Stakeholder Management, Cooperatives, and Selfish-Individualism

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15 January 2021

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Abstract

We analyze stakeholder management (STM) relative to cooperation and individualism within the fourth industrial revolution (FIR). STM is a recent corporate governance tool boosting cooperation and allowing representativeness of individualistic behaviors even in dialectical environments. Though forerunning it, cooperatives massively use STM now, while the FIR demands cooperation also at non-cooperative enterprises. We reach two main conclusions. Deeper orientation towards STM helps solve the shareholder management (SHM) crisis. Moreover, exemplifying the benefits of STM towards social and environmental goals, cooperatives can inspire also other companies aiming to reduce the negative externalities of SHM and profit from cooperation within the FIR.

JEL Codes: L21, L31, L33, M14, P12, P13.
Keywords: Stakeholder Management, Cooperative Banks, Shareholder value, Individualism, Market Society.

1. Introduction

Two overarching drivers are nowadays inducing change in the economy and society. First, the wave of intense technological innovation – labeled Fourth Industrial Revolution (FIR) – is deeply reshaping production and consumption, typically requiring more cooperation. Second, major socio-economic and environmental crises are growingly questioning the role of shareholder management (SHM) and its short-term profit maximization goal, evoking the advantage of more stakeholders' involvement in corporations, e.g. through stakeholder management (STM). Our paper lies at the junction between these two drivers of socio-economic change. The originality of our idea is examining the two drivers jointly through the lenses of cooperatives, considering that cooperative behavior is stimulated by the FIR while cooperatives are the champions of STM. Accordingly, we reassemble diverse strands of literature to furnish a holistic vision in which more cooperatives and more stakeholder management offer a recipe for evolutionary business models supportive to innovation and sustainable development.

The development of cooperatives is an historical process founded in the XIX century. At the origin, cooperatives were associated to a larger movement of transformation of society organized especially to advocate, on Socialist or Christian inspiration, more equality for workers, families, and lower social classes. Originally, cooperatives were in profound contrast with capitalism viewed as exploitative of labor. But the idea of cooperatives was not "*revolutionary*" in the Marxian sense. Cooperatives were essentially mediating between the liberal order of the market economy and projects of changing society by means of revolution. Indeed, on one side cooperatives are juxtaposed to market society because they are based on a solidarity principle, and, on the other side, they are at odds with socialism since cooperatives recognize the role of property rights, even if among cooperative members.

Cooperatives did not intend to change the entire political and institutional order. The struggle of cooperatives is oriented to promote a more equitable distribution of resources among members giving back to workers part of the value that enterprises obtain in profits. The "*revolutionary*" meaning of cooperatives was moderate in respect to more aggressive political movements of the XIX century such as, e.g., the communist party, anarchists, nihilists and supporters of insurrections. For example, cooperatives accepted the principle of division of labor, while communists promised to eliminate that in the new order. Cooperatives were an efficient methodology to organize production, or

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consumption, while curbing the inequality induced by capitalist enterprises. The cooperative movement was more oriented to soft power, hegemony, and moral suasion. The "*weak revolution*" of cooperatives was key to the historical and organizational success of the cooperative principle. Cooperatives efficiently used division of labor in the capitalist society, creating organizations specialized by functions i.e. cooperative banks, workers cooperatives, consumers cooperatives, etc.

Cooperatives and the Fourth Industrial Revolution. Cooperatives are showing resilience even as capitalist economies change. The advent of the FIR opened a new phase for both cooperatives as organizations and the cooperative principle as a tool to build the common good of knowledge (Figure 1).

- *Cooperative organizations:* From the organizational point of view, massive use of artificial intelligence, machine learning, big data, blockchain and Internet of Things have created the premise to develop new cooperative platforms allowing users to share, create and generate value especially in the context of smart cities (Rahman, et al., 2019). For example, the sharing economy can be efficiently organized and managed by cooperatives (Findlay, 2018), which can solve the asymmetric information between consumers that have resources to invest in consumption and individuals that can offer experience of consumption. The sharing economy can be optimized by consumers cooperatives (Hira & Reilly, 2017). But workers cooperatives can also solve the inefficiency and exploitation of workers in the gig economy, where matching is hampered by asymmetric information between workers offering labor and firms with short-term oriented labor demand. Since the FIR has opened new markets with low efficiency levels, such as in the sharing economy (Kim & Lee, 2019) and the gig economy (Hooker & Kim, 2019), then cooperatives can intervene there both increasing productivity and generating a more equitable distribution of value added. The application of artificial intelligence, machine learning and big data can improve the ability of cooperatives to create more productive and sustainable communities (Berendt, 2019) both in the sharing economy – with the consumers cooperative model – and in the gig economy – as workers cooperatives.
- *Cooperative principle:* The FIR also deepens the use of the cooperative principle in building knowledge (Popkova, 2019) as common good. Knowledge features absence of rivalry and presence of positive externalities. Governments, corporations, universities, charities cooperate either formally or informally to create knowledge through Research and Development (R&D), on one side, and technological innovation, on the other. R&D raises the productivity of human capital enhancing economic growth as in the Solow (Solow, 1956) model and in the endogenous growth theory (Romer, 1994) while on the other side technological innovation can reduce the gap between potential and real output in Schumpeterian models (Schumpeter, 2013). But, in any case, R&D and technological innovation require cooperation (Serrano-Bedia, et al., 2010) among researchers, institutions, corporations to create the conditions to improve knowledge. Accordingly, managerial models of R&D and innovation introduce the concept of coopetition – a mix of cooperation and competition (Blanchot & Fort, 2007).

On one side, the FIR opens new markets for cooperatives as organizations – e.g. in the sharing and gig economy –, and on the other side it spreads the cooperative principle among corporations, institutions, and governments to create the common good of knowledge especially through the use of platforms (Sutherland & Jarrahi, 2018). Even for-profit and shareholder value-oriented organizations cooperate with public organizations and charities, in the realm of the knowledge economy to attain innovations, patents and solutions to global problems – e.g. against pandemics and global warming. This is a paradoxical effect: the big tech corporations that have generated the FIR through profit maximization have increased the role of cooperation to promote knowledge considered as a factor to improve productivity and value added (Castells, 1996). The coexistence of organizations that maximize profits next to organizations that promote cooperation has become an essential component of the market economy and of the evolution of productive systems. Since, as for many other common goods, the production of knowledge is never enough, the need to promote cooperation is real both in the strategy of corporations as well as in the political economy of governments.

