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Collaborative Business

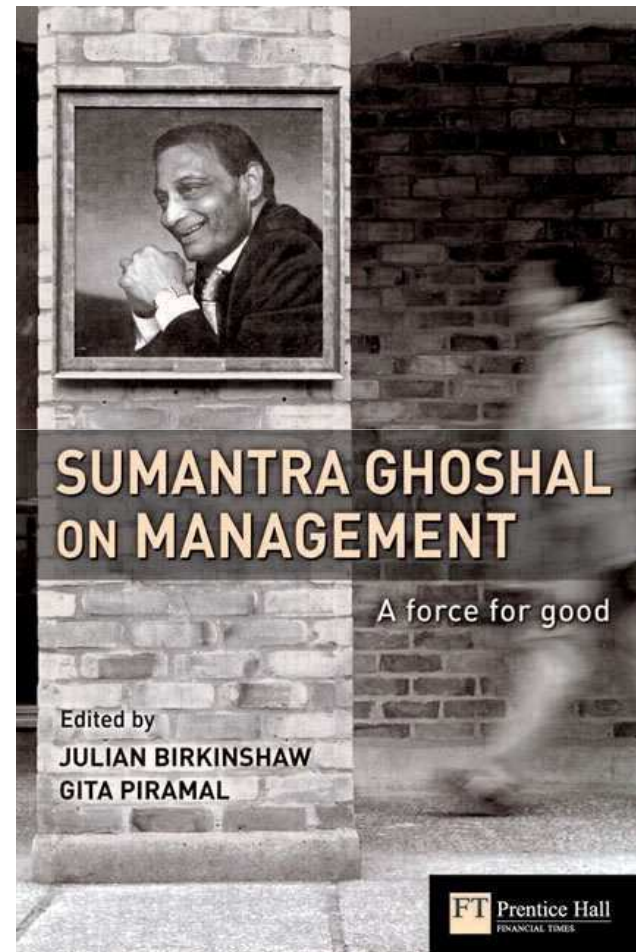
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Problems

- (1) What is the problem with the mainstream competitive business model?**
- (2) Why the collaborative business model is better for sustainability and human wellbeing?**

Sumantra Goshal

“If companies exists only because of **market imperfections**, then it stands to reason that they would prosper by **making markets as imperfect** as possible. This is precisely the foundation of **Porter’s** theory of **strategy...**” 15)



Competitiveness is a self-serving ideology employed by mainstream business to **pursue** its **profit** at the **expense** of **nature, society** and **future generations**.

Homo Oeconomicus

Focusing on **individualistic, self-interest-maximization** behaviour it generates a **vitious circle** where companies and people **expect the worst** from each other.

It leads to **ecological overshoot, decreasing life satisfaction and social inequality.**

