see Sorci (2007).
¹⁴ On its aims and methods it’s important to take into consideration not only the entrepreneurial action about the company and its reticular organization, but also the institutional policies about National and International governments and organizations related to the so-called third sector.
¹⁵ On the three dimensions of the business development of a firm. See once more Coda (1988).
initiatives\textsuperscript{16}, and, at the same time it develops production processes that are not in line with the environmental sustainability. The use of ethics cannot become the occasion to justify behaviour that is not really ethical! An ethical approach based on virtues qualifies the company’s action, encourages and leads everyone towards behaviour oriented to the good of the company, of the people directly and indirectly involved in its business and, lastly, the common good (Arjoon, 2000; Sison and Fontrodona, 2009). What has been stated so far is in contrast to an ethic of the mere respect for the rule (from which, penalties and public disapproval may arise) and to an ethic of justification, compensation, and well-appearing\textsuperscript{17}.

Virtuous behaviours, those aimed at achieving the good in its various aspects, qualify the ethical conduct of people in general and, so far as relevant, that of key actors. For a manager, for instance, acting well – virtuously – certainly requires a deep knowledge of the function to be performed (Cornwall and Naughton, 2003), then the tasks pertaining to the role played, the achievement of the assigned goals verifying their intrinsic goodness and that of the available means, also taking into consideration the circumstances in which the action takes place. This means addressing behaviours to specific virtues, in primis, the so-called “cardinal virtues”, i.e. prudence, justice, fortitude and temperance\textsuperscript{18}, followed by other linked virtues and other further virtues\textsuperscript{19}; this means consciously acting in a virtuous way, trying to reinforce each specific virtue, without forgetting the systemic connections among virtues. If success is measured in terms of qualitative and quantitative results, mainly related to the medium-long term, these results are the effects of a virtuous behaviour; a behaviour responsible for the success of the firm and a full happiness (eudaimonia) for involved people (Arjoon, 2000). In this direction, the virtuousness relies on the respect and promotion of the specific function carried out and, in turn, on the respect and promotion of the mission, which leads to the respect and promotion of the single employee, stakeholder and the whole civic community (promotion of the common good\textsuperscript{20}).

\textsuperscript{16} As stated by Bruni (2009: 54): «Here is the Anglo-Saxon philosophy of the Corporate Social Responsibility: if the market and the firm are not genuinely social places, but economic contexts where people are oriented towards profit; to guarantee an ethical perspective of the business or its simple social acceptability, it's necessary to create a bridge between the commitment to make profit, even if it is not authentically moral or civil, and the civil society. Philanthropy, great institution of the Anglo-Saxon tradition, has played and continues to play this role [...]» [author's translation].

\textsuperscript{17} According to Josef Pieper - quoted in Flynn (2008) - we support a doctrine of virtue rather than a doctrine of duties.

\textsuperscript{18} Bastons (2008) considers the cardinal virtues as moral competencies in the decision-making processes.

\textsuperscript{19} See diffusely Ruisi (2012).

\textsuperscript{20} See also Arjoon (2000), Sison and Fontrodona (2009).
3. Corporate “social” and – properly – “civic” virtues.

As stated so far, virtues cover (not by using an utilitarian perspective) a key role in order to achieve a company’s success; if this is considered from a systematic point of view along the three dimensions of competitiveness, profitability and sociality (inside of it there is mainly the “civic” dimension), certain virtues may support better entrepreneurial and managerial behaviours towards success (Cornwall and Naughton, 2003; Flynn, 2008). Thus, these virtues ensure the consent needed in order for the survival and development of the firm. In this article, and in relation to the social (more precisely and strictly speaking, “civic” contribution given by the firm, we pay attention, among others, to the role played by honesty/transparency (Solomon, 1992; Josephson, 1995; Murphy, 1999; Moore, 2005; Moore, 2012; Melè, 2012; das Neves and Vaccaro, 2013), legality/law abiding (Vaccaro, 2012; Ruisi and Picciotto, 2013), responsibility (Arjoon, 2000; Chun, 2005; Flynn, 2008; Melé, 2012; Ruisi and Picciotto, 2013), solidarity/generosity (Alford and Naughton, 2002; Benkler and Nissenbaum, 2006; Melè, 2012), tolerance/integration (Solomon, 1992), relationality/sociability (Solomon, 1999; Ruisi, 2004) and magnanimity/magnificence (Solomon, 1992; Aristotle, 1984). In any case, it’s not possible to consider all these as the most effective (related to business success) virtues from a “civic” point of view; it’s quite difficult to imagine a survey through which one can define which is a definitive and universal hit parade of the entrepreneurial (or managerial) virtues; this is also true because – as mentioned before - the effectiveness of a virtue also depends on the effectiveness of other virtues; this is, it’s important to consider from a systemic point of view how virtues can work inside the organization. If we have chosen these virtues rather than others it is because they received special attention from researchers inside most of the recent international congresses on business ethics (see for instance the EBEN conferences) and journals; let’s think about honesty/transparency (see some famous cases such as Enron, Lehman Brothers, and in Italy Cirio and Parmalat22), legality (various cases of corruption, extortion, etc.), solidarity (see, for instance, Danone as mentioned in Yunus23), tolerance/integration (for example, cases of diversity management), etc. Obviously further “civic” virtues could be also considered.