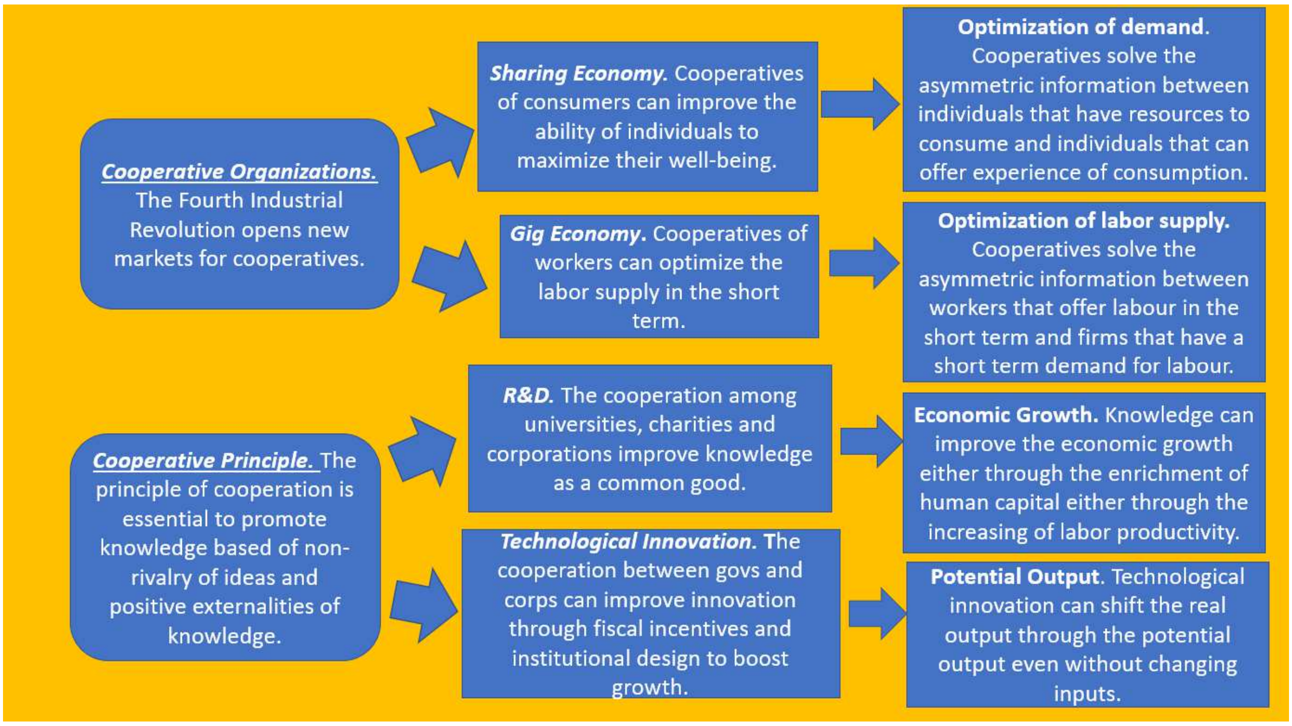

Figure 1. Links between the FIR and cooperatives/the cooperative principle. Cooperatives can solve the inefficiency in both sharing economy and gig economy. The cooperative principle inspires knowledge creation in both R&D and technological innovation.

However, the ability of corporations to be efficient in the process of cooperation requires a change in the strategic paradigm of management from a model oriented to shareholder value maximization to a model based on stakeholder value maximization. The passage is necessary because cooperatives can enhance productivity and create a more equitable model able to empower communities, minorities, and constituencies. The stakeholder management (STM) approach can mediate between corporations' for-profit interests and the need to promote cooperation to obtain more complex and relevant goals for the long run, not only for market positioning but also in the sense of social and political hegemony. The STM approach allows corporations to balance among different communities, agents, clients, political constituencies, institutions, competitors that can impact the market and social value of the firm. The STM approach seems to offer managers a model to create a decision-making system in which corporate financial egotism can coexist with social engagement of the firm. Nevertheless, this promise faces at least three obstacles: presence of inequalities among stakeholders, impossibility of a unique equilibrium, and difficulty to apply STM to small- and medium-sized enterprises.

In the remainder of the paper, Section 2 expands on cooperation in economic theory. In Section 3 we recapitulate the stakeholder vs. shareholder debate also in light of the stakeholder management approach and considering the role of cooperatives. Section 4 proposes some critiques of stakeholder theory connected to our reasoning. Finally, Section 5 concludes synthesizing the main results of our interpretation and offering suggestions on possible new avenues of research.

2. Cooperation vs Individualism: Historical Roots and Current Debates

The idea of cooperation has been developed in opposition to that of a capitalist society based on selfish individualism (Bauman, 2013) completely atomized and able to destroy the classic forms of human aggregation in both private and public realms. Entrepreneurs with business talent are oriented to selfish behaviors (Weitzel, et al., 2010). Capitalist systems created many forms of inequality in economic terms, such as in income distribution, as well as from a social point of view, e.g. generating prosperous and leisure- opposed to working-classes (Veblen, 2005). The idea of cooperation aimed to overcome the massive exploitation of working classes in capitalist systems (Baldacchino, 1990). In a sense, the cooperative movement was inspired by values devoted to restoring human relationships through communities, thereby creating a more inclusive society (Borzaga, et al., 2014).

Ancient forms of cooperation and communitarianism. The idea of cooperation was not completely new to Western societies. Indeed, we may find relevant precedents of cooperation in ancient Greece, notably in some philosophical schools, and in early Christianity. But even a few main utopic thinkers, such as Plato (Brown, 2017), Tommaso Campanella (Ernst, 2014), Thomas More (Baker-Smith, 2019) and Francis Bacon (Klein & Giglioni, 2020) envisage a hierarchy among members of society. For example, in the Platonic utopia rigid classes must be built and preserved to make the state work. That applies also to Campanella's "*The City of the Sun*", to More's "*Utopia*" and to the perfect society by Francis Bacon. Utopic political and organizational thinking cannot be said egalitarian. The social cost for a perfect society is classism and rigid elitism. Utopian systems are generally anti-democratic and tend to be governed by self-perpetuating elites based either on competence or co-optation.

