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# **Responsible Competitiveness**

**CORE First Conference**

**The Potential of CSR to Support the Implementation  
of the EU Lisbon Strategy**

**Milan, 22-23 June 2006**

## Issues to be discussed

1. Competitiveness **versus** CSR?
2. How can **ethical behavior** survive in highly **competitive markets**?
3. Why is the **opportunistic use** of CSR **counter-productive**?
4. What is the **new meaning** of **competitiveness** in the light of CSR

## **1. Competiveness versus CSR?**

**Responsible Competitiveness Study  
(AccountAbility, London):**

**Corporate Social Responsibility  
can significantly contribute to the  
competitiveness of national economies.**

**More competitive and demanding the business environment ⇒ more need for corporate social responsibility**

**Corporate competitiveness should focus on future markets and the increasing environmental, social and ethical expectations of society.**

## 2. How can ethical behavior survive in highly competitive markets?

Ethics involves  
higher costs



but also brings  
special benefits.

## **Major benefits of ethics in business**

- (1) The risk of opportunistic behavior of managers is reduced.**
- (2) Getting moral satisfaction employees are ready to work more for less salary.**
- (3) High quality new employees can be recruited.**
- (4) The loyalty of customers can be gained.**
- (5) The trust of sub-contractors can be established.**

**Firms are compensated for the higher costs  
of their social responsible behavior by their ability**



**to form commitments  
between owners,  
managers and employees  
and  
to establish trust  
relationships with  
customers and sub-  
contractors.**

### 3. Why is the opportunistic use of CSR counter-productive?



**The Paradox of Ethics**

CSR is often seen as an instrument for improving the functioning of a company

Opportunistic ethics often prove counter-productive. It is perceived as cheating by the stakeholders who will react accordingly.

## **Only genuine ethics works.**

**The chance to improve the ethical quality of economic activities can only be taken if the motivation of the agents is genuinely ethical; that is, only if they want to realize ethical conduct for its own sake.**

**Ethics could bring material benefits for individuals and companies if and only if it is not used to produce material gains.**

## **4. What is the new meaning of competitiveness in the light of CSR**

Companies should **fit** into the **ecological, social and cultural niche** within which they are functioning.

The most competitive companies are so **unique** in **servicing** their **stakeholders** that their products and services have **no substitutes**, and they therefore have **no real competitors** at all.

# Beyond Competition