Uneconomic development

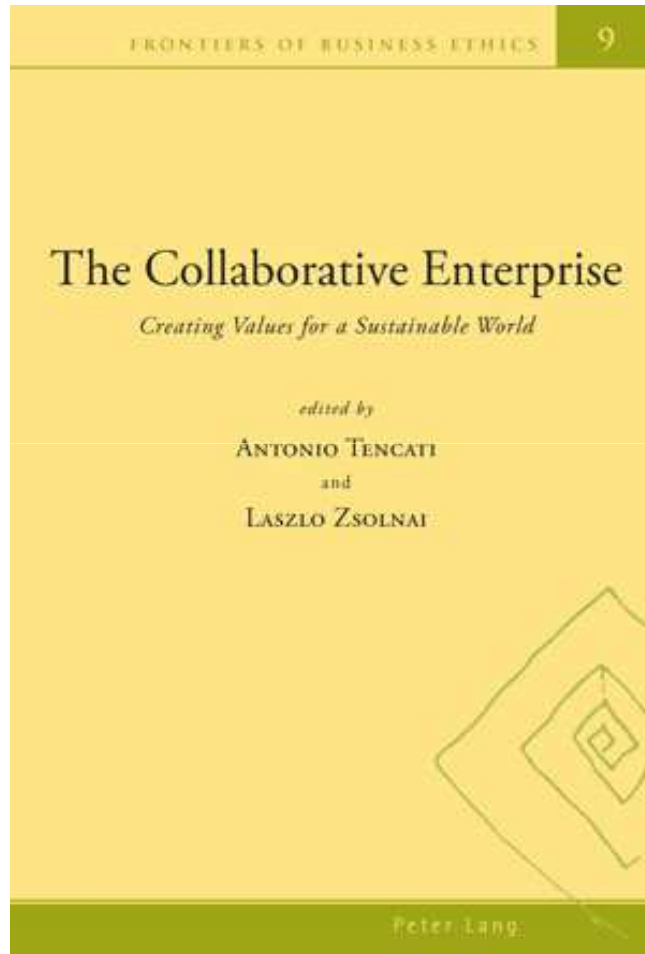


„Increases **costs** by **more** than it increases **benefits**, thus **making us poorer** instead of **richer**”.

Herman Daly



The Collaborative Enterprise Project



promotes a view in which economic agents **care** about **others** and **themselves** and aim to **create values** for **all the participants** in their business ecosystems. Their criteria of success is **mutually satisfying relationships** with the **stakeholders**.

Positive psychology

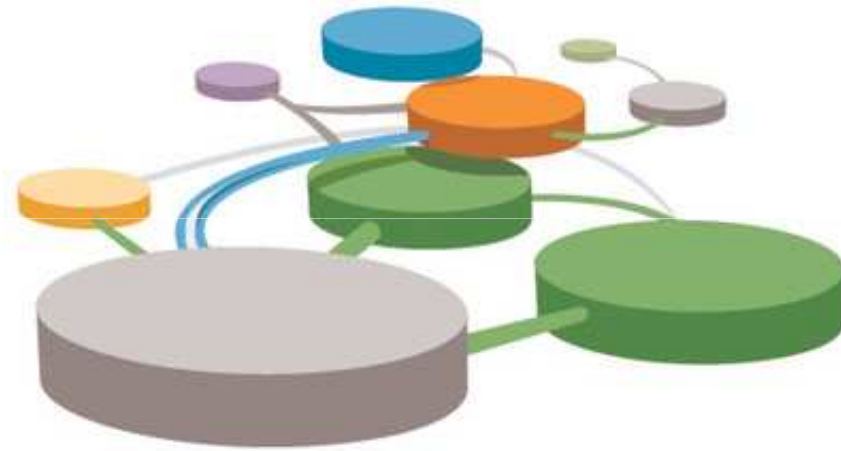
Martin Seligman, Mihaly Csikszentmihalyi and others study the strengths and virtues that allow individuals, communities, and societies to thrive.

Basic routes to happiness are (i) positive emotion, (ii) engagement, and (iii) meaning.

Homo Reciprocans

American economists **Samuel Bowles** and **Herbert Gintis** summarize the model of "Homo reciprocans": agents comes to new social situations with a propensity to **cooperate** and **share**, and responds selfish, free-riding behavior by **retaliating** against the **offenders**, even at a cost to himself/herself.

The quality of stakeholder relationships is crucial for the development of a firm.



A collaborative and sustainability-oriented enterprise develops a **multiple-bottom-line approach by addressing the linkages with its different constituencies.**

The strength and sustainability of enterprises come from their **ability to fit within the **environmental, social and cultural context** in which they function. By developing **mutually beneficial relationships** with the stakeholders, enterprises can get **deep support** from the stakeholders based on their commitment. This may lead to superior performance from a **multiple-bottom-line** perspective.**

Robert Frank

People and companies who are **intrinsically motivated** to adhere to **ethical norms** often **prosper** in competitive environments.