In this sense, the cooperative idea differs from classic utopian concepts, especially because in the cooperative principle there is no elite, or class, to which society's base delegates the governance and management and which self-perpetuates without control. Even if some kind of "*empire building*" (Fonteyne, 2007) is possible for cooperative managers who aspire to durable governance (Ferri, 1997), their leadership must be periodically approved through elections and consultations among members. Hence, cooperative elites' lasting tenures are subject to cooperative members' consensus. While classic utopian societies are classist and based on a principle of social inequality (Ridgeway, 1912) , cooperative ones are essentially democratic (Rothschild, 2009), and tend to more inclusive and informed governance. Perhaps the main contrast between the utopian society and the cooperative principle is that while utopian models are projects for the State, at least in the form of City-State, the cooperative principle focuses on productive communities. Though there can also be a cooperative utopia – i.e. the temptation to organize society as a whole in the cooperative form – the cooperative movement remains relegated to productive organizations or customer aggregations in the realm of market society and capitalism (Zamagni, 2012). Again, cooperatives are not revolutionary towards the economic system, since the cooperative principle accepts the idea of property rights, and the role of technology in the process of economic development, while simply attacking the idea of shareholder value and selfish-individualism, creating the conditions to perform stakeholder governance (Strand & Freeman, 2015) in a more altruistic and inclusive social and cultural environment.

From an operational point of view, cooperatives may be connected to monastic Christian communities which in the middle ages created the conditions for the pre-capitalist society (Stark, 2007). Indeed, various orders of the Catholic Church have contributed to the idea of productive communities (Novak, 1993) organized with division of labor, conviviality, reciprocity, and the presence of certain equality rules. Even if monastic communities diverged form cooperative governance, they were able to create opportunities and equality in access to scarce resources such as knowledge and technology. The deeper connection between Christian monastic communities and cooperatives is that both are real organizations based on common values recognized by members as a guide for the decision-making process. And, effectively, those monastic communities were productive in a quasi-modern sense (Casazza, et al., 2016), using pre-industrial organization and technology.

Nonetheless, in spite of its precursors in economic organizations, the cooperative principle remains original. Cooperatives respond to industrialization, and, in the sense of Weber, to rationalization (Ritzer, 1975) of Western society. Cooperatives are not devoted to change the entire political and economic system, such as for communist ideology and parties, but simply try to alleviate the condition of workers, consumers, and socially excluded groups, offering insurance against exploitation, starvation and marginalization effects produced by the capitalist system (Borzaga, et al., 2009).

Selfish individualism vs virtuous individualism. The rise of individualism in the West is a process involving the entire society. Christianity has played an essential role in boosting individualism (Dumont, 1982). Even if individualism is often regarded negatively, it also boasts virtues. Entrepreneurs are a case of heroic individualism (Cruise, 2017). For example, both religious traditions of saints and martyrs, and the mythological representation of ancient Greek heroes represent positive individualism. In a sense, those forms of individualism reach the highest point of sacrifice to affirm certain values (Peterson, 1999). On the contrary, in the context of capitalism, individualism has a negative connotation since it leads to selfish behavior. In the market context, individualism is the supreme manifestation of egoism, egotism, selfish behavior, and personal freedom (Macpherson, 1989). The cooperative principle opposes selfish individualism while valuing virtuous individualism especially through reciprocity (Sen, 1996). Alongside, from an utilitarian point of view, the cooperative principle can be viewed as a sort of individualism that maximizes cooperative behavior. Individualism can be really a force for the good of society – as for saints' and heroes' sacrifice. As argued by some sociologists (Pellicani, 1988) the process of wealth accumulation entails a sort of financial ascetism, because even wealthy people are not guaranteed in their grace, and they try to have a proof of having been chosen, by increasing their commitment to the real world, especially in trade and financial affairs. Again, we can say that the cooperative principle accepts individualism as a general concept, but opposes the specific type of selfish consumerist individualism generated by capitalism. There is also the case for cooperative utilitarianism (Williams, 2017) Cooperative behaviors can respond to internal or external incentives (Boone, et al., 2010). The cooperative principle questions individuals' greed and the rejection of any form of solidarity and communitarian engagement of the wealthy class egoistically devoted to a process of accumulation and leisure consumption. This critique addresses also the absence of a truly democratic society. Indeed, in a democratic society the political effort to promote civil virtues generates citizens who can actively participate in the building process of the common good even through cooperatives (Tov & Diener, 2009). The cooperative principle blames the limits and negative externalities of selfish individualism and of social indifference by hegemonic classes. But, cooperatives are not just an intellectual critique, they are real actors of economic change promoting equality and more resilient communities and organizations (Borzaga & Galera, 2016).

Cooperative Principle and Nash Equilibrium. The cooperative principle has been studied also in the context of the Nash equilibrium. Game theory (Kuhn, et al., 1996), especially the prisoner's dilemma, shows that cooperation is a choice that individual players can take maximizing their pay-off. However, cooperation will not be supported in a non-repeated game where the competitive Nash equilibrium associated with defection will prevail. At the same time, the situation changes when we consider a repeated game set up, where a "*tit for tat*" strategy can support the cooperative solution, which maximizes the players' joint pay-off. Studying evolutionary cycles of cooperation and defection in finite populations, Imhof et al. (2005) observe that the evolution of cooperation is thwarted in most contexts where natural selection favors defection. In a repeated prisoner's dilemma, where the two players interact many times, and, in each round, they may choose between cooperation and defection, they study the evolutionary dynamics of three simple strategies: always defect (ALLD), always cooperate (ALLC), and tit-for-tat (TFT). In spite of the fact that ALLD is the only strict Nash equilibrium, they find evolutionary oscillations among all three strategies. The population cycles from ALLD to TFT to ALLC and back to ALLD. Contrary to the classical expectation, based on deterministic evolutionary game theory of infinitely large populations, stochastic evolution of finite populations need not choose the strict Nash equilibrium and can favor cooperation over defection. More generally, we may conjecture that the diffusion of the cooperative principle among society's members could help support the cooperative equilibrium over the strict Nash equilibrium in a repeated game set up. In this sense, cooperation is not only the choice of certain anthropological ethnical groups or tribes, but may affect entire societies.