21 See, among others: Putnam (1993); Dagger (1997); Galston (2000); Cartocci (2007). Entrepreneurs or managers must live their civicness as a dimension of their integrity/holistic unity and their inner willing to be useful as entrepreneurs or managers to the development of the social-economical context, this is to the common good. For an entrepreneur or a manager being civic means to take care of the needs of the different stakeholders that can be satisfied by the ordinary entrepreneurial/managerial activity; for an entrepreneur or manager be civic means just to be an authentic (real) entrepreneur or manager, no more.

22 About the scandals of Enron and Parmalat and the theme of managerial irresponsibility see: Mocciaro Li Destri (2013).

23 Yunus (2008).
As mentioned so far, virtues must be taken into account in relation to their synergistic effects. It is really very useful to imagine virtues within a systematic framework, under a combined effect between one and the other in order to fulfil the overall success; by considering all of this, a brief description will illustrate each virtue and some typical virtuous (entrepreneurial and managerial) behaviours.

If a firm aims at giving a contribution to the social environmental context to which it belongs (so reaching its social – “civic” - success), its behaviours should be characterized, among other things, by honesty and transparency, as integral virtues of a more comprehensive and broad virtue of justice. This implies, for instance: a commitment to pay taxes; to employ workers with a regular contract and a right wage; to make a realistic planning about which, how many and when the company will employ local human resources; a balance sheet written in line with legal standards, i.e. representing a clear, real and correct patrimonial, financial and economic situation24; by being able to put into practice the engagements taken with all the players who have supported the financial needs of the entrepreneurial activity (shareholders, banks, etc.); providing customers and stakeholders with information regarding the real characteristics of the product and its functions; and also about some possible important initiatives – lato sensu – on the social side of the business.

Beside honesty and transparency, declinations of the broader virtue of justice (even if it is also linked to fortitude), there is another virtue: legality. So far as relevant, a legal behaviour is strictly related to the respect of the law and the market rules and, on the contrary, it is far from the realization of opportunistic illegal actions; besides, a legal behaviour does not passively accept to suffer abuses by people of the context. A legal behaviour is able to resist the temptation to bribe an official of the Public Administration to shorten a bureaucratic procedure; it is able to activate “voice initiatives” to make more efficient those procedures (i.e. by reducing the response time); is able to put in practice prosecution in case of abuse of power or omissions; to avoid the use of unauthorized “parallel” ways for the industrial garbage disposal; to resist the pressures coming from extortion rackets and to report to the police and competent authorities (table 1 – F.lli Guajana/Antica Focacceria San Francesco/Addiopizzo); to strive to seek every possible form of borrowing, avoiding to increase usury paths.

Strictly linked to legality is the (wide) virtue of responsibility. In this article, it relies on a virtue that allows the entrepreneur and the managers to consider in advance (foresee) the consequences of potential actions, or the ones coming from omissions, always considering the commitment towards the common good25. Avoiding the recourse to “parallel” business organizations in view of the garbage disposal, is a concrete manifestation of a legal behaviour; at the same

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24 See art. 2423 par. 2 of the Italian Civil Code.
25 In this direction, the reference goes to the virtue of wisdom as a virtue that allows proper conjectures by knowing the reality and, thus, as an expression of the most extensive virtue of prudence. See Luño (2008).
time it is an obvious manifestation of respecting the environment and taking care of public health. Avoiding dangerous emissions and respecting rules and limits, or investing in eco-compatible technologies able to operate within the limits established, are both concrete manifestations of entrepreneurial responsibility towards the environment – stewardship, according to Melé (2012) - and the population which lives within; other manifestations are represented by the use of an efficient process of garbage separation collection (table 2a – Royal Continental Hotel), and an eco-sustainable exploitation of the resources (table 2b – Palm).