Benefits of responsible business

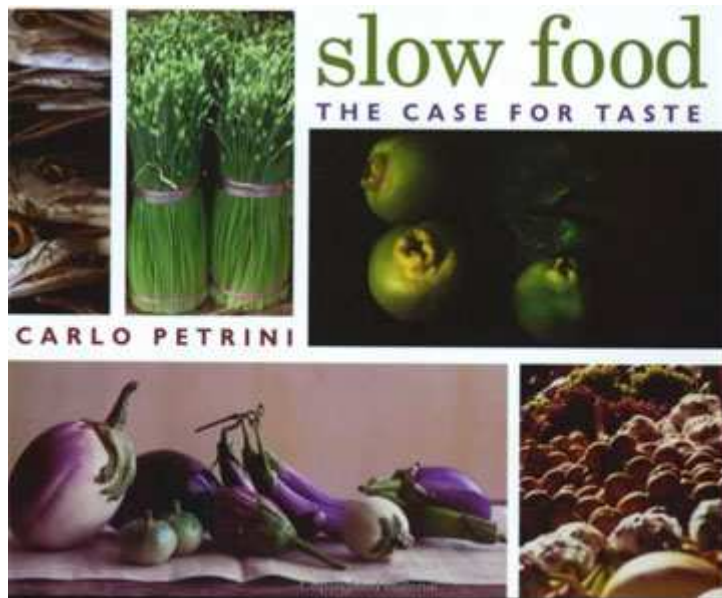
- (1) **Opportunistic behavior** can be avoided between owners and managers.
- (2) Getting moral satisfaction **employees** are ready to **work more** for less salary.
- (3) High **quality** new **employees** can be recruited.
- (4) **Customers' loyalty** can be gained.
- (5) The **trust** of **sub-contractors** can be established.

Economic players can be compensated for the higher costs of their responsible behavior by their ability

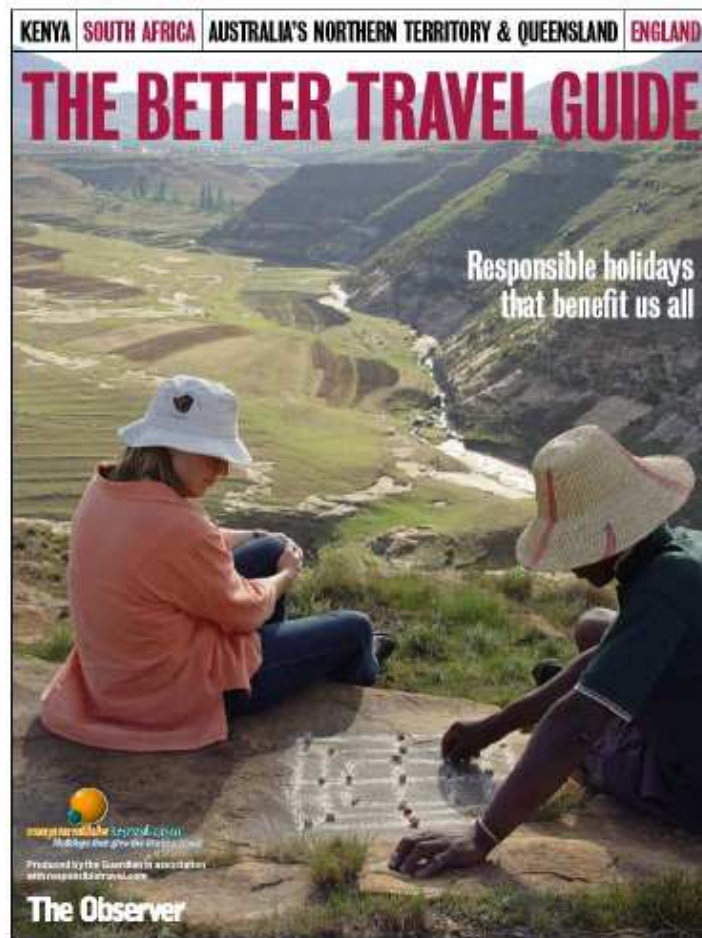


to form commitments among owners, managers and employees, and to establish trust relationships with customers and other partners.

Slow Food, eco-gastronomy



Responsible travel, eco-tourism



Ethical fashion



Ethical banking



Triodos  Bank

Make your money make a difference



Guarantees
a **better deal**
for Third World
Producers

Fair trade



	The Competitive Business Model	The Collaborative Business Model
Basic motive	self-interest	care about others and oneself
Main goal	maximizing profit or shareholder value	creating values for all the participants in the network
Criterion of success	growth in money terms	mutually beneficial relationships with the stakeholders

If we want to get closer to a more sustainable and human world we need to generate virtuous circles where good dispositions, good behavior and good expectations reinforce each other.