Cooperation and Altruism. Cooperation and altruism can be considered as complementary attitudes (Rotemberg, 2006). Cooperative behavior requires a certain degree of altruism and, conversely, altruistic behavior can be realized only with the practical exercise of cooperation (Putterman, 2006). But the difference between the cooperative principle and altruism is in the governance process. While charities and foundations can be inspired by altruism and operate with great efficiency in their purposes (Shiller, 2013), they do not offer participants the same ability to be represented in the decision making process, to share responsibility for the common good, taking not only a stake but also a risk in the production of goods and services. That is, whilst charities and foundations are hierarchical organization that are built in the spirit of capitalism, cooperatives are more horizonal and democratic organizations. Indeed, foundations are generally more related to the idea of donation than to that of cooperation. This is, for example, the case of multi-billionaires who, after high speculative financial and rent-seeking careers in sectors with huge ROIs, later in life choose to donate their wealth by creating a foundation (Coupe & Monteiro, 2016). We may remind Federico Ozanam (1994) the founder of Saint Vincent de Paul charity network, highlighting how philanthropy differs from charity in a letter to Léonce Curnier, of 23 February 1835: “Philanthropy is like a proud lady for whom good deeds are kind of adornments and who takes pleasure in looking at herself in the mirror. Charity is a sweet mother holding her sight focused on the child she brings to her own breast, and she doesn’t care about herself forgetting her beauty for her love”. In current economic jargon we could say that philanthropy is good, but materializes *ex post*: it doesn’t ask “how or through which productive process profits have been made”. On the contrary, cooperation is inspired by charity and is something good *ex ante* since it safeguards the human dimension not only in the distribution of profits but also in the productive process. In reality, even if there is merit in donating wealth for the benefit of the poor and for promoting good causes (Carnegie, 1906), foundations are altruistic manifestations of shareholder value maximization. A foundation operates following the choices and direction of its founder (Sandberg, 2016) – the main shareholder –, and its functioning is hierarchical and, in a sense, egotistic for the lack of dialogue and confrontation. On the contrary, cooperatives, even if pursuing the same objectives of foundations, give more representative power to minorities, workers, members through the “*one head one vote*” principle and operating a permanent dialogue with the various set of economic and social agents within their community to improve social inclusion (Borzaga & Fazzi, 2014). Also, from a functional viewpoint, foundations are close to the idea of shareholder-value maximization and represent a sort of utilitarian transformation towards altruistic behavior, while cooperatives try to transform the socio-economic environment by a method of governance that is more democratic, sustainable and devoted to maximize stakeholder value. Even when foundations and cooperatives choose the same social objective they promote substantially different sets of positive externalities: while foundations try to maximize their founders’ goals in a proxy of shareholder-value maximization process, cooperatives promote participation (Estrin, et al., 1987) and sustainability, creating values for stakeholders.

Nudge for cooperation. Nudge theory was introduced by Richard Thaler (Thaler & Sunstein, 2009). Nudging makes it possible to change or influence the behavior of individuals, and of groups. Nudge theory rests on a paternalistic vision of society, in which authorities intervene to change the behavior of individuals and make it more compatible with social valuable goals. In this sense, a paternalistic state (Benartzi, et al., 2017) can create nudges to induce individuals to behave cooperatively. The presence of legislative and fiscal incentives to promote cooperatives can be viewed as a nudge aiming to change the selfish orientation of individuals in market societies toward more socially oriented behavior. Thanks to the development of artificial intelligence and digital transformation, information-based nudges become available too (Lembcke, et al., 2019), perhaps enticing individuals’ cooperative behavior to curb selfish individualism. But, using big data analysis and artificial intelligence to nudge individuals raises issues on the moral and ethical limits of public intervention in private lives (Okeke, et al., 2018). Liberal democracies – fundamentally grounded on social and equitable values – tend to preserve individual choices even if these create the conditions for anti-social and anti-democratic behavior such as, for example, ethically and morally questionable selfish individualism.

The epistemological view of methodological individualism: selfish vs cooperative scholars. Choosing cooperative vs selfish behavior has an epistemological meaning too. In effect, whether scientists, especially social scientists, behave cooperatively or selfishly can impact their scientific outputs. This is the case for the observer whose presence influences an experiment's outcome (Ahdieh, 2011). In the realm of social sciences more than in hard sciences, the observer has a role in shaping the development of science, because even the identification of the phenomena to investigate can reflect moral and ethical values (Arrow, 1994), where economists are less oriented to cooperation (Frank, et al., 1993) and develop deeper selfish behaviors (Bauman & Rose, 2011). The impact of observers' presence, and their prominent role in social sciences may in part motivate why these sciences are not viewed as part of "*true science*" and are often relegated to domain of opinion, articulated conjecture, or even supported factchecking. Hard scientists, i.e. scientists in Science, Technology, Engineering, and Mathematics (STEMs), generally denigrate social sciences as "*doxa*" and "*not epistemologically based science*" or "*weak science*" due to observers' hegemony and ability to manipulate results. But even if observers can be effectively viewed as a sort of dictators that evaluate the social game based on their own values, debates allow a deeper epistemic understanding and the independence of results also in social sciences. Thus, we can say that, in absolute terms, the distortion of methodological individualism is not greater than the distortion of the cooperative perspective. But, the hegemony of methodological individualism in social sciences has been disruptive for other approaches such as, for example, the cooperative view. The hegemony of methodological individualism (Heath, 2020), especially in economics, has relegated non-individualistic approaches to a ghetto, often labeling them in quasi-offensive ways such as non-orthodox, heterodox, and alternative methods. These labels debase the legitimacy of epistemological approaches that differ from methodological individualism. Then, crises, such as the global financial crisis, stress the failure of methodological individualism in social sciences while other marginalized approaches regain scientific legitimacy and greater explicative power (Minsky & Kaufman, 2008) This cycle between hegemony of methodological individualism in normal times and resurgence of alternative epistemological approaches during times of crisis is a characteristic of social sciences showing the relevance not only of the observer but also of reality in changing theories and tools.

3. **The stakeholder vs. shareholder debate** and the role of cooperatives

The ideological and managerial contrast between shareholder theory and stakeholder theory has its foundation in a famous article written by Friedman in the New York Times (Friedman, 1970) where he sentenced the absolute identity between managers' ability to maximize profits and the contribution of corporations to optimize social goals. Thus, corporations can promote social good by maximizing shareholder value. However, few years later a new definition of corporate governance/goals was elaborated – the stakeholder theory – by R. Edward Freeman and others (Freeman & Reed, 1983) juxtaposition of shareholder vs stakeholder theory was evident and was renamed in the economic and managerial literature as the "*Friedman vs Freeman Debate*". Contrary to Friedman, who equated for corporations pursuing profit and contributing to social goals, the stakeholder theory requires a deeper understanding of the complex set of interests that governance should mediate and represent so to create sustainable outcomes.