The virtue called responsibility may also be considered into various and multiple areas that recall the socio-economic promotion of the territory, thanks to which the development is interpreted as job opportunities for coming generations, or as a way to keep the actual job position during uncertain times (crisis); in this direction, actions oriented to the reduction of wages assigned to managers and of profits for shareholders must be appreciated, as well as all the efforts aimed at favoring the balance between work and family; moreover, the realization of factories near residential areas in order to reduce the home-workplace distance (table 3 – Merloni), or even the support of various initiatives such as a company crèche and kindergarten. Responsible actions may be also addressed to support the professional human capital's growth (seminars, business or operational courses, training, apprenticeship, etc.).

Certain initiatives may also be established and managed in partnership with other firms (formal or informal networks) in order to enlarge the possibility to offer financial resources, organizational skills and competences. Following this cooperative perspective, it also fundamental to introduce another virtue made up by relationship. "Relationality" as a virtue is a synthesis of experience, dialogue, sharing ideas, listening skills, openness to change, sharing of resources, operative and designing collaborations, either internal, or, under certain rules and borders, external with the local community (sociability).

The virtue of responsibility is linked, also, to other virtues like tolerance/integration and solidarity/generosity, which are linked to justice since they affirm the respect for human dignity; this is possible through behaviours that favour the integration (the staying-well together) of different people inside the firm, through a liberal spirit of donation (generosity) that can go beyond a “cold justice”. Besides the implementation of a mobbing prevention mechanism within the organization, it is relevant the respect and the valorization of the differences among people in terms of gender, race, beliefs, religions, wealth and ability (table 4 – Luxottica), either for the recruiting process, or for ordinary business life (to motivate the staff), or for external partnerships. Solidarity concerns external respect and a real commitment towards various needs of the social environment: giving products free to destitute people (for instance, service centers for poor

26 In other words “liberality”.
27 Towards the respect for internal human resources, it is relevant the valorization of the employees' ideas through appropriate “ suggestion systems”.

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people, recovery centers of youth in distress, etc.), as well as participating in the “food collection” promoted by not for profit organizations or similar initiatives.

Last but not least, it’s important to take into consideration the virtues of magnanimity and magnificence (Aristotle, 1984); they are considered primarily linked to fortitude, and, also, synergistically related to solidarity and responsibility. Magnanimity concerns the capacity to take decisions about great initiatives with benefits to the entire collectivity, this concretely means the development of specific projects.

Magnificence regards the effective realization of some outstanding and amazing initiatives (so the concrete behaviour that goes from the idea-project to its execution). Related to this virtue there are those situations of corporate patronage (sponsorship) that promote the raising of the cultural level of a specific territory: sponsorship of huge projects such as the funding of schools, universities, libraries, research centers, but also the restoration of works of great artistic and monumental interest (table 5a – Tod’s; table 5b – Brunello Cucinelli); and even the construction of hospitals, sport centers (table 5c - Barilla), parks, and so forth.

4. Behaviours “civically” virtuous in family businesses with strong local roots: some Italian evidence28

With regards to the realization of “civically” (from Latin civis) virtuous behaviours, i.e. behaviours literally oriented to the good of the community (of citizens), literature shows how the theme is important to family businesses (Gallo, 2004; Bingham et al., 2011). There are many definitions to describe a family business29; according to Miller and Le Breton-Miller (2003:127), it is one in which a family has enough ownership to determine the composition of the board.

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28 The various business experiences considered in this article regard small, medium and large organizations, with different levels of complexity. A virtuous behaviour could be obviously implemented by people involved in firm of different dimensions; this justifies/explains the presence of different experiences, that were chosen (by searching through Internet, or using tales or short cases, famous for many reasons, about each virtue) just to show that entrepreneurial/managerial virtuous conscious behaviours are possible. According to a "prescriptive" perspective, the usage of an "experience or case-based" approach imbued with virtue ethics could be also useful to explain how entrepreneurs and managers can make better ethical judgments in the context of business (see: Calkins, 2014).

29 On the business family concept see, among others, Tomaselli (1996). The author refers to various definitional contributions, remote and less remote, from Donnelley (1964), to Schillaci (1990) and Gallo (1992). For recent and further references see Astrachan M. C. and Shanker J. H. (1996) and (2003); they suggest different versions for a family business definition, this is large, medium or small regarding the family involvement in the business.
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where the CEO and at least one other top executive is a family member, and where the intent is to pass the firm on to the next generation».