Before turning to discuss the stakeholder vs shareholder view in detail, we should mention how the latter view by and large prevailed for decades. However, more recently the stakeholder view enjoyed a revival. Perhaps the most vivid signal that times are changing in favor of the stakeholder view can be found in the stance of the Business Roundtable, (BR) representing the CEOs of America's leading companies with above 15 million employees and more than $7 trillion in annual revenues. In 2019 BR revised its *Statement on the Purpose of a Corporation* to focus it on the following items:

i) Delivering value to our customers […] meeting or exceeding customer expectations;
ii) Investing in our employees […] compensating them fairly and providing important benefits […] supporting them through training and education that help develop new skills for a rapidly changing world […] foster[ing] diversity and inclusion, dignity and respect;
iii) Dealing fairly and ethically with our suppliers;
iv) Supporting the communities in which we work […] respect[ing] the people in our communities and protect[ing] the environment by embracing sustainable practices across our businesses;
v) Generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate. We are committed to transparency and effective engagement with shareholders.

This revision of what the BR believes should be the purpose of a corporation represents a U-turn with respect to its past position, when it supported the view that a corporation should just focus on maximizing shareholder value – i.e., short-term profits. This U-turn was noticed by the New York Times titling "Shareholder Value Is No Longer Everything, Top C.E.O.s Say" (Gelles & Yaffe-Bellany, 2019).

On their part, cooperatives are essentially oriented towards STM (Leviten-Reid & Fairbairn, 2011). After the global financial crisis of 2008, the business and financial community has reflected on its role in the economy and for society as a whole. The weaknesses of shareholder management have been recognized also at top managerial schools that have introduced the "MBA-Oath" (Khurana & Nohria, 2008). Cooperatives have offered a case of sustainable governance during the crisis (Birchall & Ketilson, 2009), improving the ability of economic organizations to offer work, credit and product and services to local communities. With their STM, cooperatives can offer a model for corporations that intend, at least strategically, enforce a stakeholder value model.

3.1 Shareholder Theory

The shareholder value theory is not new in the context of economics. It can be viewed as an evolution and adaptation of the idea of profit maximization applied to "*public companies*".

$$\boldsymbol{Profit\ Maximization = Shareholder\ Value\ Maximization}$$ [3]

Here the identity between profit maximization and shareholder value maximization is an axiomatic definition. In reality, this identity may work only when there is perfect overlap between managers and owners, i.e. for family owned and managed enterprises. Instead, in the case of public companies, with the emergence of a managerial class lacking ownership in the firm, the identity no longer applies due to information asymmetries and agency problems between managers and shareholders (Berle & Means, 1932). In Friedman's view shareholders are the center of the economic organization. Hence, the only social responsibility of corporations is maximizing shareholder value (Rappaport, 2006) and no space is left for any type of responsibility to non-shareholding stakeholders. Managers should spend no money for social or public ends since their mandate is just to maximize profits, and using corporate resources to sustain social goals would reduce shareholder value. Friedman's heritage has been fortified by applied works proving the role of shareholder value maximization (Williams, 2000).

[3] This identity between profit maximization and shareholder value maximization is simplistic. In fact, we need to consider the numerous asymmetries that agency problems levy on profit maximization for public companies. In effect, a better definition would be: $\boldsymbol{Profit\ Maximization \cong Shareholder\ Value + Informational\ Asymmetries}$.

In theory, the social optimality of maximizing shareholder value matches the idea of perfect competition, where both hinge on methodological individualism. In equilibrium, corporations must pursue profit maximization – i.e. maximizing shareholder value. Friedman's idea, coherently with the axioms and mathematical proof of the optimality of perfect competition, is a pillar in the managerial representation by mainstream economics. Managers know that maximizing shareholder value can contribute to a more competitive market with representative prices and a unique equilibrium. The shareholder value maximization idea has created a sort of behavioral engagement for managers increasing their "ideological" commitment (Lazonick & O'sullivan, 2000) to the free market economy and liberal democracy based on propertarianism and skepticism towards the common good.

Enlightened value maximization. (Jensen, 2001) states the logical impossibility of maximizing in more than one dimension, telling that managers must maximize a single objective function. Jensen argues that the history of economics shows clearly that the only possibility for a firm to aid in social valuable objectives is maximizing its market value. He refers to total value as an all-encompassing measure counting also debt, preferred stocks and warrants. (Jensen, 2001) censures stakeholder theory because in establishing the necessity for managers to maximize the value of different stakeholders it fails to solve the complex set of trade-offs among the multiple interests of the various constituencies. An STM principle would contradict the idea of strict logic that should inform the rational choice theory behind the shareholder ideology. The author concludes that, by failing to indicate solutions in case of conflict among different interests, the stakeholder theory would make managers unaccountable. However, Jensen is not completely against the stakeholder theory, and believes that market value maximization is compatible with a moderate version of stakeholder theory that he calls "*enlightened value maximization*", accepting stakeholder theory's suggestions – e.g., through the use of a balanced scorecard – provided that in the long-run corporations maximize market value.

Stakeholder critique. (Jensen & Sandström, 2011) tackle stakeholder's theory in the globalization age. For them, globalization raises the level of complexity in corporate management adding more non-conventional stakeholders such as for example: sub-political movements, new bureaucracies, and hierarchies. Stakeholder theory is criticized for its lack of responsibility in the globalized context – that requires political responsibility – and for its undue complexity. Since globalization expands the stakes of corporations, the authors hint that applying stakeholder theory would multiply moral and ethical duties of corporations cutting their ability to decide efficiently and keep their market position.

3.2 Stakeholder Theory

Stakeholder theory and strategic management. (Freeman & McVea, 2001) tackle the use of stakeholder management (STM) as a part of strategic management. They recap the historical development of the STM concept. The authors consider the need to overcome the "*Separation thesis*" – i.e. the idea of the separation between ethics and business or ethics and politics – which is grounded in Friedman's idea that shareholder value maximization is the highest social contribute of corporate management. The distinction between business and ethics hinges on the idea of specialization of knowledge and professions and the creation of a society withy high degree of segmentation. The authors contend that there is no practical possibility to separate ethical values from practical actions since values are embedded in actions. The distinction between ethics and business has been used to neglect the strategic role of stakeholder theory. The authors suggest a more pragmatic approach to recognize the role of stakeholder theory in strategic management.