The sense of belonging of an entrepreneur/manager and his/her family to a given territory (the one in which is rooted in either family or friends), often involves an orientation to pursue social success (Ward, 1987; Neubauer and Lank, 1998; Bingham et al., 2011; Cennamo et al., 2012), through actions aimed at improving economic conditions of the local population and human development in general (Sison and Fontrodona, 2009). Then, when a firm assumes the leading role in an industry, consolidating the brand in the customer’s reputation, or moreover becoming an icon of the overall country’s production (for example, Ferrari for Made in Italy), it is possible that the entrepreneurs or managers perceive that sense of belonging as an inner and natural element, characterizing themselves as “civically” virtuous behaviours of national/regional interest; at other times, the presence in foreign countries, in which the firm operates with a sense of responsibility, leads to respect for local cultural traditions, or even to look after certain local needs.

In the previous paragraph, we considered the role of some “civic” virtues (honesty/transparency, legality, responsibility, tolerance/integration, solidarity/generosity, relationality and magnanimity/magnificence) in order to pursue social success and thus – tout court – the overall business success of a company. In the current paragraph, however, we follow various evidence (sometimes extensive parts of statements and interviews) and tales (available in literature or specifically processed) that present the presence of some of the aforementioned virtues, in particular those connected with behaviours which may be defined legal (law-abiding), responsible, tolerant (orientated to integration and promotion of differences), expression of a concrete and experienced magnificence.

As previously mentioned, a legal business behaviour leads to respect the – lato sensu – law and the market rules. In this direction, it is important to remark on the examples of entrepreneurs who have renounced to undertake the shortcut to corrupt people with tangents; and who have reported a suffered extortion.
Table n. 1 - F.lli Guajana, Antica Focacceria San Francesco and Addiopizzo

Rodolfo Guajana"30 and Vincenzo Conticello31 are two Sicilian entrepreneurs of long family tradition among the various ones that, by emulating the example of Libero Grassi (killed by the Mafia in 1991), didn't accept to pay the "pizzo" (protection money); that is, they resisted the extortion racket and for this reason they received different attacks from the Mafia. The first entrepreneur, a victim in the past of extortion blackmails, witnessed the end of his company because a terrible arson occurred on July 31th 2007 at his wholesale bricocenter; the second one received various threats (fortunately without serious material or physical consequences) against his business, an ancient restaurant of Sicilian food ("Antica Focacceria San Francesco"). Their very conscious and convinced decision not to pay and to involve the police had a chief role in supporting the investigation activity and in arresting some of the criminals. Nowadays, many entrepreneurs (like Rodolfo Guajana and Vincenzo Conticello did in the past and are still doing) make stronger their courage due to the presence of "Comitato Addiopizzo" (Vaccaro, 2012), a voluntary association created in Palermo in 2004, with the intention of promoting a culture of legality, solidarity and responsibility with a primary respect for the Constitutional Law, and to circulate ideas against the Mafia. A particular engagement regards the support that is guaranteed to the entrepreneurs that decide not to give in to the extortion racket, and the promotion of their business by including their brand in a list of "pizzo free companies" in order to stimulate a "critical consumption". The famous slogan of Addiopizzo is symbolic: "An entire population who pays protection money is a population without dignity".

From June 2014 some of the companies associated with Addiopizzo decided to participate in a new campaign: "Addiopizzocard". It is a shopping card, which by using it the consumers can obtain a discount that will be converted into an amount of money destined to finance a special fund in order to realize social services. So far, Addiopizzo has brought a civil action against Mafia criminals during many processes; moreover it has been really involved through conferences and other information activities inside schools to support a new culture against Mafia behaviour in young generations.

Source: Elaboration of the Author

In this sense, it is really remarkable the associative initiative undertaken in 2007 by Confindustria Sicilia (general Association of Sicilian entrepreneurs), who inserted within the ethical code a rule according to which entrepreneurs not

30 See: (http://www.cittanuova.it/c/22794/l_pizzo_e_il_dovere_dei_cristiani.html).
denouncing the extortion racket, and so paying protection money, must be expelled from the Association\(^{32}\).

Switching to the virtue of responsibility, business histories offer different feedback and ideas for reflection. Regarding the respect and protection of the environment (stewardship), here are two examples: Royal Continental Hotel, belonging to the Royal Group Hotels & Resorts, and Palm. In the first experience the following content comes from an interview provided in view of the present contribution by Dr. Di Fede, once upon a time revenue manager of the Royal Group Hotels & Resorts.

Table n. 2a - Royal Continental Hotel

Royal Group Hotels & Resorts, a hotel group of almost recent constitution, extended into the accommodation field of the economic enterprise of real estate, financial and hospitality tradition of the Naldi family, at present lead by Mrs. Teresa Naldi\(^{33}\), born in 1957. The Royal Group has always given an environmental footprint to each entrepreneurial action, beyond mere calculations of cost-effectiveness in the short-term. The Royal Continental Hotel, a 397 key 4 star property located in Naples, was probably the first Italian hotel business reality buying a compostable able to transform into compost 146 tons of organic waste per year. This initiative must be seen as part of an environmental protection plan, which is a pure sense of belonging to its own territory, that includes further actions aimed at decreasing on a yearly basis 15 thousand plastic bottles through dispensers, 360 thousand sheets of paper through electronic tablets during the check-in process, 440 toners through shared printers; 7600 detergent bottles through concentrated detergents, a significant reduction of paper material in rooms, and, lastly, a reuse of 5400 glass bottles. Furthermore, the Royal Continental obtained the ISO 14001 certification, strongly desired by Mrs. Teresa Naldi. This certification is not mandatory but is the result of a deliberate choice aimed at adopting and maintaining an environmental management system. All these initiatives prove the attention put in place by the owners towards the environment and public health.

Source: Elaboration of the Author

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\(^{32}\) See: (http://www.corriere.it/Primo_Piano/Economia/2007/09_Settembre/01/confindustria_pizzo.shtml). On the results of the initiative undertaken by Confindustria, the President Ivan Lo Bello highlights the expulsion of 30 entrepreneurs from the Association, on the online newspaper la “Repubblica di Palermo” as of 20/February/2011 available at: (http://palermo.repubblica.it/cronaca/2011/01/04/news/la_lotta_alla_mafia_di_confindustria_lo_bello_abbiamo_espulsi_30_aziende-10840192/).

\(^{33}\) President of the Royal Group Hotels & Resorts, Mela d’oro Bellisario 2006, President of the Section “Tourist Industry” of the Unione Industriali della Provincia di Napoli, member of Consiglio Direttivo dell'Unione Industriali della Provincia di Napoli, Giunta Confindustria Campania and Consiglio Direttivo di Confindustria Alberghi.
Regarding the Palm experience, the content of the following information was taken from the official website.

### Table n. 2b - Palm

Company of hand-crafted origin, engaged in woodworking, founded in the ‘60s by Guido Barzoni and actually at the second generation, «always looking after the environmental impact of its production activities, Palm uses mainly raw materials – spruce and pine wood – coming from Northern Europe, which has always been involved in the management of forests under eco-sustainable criteria given by FSC (Forest Stewardship Council) and PEFC (Programme for Endorsement of Forest Certification schemes). Recently, even many Italian forests owners are turning to the principles given by FSC and PEFC, thus allowing Palm to increase its use of native wood. Hence the project “Pallet at km 0” that led the company to be the leader of the local popular planting in order to develop the local economy and agriculture and decrease the environmental impact due to the transport of wood over long distances. Remaining in the same picture of the ecosystem protection, Palm supports a system called “Rilegno”, that coordinates and promotes the collection, recovery and recycling of wood packaging waste, in order to remove it from the incorrect disposal (landfill) and reinsert it into the production cycle and, so, contributing to the formation of compost, chipboard, pulp cellulose and thermoelectric energy. Finally, in accordance with the Ronchi Legislative Decree, Law 22/1997 (and also with the Article 6 of the Treaty of Amsterdam), Palm also provides directly a recovery and reconditioning service of damaged pallets belonging to its customers.

*Source: Elaboration of the Author*

Still on the virtue of responsibility, it is relevant here to give space to those initiatives that seek to meet the workers’ needs, such as the one aimed at facilitating the balance between work and family; sometimes firms offer support services to families, or even build an establishment next to residential areas, in order to reduce the distances between home and workplace.