(Harrison, et al., 2015) analyze stakeholder theory, especially from an international point of view, as a managerial science. Stakeholder theory is mainly relevant since it opens new scenarios for research in managerial science. The authors argue that stakeholder theory is versatile and can be used in many fields of social science i.e. economics, public administration, marketing, law, and management. Their international comparison highlights that stakeholder theory has implications in many sectors, even if the theory lacks a metric approach to evaluate efficiently the complex set of tradeoffs posed by the concurrent reward of multiple stakes. The main weakness lies in the difficulty to harmonize divergent interests among different stakeholders and the corporation. In the simplest case the main contradiction is between the corporation and its stakeholders, while more complex versions of the dilemma allow for multiple contradictions also among stakeholders. These multiple divergent interests can reduce the efficiency of the corporate governance model, if not paralyze it altogether. In the long run, a stakeholder-oriented decision system can be inefficient compared to a shareholder-oriented one, at least in terms of profit maximization and financial stability. To solve the issue, the authors advocate introducing metrics and key performance indicators to evaluate efficiently the complex set of tradeoffs among divergent stakeholder interests. The maximization of stakeholder value should be based on different objectives with different weights, but assigning these weights to stakeholders having divergent interests can be discretionary and increase the inefficiency of the decision-making system reducing either the shareholder value or the communitarian engagement of the corporation. The authors claim that stakeholder theory can produce more resilient and sustainable decisions especially in complex cases such as in acquisitions. If managers apply pure shareholder value maximization then the best choice for the corporation, and society, is maximizing profits as reflected in share prices. This idea has an axiomatic base in the theory of perfect markets, that assumes that prices are always linked to fundamental values. But, as empirical studies demonstrate, prices may be misaligned (Akerlof & Shiller, 2010) and managers, in maximizing shareholder value, could take wrong decisions. To solve the problem of the share mispricing in the case of market imperfection, the authors suggest applying stakeholder theory that can inform about the reaction of employees, customers, and communities to the acquisition events. Shareholder maximization lacks complexity. Stakeholder theory can offer information that can be used to make more resilient and sustainable decisions.

(De Colle, 2005) analyzes the ethical implications of STM in decision making, and its role in the managerial process of organizations, suggesting ten main rules:

1. *Identify and map all stakeholders:* stakeholders are identified considering the difference among shareholding stakeholders and those stakeholders that are external to corporations such as, for example, citizens or environmentalists. This identification allows telling the real commitment of stakeholders to the corporation.
2. *Assess issues at stake:* here the interests of the stakeholders are defined. The main issue consists in delineating the relationship between a corporation and its stakeholders.
3. *Identify corporate values and existing commitments:* to tackle the complex set of relationships with its stakeholders, a corporation should clarify its set of values and existing commitments.
4. *Prioritize issues:* the management must rank the relevant issues for the stakeholder approach.
5. *Review/develop policies:* in applying the stakeholder approach managers must develop and review policies to maximize the value for some stakeholders. The complexity and intensity of this process depends on stakeholders' characteristics and how they relate to the corporation.
6. *Set objectives:* to maximize the relationship between a corporation and its stakeholders it is important that the management specifies the set of objectives to pursue.
7. *Measure performance:* performance evaluation is an essential component of the stakeholder-corporation relationship. But, there is lack of uniformity among different ways used to measure the corporation-stakeholders relationship. A specific problem arises if stakeholders require qualitative metrics. While shareholder value maximization regards shares' monetary value, no clear metric applies to stakeholder value. For example, workers can value hours of corporate welfare, environmentalists aim to minimize CO_2 levels, and political parties value active participation of the corporation in increasing the consensus during elections.
8. *Communicate and report:* continuous communication and reporting are a key part of the corporation-stakeholders relationship. Accountability can be achieved with periodical reports and communications in which a corporation shows its stakeholders the obtained outputs.

9. *Review commitments and policies:* a corporation should get feedbacks to be implemented. STM should not be viewed as a rigid strategy, but as a dynamic approach possibly open to critiques and suggestions by stakeholders. In this way, the approach to stakeholders can become dialectical and strategic, generating a more resilient scenario in which both a corporation and its stakeholders maximize their objectives efficiently.
10. *Continuous engagement:* to optimize the STM model it is important to continuously develop the relationship between a corporation and its stakeholders.

The author considers this set of elements as a tool to improve the STM decision-making system.

(Berman, et al., 1999) address how STM relates to corporate performance. They try to establish a dynamic comparison between two different models: instrumental stakeholder theory vs empirical stakeholder theory. Only two variables are associated to an increase in financial performance in STM: employees and product safety/quality. These results are compatible with stakeholder theory in their ability to promote the relationships between employees and customers. The authors control also for three other stakes – community, diversity, and natural environment – but these variables are not positively associated with good financial performance, contrary to what other scholars find (Robinson & Dechant, 1997). The discrepancy of results between these studies may be due to using diverse data.

(Freeman, et al., 2020) analyze the nexus between stakeholder theory and strategic management. They see a perfect compatibility between stakeholder theory and strategic management and view all the tensions in the debate among scholars as more apparent than real. Stakeholder theory and strategic management are convergent approaches and analyzing their mutual relationship requires less ideological interpretations and more pragmatic orientations. One of the main points criticizes the idea that profit maximization is the only value able to express the total performance of a corporation. Instead of profit, a new method is proposed to calculate the value generated by the corporation as a function of the total value created by customers, employees, suppliers, communities, and financiers. This new definition requires modifying the methods that corporations use to value their relationship with stakeholders. The authors claim that, to change corporate accountability, we also need to change the vision of the corporation: stakeholders are not only economic actors but also humans with cultural characters. Corporations must change their approach counting stakeholders as allies to create a new society as a base for a new civilization. The authors suggest reversing the entire process of emancipation of economic values from cultural and human values in a more complex set up that has also socio-political and institutional impact to contrast the view of business where "*only money matters*". Finally, they advocate a change in business ethics, which should belong to humanities' field, rooted on moral values and encompassing the socio-political effects of corporate management.

New taxonomy of stakeholders. (Fassin, 2009) considers the role of stakeholder theory and its successful application in the business management literature. The author proposes classifying the actors having interests in the firm distinguishing them along their function: pure stakeholders, stake-watchers – mainly pressure groups – and stake-keepers – e.g. regulators. In turn, the difference in function elicits differences in perspectives and cross-stakeholders tradeoffs too.