### Table n. 3 - Merloni

Aristide Merloni «has created a different relationship between industry and country. Most of his factories are indeed located around Fabriano in order to allow workers to farm the land once having left the firm, without tension or wasting time due to the distance between the workplace and home, typical of metropolitan areas. This “model” allowed the company to reduce migration flows which forced many local citizens to migrate to other Italian regions or abroad: to reconcile a social need (job

34 See: (http://www.greenpallet.it).
creation in the mountains, where people live) with the production of wealth both for workers and owners; to invest profits in local factories»35. In these terms, it is evident the commitment of the company and the territory.

Source: Elaboration of the Author

Cases of virtuous behaviours in terms of tolerance and integration (effective coexistence) usually refer to the diversity management sphere36, i.e. those managerial actions that consider threats and, above all, opportunities of business contexts characterized by multi-ethnic and gender differences at all hierarchical levels (table 4 – Luxottica). Such practices find valid support in “The Charter of Equal Opportunities and Equality at work”, launched in Italy on the 5th of October 2009; it is a declaration of intents, voluntarily signed by enterprises of various size, aimed at supporting the diffusion of a corporate culture and human resources policies, free from discrimination and prejudice, capable of enhancing talents in all their diversity37.

Table n. 4 - Luxottica

Founded in 1961 in Agordo (Belluno) by Leonardo del Vecchio, Luxottica is an Italian firm, despite it now being significantly internationalized, which is characterized by strong local roots38. It is a worldwide leader in the design, manufacture and marketing of optical frames and sunglasses. Apart from promoting various meritorious initiatives such as eyeglasses supply and medical treatment provision in favour of disadvantaged people, Luxottica is strongly committed to the defense and promotion of diversity within the organization. «Employees must be able to work across differences, simply because of the fact that all employees and customers come from different cultures. Managers must be able to create positive and stimulating environments for every person. It’s not a variable, but the basis of our competitive advantage. Therefore, we believe in the strategic importance of the comprehension of cultural patterns, through the analysis of different identities, relational and communicative orientations, as well as ways of reacting to the environment and the implementation of concrete actions to support and respect them»39.

Source: Elaboration of the Author

36 See: Richard et al. (2013).
38 Although Luxottica has few establishments abroad, its tendency is to maintain the production in the province of Belluno and, indeed, transfer there the one of foreign absorbed firms.
39 See: (http://www.luxottica.com/it/).
Amazingly, back to the stage as a result of the funding of 25 million euros for the restoration of the Colosseum by the entrepreneur Diego Della Valle (Tod’s), it is hoped that the virtue of magnificence positively influences larger areas of the entrepreneurial population.

Table n. 5a - Tod’s

| Here are the subsequent statements of the agreement between Diego Della Valle and the Ministry of Culture, released during an inspection carried out by the entrepreneur, the Mayor of Rome Alemanno and the Undersecretary to the Prime Minister Gianni Letta: «we are Italian, we love the Colosseum and we love Italy, the beautiful Italy is known all over the world, a country that the world respects. For a company like mine, living thanks to the Made in Italy, this was the least we could do; a pleasure, but also a duty»[^41]. As guaranteed by the entrepreneur, no placard and no advertisement banner will be placed on the monument during the repair work to witness the liberal and non-instrumental character of the initiative. Obviously, this is a great example offered by an entrepreneur who has led his father’s small footwear company from the Marches (who, in turn, was the son of a skilled cobbler, grandfather Filippo) to become a world leader company in the footwear industry, with outstanding development prospects in the near future. |

Source: Elaboration of the Author

Another example, similar to the restoration of the Colosseum in Rome is that one of the Etruscan Arch in Perugia, a wonderful case of patronage and linkage between a firm and its territory.

Table n. 5b - Brunello Cucinelli

| The Etruscan Arch or Augustus Arch, is one of the main gates into the city’s Etruscan walls of Perugia. The restoration was completed after 18 months work. It was commissioned by the Municipality of Perugia and the Ministry of Culture and Tourism and it was made possible by support from Brunello Cucinelli Spa, which covered the entire amount of the project (€1.3m). The tendering process was organized by the Municipality of Perugia. The work (begun in April 2013 and completed in November 2014) was directed and constantly monitored by officers of the Municipality of Perugia and MIBACT, and involved the continual presence of a specialist restorer. As Andrea Romizi, Mayor of Perugia, claimed: «on behalf of the citizens of Perugia, and not only them, given the Arch is a world heritage, I thank...»[^41] |


Brunello Cucinelli Spa, the company that made it possible, for its generosity, which must be seen above all as an act of love for Perugia. For this, and to express the gratitude of the people of Perugia, we grant it the keys to the City\textsuperscript{42}. As Brunello Cucinelli said: «Today, admiring its beauty, antique and new at the same time, we believe that listening to the voice of the genius loci is the basic condition for improving mankind and cultivating that spirit of conservation that enables us to restore the antique value of “humanity” to future generations». 