The ethics of stakeholder management. (Cragg, 2002) considers the relation between ethical behavior and business purpose. The author starts from the moral dilemma between the pursuit of efficiency in business and respect of an ethical perspective, and asks "*Why be ethical?*". The narrative pathos around the ethical issue is built referring to old Greek myths, such as the story of the ring of Gyges in Plato's Republic, to show that also honest humans can commit crimes in certain circumstances destroying ethical and moral duties. The same issue arises for managers when choosing between ethical pro-social principles and selfish individual optimization. The presence of grey zones between ethical and un-ethical choices can create further complexity. In corporations, moral issues arise in the relationship between managers and shareholders. In the author's view, maximizing shareholder value has only two constraints: respecting the law and general morality. Maximization of profit has three theoretical justifications: agency theory; firms-as per the contract theory; neo-classical economics. Managers and economists consider shareholder value maximization as a sort of holy principle even if its application in large corporations creates inefficiencies, social and financial losses which sometimes can trigger financial crises. Applying shareholder value maximization impedes giving an ethical meaning to managers' actions and so lowers managers' moral responsibility to shareholders, workers, customers, and communities. In theory and practice, the claim for ethical virtues of management is neglected as non-professional and non-scientific, while shareholder value maximization is viewed relevant as both instrument of management and tool in strategic corporate governance. Even if corporations maximize shareholder value via profit maximization managers must uphold multiple responsibilities to communities, government, and public interest at large sense. To optimize all these relationships, corporations must embrace a complex approach considering the ethical effects of managerial choices, especially in the shareholder value maximization model.

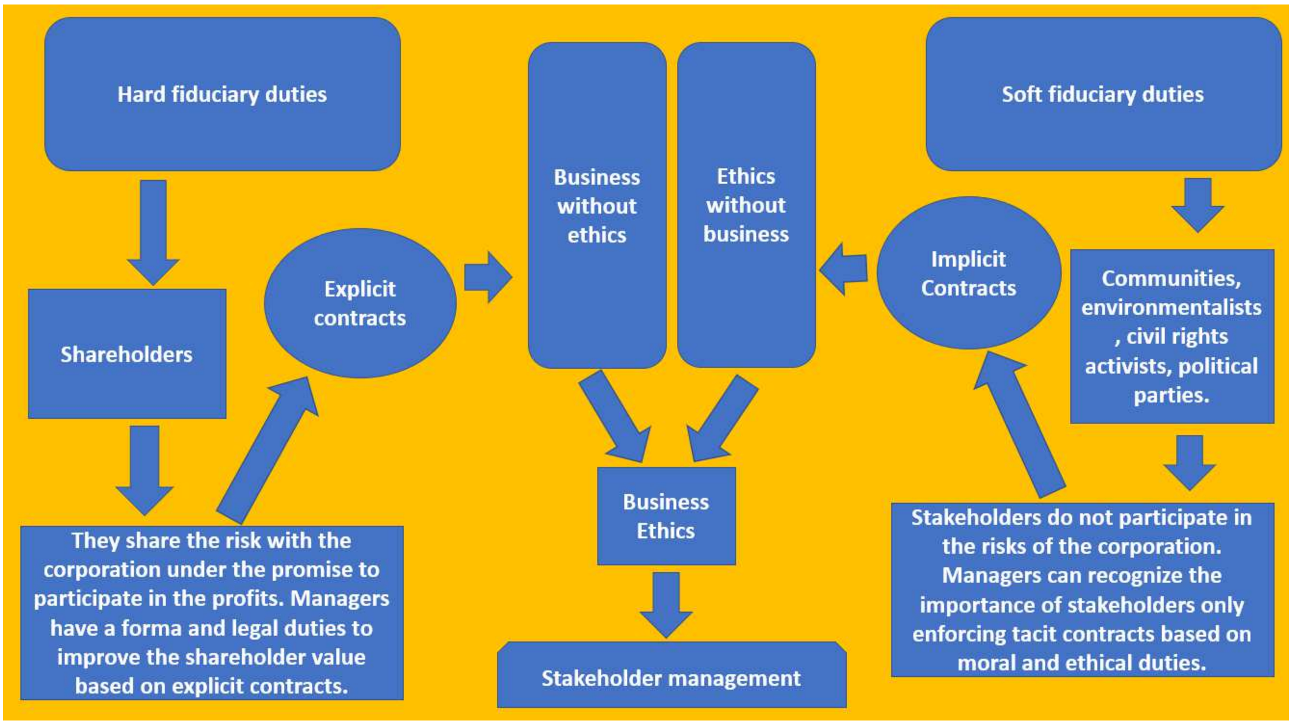

Figure 2. Based on the work of (Goodpaster, 1991) the relationship between the case for business without ethics and the case for ethics without business is synthetized in stakeholder management.

(Goodpaster, 1991) tackles the ethical issue of the duties of managers and stakeholders distinguishing between hard and soft fiduciary duties that characterize managers' decision-making (Figure 2). Managers bear hard fiduciary duties to shareholders who invest in the corporation, share the risks under the promise of receiving a return participating in corporate profits. The relationship among managers and corporations is clear, it is explicit in contracts and can inspire managerial choices and corporate strategic positioning in the markets towards both competitors and political institutions or engaged communities. The hard-fiduciary duty among managers and shareholders is public, and stakeholders, political parties and communities know that managers are paid to maximize shareholder value. However, the author says that insisting only on explicit contracts and hard fiduciary duties can create a business without ethics. It is true that managers signed no contract with communities, environmentalists, feminists or political parties to offer extra-monetary benefits since these social actors do not participate in the risk of the corporation and should not participate in its profits. But, in the author's words "*corporations are not solely financial institutions*" (page 70) and managers should count their relationships with stakeholders as part of ethical, moral duties, based on extra-legal obligations. Managers must be aware of the relevance of soft fiduciary duties serving the claims of communities, environmentalists, workers, political parties. The STM model is the only one creating a common framework bridging between business without ethics – shareholder value maximization – and ethics without business – corporations captured by social commitments.

(Sulkowski, et al., 2018) consider the role of a corporation in "shaking stakeholders". In their words:

> "*[…] shaking stakeholders means to proactively initiate cooperation with those affected by a firm to alter awareness, behavior, and networks so as to catalyze change in society and the marketplace to reward co-created innovations in core operations of the firm that improve social and environmental impacts*".

Shaking stakeholders can be a generalized approach for the corporation especially on themes needing special corporate activism to mobilize stakeholders, e.g. against global warming. A corporation must shake stakeholders via engagement and creating new proper teams and networks of – internal or external – heterogenous stakeholders to push relevant social, political, and environmental goals. The "shake stakeholders" approach to corporate activism contrasts with the view of corporations as passive actors under the pressure of stakeholders.