\textit{Source: Elaboration of the Author}

Actually, it is not so rare to notice different forms of patronage put in place by virtuous entrepreneurs managing family firms, who take care not only about the economical development, but also about – lato sensu – the social and cultural\textsuperscript{43} development of their own territory.

\textbf{Table n. 5c - Barilla}

On the first of April 2010 an agreement was signed by Barilla (world leader in the production of pasta) and the municipality of San Demetrio (L’Aquila), seriously damaged by the earthquake of 2009, in order to project and realize, at the expense of Barilla, an \textit{ex-novo} sports center, including locker rooms, nursery and stairs. The project was realized in collaboration with the municipality of San Demetrio, which identified the optimal location of the new structure, in accordance with urban standards. The gym was to be built next to the primary school in order to facilitate the access from one building to the other. “Physical education and physical activities in general are key training moments, which significantly contribute to the development of healthy lifestyles and the growth of children”, as stated by Paolo Barilla, Vice President of the Barilla Group. “We do want to continue to give our concrete contribution to help people affected by the earthquake in order to return to normality: building a sports center is a fundamental step in this direction”. “I thank Barilla which, through the Foundation Alimenta, is offering a very important opportunity to our territory and which believed in our project, giving us the chance to realize a school area that the municipality of San Demetrio would never have had any time soon. Barilla demonstrated a great sensibility towards children, one of the most vulnerable parts of the population psychologically affected by the earthquake and, thus, who requires trust and chances for the future. It is a duty of those who mediate the various needs to understand the actions to undertake in order to restore the economic and social dignity of a community; this donation goes certainly in this direction, both in terms of quality and technology. The synergy between public and private sectors has developed an important model of cooperation, which should be taken as example to replicate, as stated by Silvano Cappelli, Mayor of San Demetrio Ne’ Vestini”\textsuperscript{44}.

\textit{Source: Elaboration of the Author}

\footnotesize{\textsuperscript{42} See: \url{http://www.brunellocucinelli.com/yep-content/media/The_Etruscan-ArchRestoredPerugia.pdf}  
\textsuperscript{43} See: also the involvement into cultural and religious projects about certain companies (\url{http://www.impresedivalori.it}).  
\textsuperscript{44} See: (\url{http://www.sandemetronv.com/default2.htm}).}
5. Primary concluding remarks and considerations for future developments in the measurement and control of business virtuosity.

As mentioned at the end of the second paragraph, if success is measured in terms of qualitative and quantitative results, mainly to the medium-long term, these findings are the result of ethical conducts or, more specifically, virtuous behaviours (Arjoon, 2000). In fact, in this context an ethical perspective of virtues has been highlighted, rather than a perspective simply aimed at respecting rules - deontological ethics (Flynn, 2008). Hence it supported a focus on ethics, not as a specific dimension of success, but as implicit and cross qualification of success tout court, in its competitive, profitable and social dimensions. On the other hand – as already mentioned – ethics based on those virtues that influence business behaviour, is something that encourages and leads to behaviours aimed at success in the aforementioned manifestations, i.e. the good of the persons directly or indirectly involved and variously interested in the business, of the firm, and lastly of the common good; at that, it is relevant for the entrepreneurial and managerial action providing firms with tools able to measure the virtuousness of concrete behaviours and, by using appropriate instruments to assess and compare performances over time, to consider the virtuousness dynamics and to evaluate the sustainability of business development processes.

Apart from an ethical code as commonly projected and written (duties perspective), which, even if it’s not conceived as an instrument of sanctions, however remains anchored to a deontological structure with static rules that establish good or bad behaviours, rules defined una tantum; apart from a social report which aims at reporting the benefits achieved for the various categories of stakeholders and – indirectly – at stimulating “socially” entrepreneurial/managerial behaviours; this article, firstly, suggests the adoption of a “virtuousness report” (virtue perspective45) to highlight and measure, in regards to a series of settled ideal and desirable behaviours (here specifically “civic”), the extent to which a firm has been virtuously ruled and managed and, thus, whether a firm potentially tends to the social success or not (Fig. 1). A "civic virtuousness report" stimulates a constant and conscious attention on good practices by using a global set of indicators. In a traditional social report, such as in other typical tools of social disclosure, values (and the implicit related behaviours) typically remain confined within the "identity" section and indicators are, or stakeholder oriented, or divided into three classical sustainability sections (economic, social and specifically environmental). The "civic virtuousness report", instead, offers a transversal and explicit perspective to consider (depict and assess) behaviours oriented towards the (common) good.

45 Flynn (2008).
In other words, this should formalize, if necessary, a business check-up split into each virtue and eventually into a combination of them, starting from the aforementioned ideal and desirable settled (in advance) behaviours; a check-up that, drawn up after interviews, stories, participant observation and so forth, allows a firm to monitor and, therefore, improve processes and performances – here – across the social dimension. In this sense, the overall structure should start from the effort to define certain standards of virtuousness, properly designed, and the virtuous requalification of other standards traditionally used to measure social performance.

What has been stated so far can be referred to every single business virtue, thus not only to those defined in this finding as “civic” ones (Fig. 2). A generalization of other virtues can allow to reach success in social (this is even “civic”) terms, but also economical and competitive ones. Starting from these considerations it is possible to imagine a “general virtuousness report” type A or type B. A) Three big chapters (sections): towards economical success, towards competitive success, and towards social success. Every section articulated in different virtues; every virtue structured in typical and characteristic behaviours and possibly in a set of quantitative and/or qualitative indicators (Ruisi, 2012). Having set all of this, it’s possible to control the dynamics, the evolution of performance indicators.

Source: Elaboration of the Author

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46 In Ruisi (2012) a similar and deeper work has been realized regarding the four cardinal virtues of prudence, justice, fortitude and temperance; the article offers a deep and wide check-list of possible entrepreneurial or – mutatis mutandis - managerial behaviours as concrete manifestations of each of the mentioned cardinal virtues and as a means towards the development of a system of performance indicators.
different behaviour (and/or indicators). B) Several chapters, one for each relevant virtue (firstly for the "cardinal" ones); further chapters to describe the contribution of the mentioned virtues towards the success. The “virtuousness report” could be considered ambivalent: it describes various concrete virtuous behaviours, and allows a comparison with the theoretical ones\textsuperscript{47}; doing so, because it draws the direction to fill the virtuous gap, to orientate the entrepreneurial and managerial action towards success, it really stimulates concrete behaviours representing an important tool for the strategic process. This could be the crucial point of this proposal, this is the strength of a "virtuousness report": first of all, paying attention to (and support) the good behaviours (this is at a firm level, to the good business processes), lastly (and not before and directly) to the good results. A "general virtuousness report" can be the platform of the successful business model of the firm.

Figure n. 2 – The content of a \textit{general virtuousness report} towards economical-competitive-social success.

\begin{figure}
\centering
\includegraphics[width=\textwidth]{virtuousness_report.png}
\caption{The content of a \textit{general virtuousness report} towards economical-competitive-social success.}
\end{figure}

\textit{Source: Elaboration of the Author}

Using a “virtuousness report”, or other similar tools, and before and above, exercising the mentioned virtues, leaves room to imagine, as a result, a meta-entrepreneurial virtue, that one that should characterize the work of the good entrepreneur/manager, the one potentially suited to success.

By adapting the concept of virtue already proposed elsewhere (Ruisi, 2012) starting from the Aristotelian tradition, through to the Thomistic thought and the

\textsuperscript{47} Or empirical ones depicted after a benchmarking process.
most recent contribution of MacIntyre, one can bring the (meta-) entrepreneurial (and mutatis mutandis, managerial) virtue to that quality of the individual, precisely the entrepreneur (or manager), which is embodied in a natural disposition deliberately fed (in the various aspects of its multidimensional complexity) which, making its mark on the will and acting, consolidates and enhances the (entrepreneurial/managerial) activity; doing all of this, it supports the research of the specific good for the firm (survival and economic development of the firm respecting and in relation to the needs of the different stakeholders, ultimately with their happiness) and in general of the common good. Discovering inside the firm such a meta-virtue is a necessary condition, albeit not sufficient for an entrepreneurial/managerial action leaning towards a lasting and sustainable business success and to realise a positive relation between entrepreneurs/managers, firms and markets.

References


48About MacIntyre’s thought and his attention on virtues inside a business organization see: Moore (2005).


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Marcantonio Ruisi
The Exercise of “Civic” Virtues for Family Firms Characterized by a Strong Link with their Territory: some Italian Experiences.


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