Stakeholder theory and corporate social responsibility. (Freda, 2017) studies whether Corporate Social Responsibility (CSR) and traditional business theory are compatible and the motivations that lead firms to adopt CSR. Stakeholder theory seems to be the perfect bridge to connect efficient corporate management with social and environmental goals, suggesting that corporations must satisfy the interests of different constituencies – employees, customers, local communities etc. The main claim in stakeholder theory is the moral and managerial duty towards non-shareholding groups. A mix of STM and CSR policies reduces the social, political, and cultural opposition to the corporation and builds long-run relationships between firms and constituencies and a widespread prosperity in local communities. However, if the stakeholder approach promotes CSR, the reverse does not hold. (Freda, 2017) shows that many corporations apply fake CSR policies, de facto ignoring the interests of stakeholders. Fake CSR policies help a firm keep a good social and public image but reduce the possibility to actively participate in the building process of common good by rewarding stakeholders.

(Clarkson, 1995) analyzes the stakeholder theory considering three main points: (1) corporations manage relationships with stakeholders rather than society as a whole, (2) there is a distinction between stakeholder issues and social issues, (3) stakeholder theory is a method to purse CSR goals. This paper seems especially interesting because it clearly distinguishes stakeholder issues from social issues. Indeed, in this case it is useful to recall the distinction between communities and society. Societies are multi-communitarian based complex structures, while communities are generally based on small groups – sometimes even on tribes that have a certain specific language and rituals to create economic value. Stakeholder value maximization corresponds better to communitarian ends than to societal goals. In the main idea of the author, STM can help manage communities, but must be augmented with CSR and Socio-Political Interventions to manage social issues (Figure 3).

(Strand, et al., 2015) address stakeholder theory in Scandinavian countries, where concepts like stakeholder theory, sustainability, and CSR are well developed. Scandinavia has deep traditions in STM. In fact, even the idea of "*creating shared value*" has Scandinavian roots. Many cultural and institutional reasons have aided to adopt the stakeholder approach, but these values, once embedded and implicit in the local business culture, have then become more explicit and formalized as CSR commitments and STM approaches, making Scandinavian countries world leaders in CSR and STM. Not by chance, the main driver behind the stakeholder success in Scandinavia is the presence of a widespread cooperative culture that has eased developing a stakeholder-oriented business ecosystem. The authors suggest that the CSR-orientation of Scandinavian corporations has been sustained by the presence of governmental policies devoted to preserve social values and the environment. However, Scandinavian governments are now reducing their efforts on these issues and the authors fear that, if left by themselves, corporations might somehow defect CSR and stakeholder orientation.

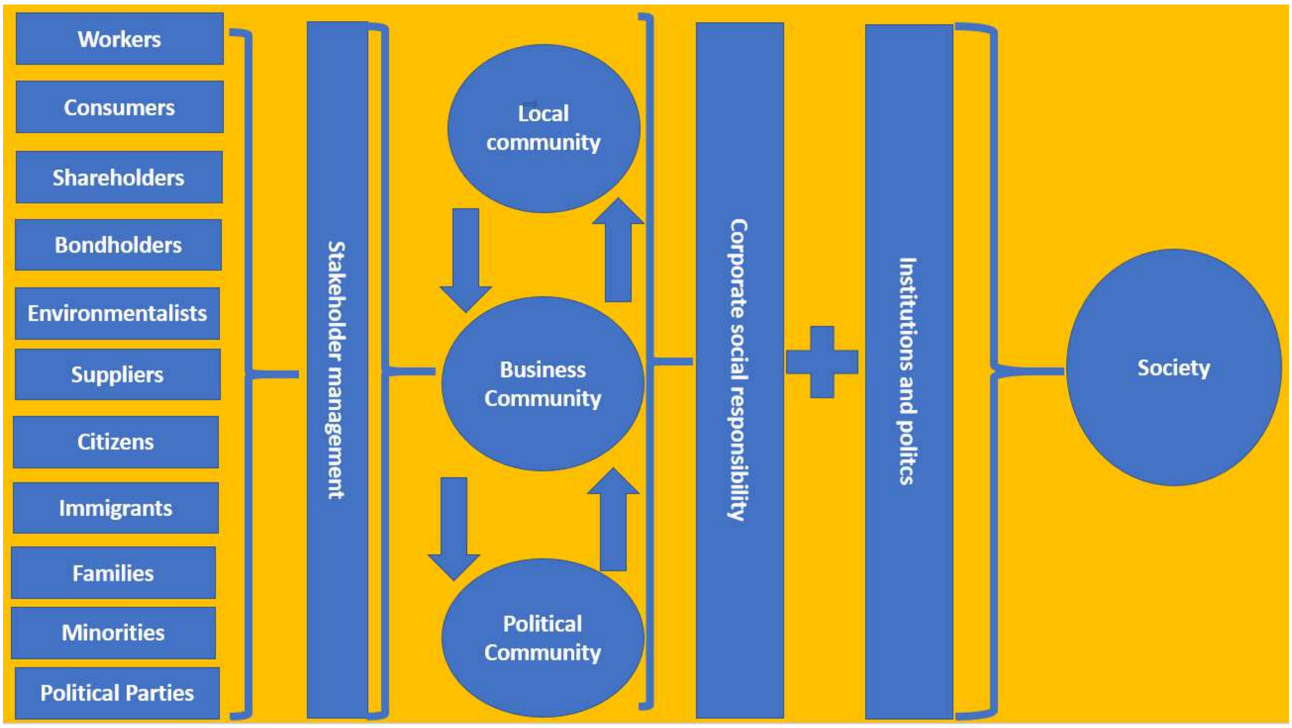

Figure 3. Graphical illustration of the work distinguishing among issues regarding stakeholders, communities, and society. STM can transform single stakes in communitarian issues, but it cannot transform communitarian issues in social issues, which instead needs CSR and the intervention of Institutions and Politics. So, STM is a tool to optimize the relationship among corporation and communities with low political and institutional commitment, while it requires also CSR, Institutions and Politics to tackle societal goals.

(Castelo Branco & Lima Rodriques, 2007) study CSR orientation in the context of STM (Figure 4). Corporations must subscribe obligations towards communities, society, workers, institutions, environment, and the tools developed in STM can help fix the specific responsibility of companies to such heterogeneous set of social and community actors. The authors suggest that the real conditions in which a firm operates, and the dialectical and opportunistic motivation of a selfish management induce adopting CSR. But effective CSR adoption requires to implement the STM approach. This one-to-one relationship is triggered by the need of a corporation to operate efficiently in the market. Corporations might disregard the essential ethical dimension of their business activity, while CSR orientation responds to their need to take responsibility on social and environmental issues in the interest of an audience greater than strict shareholders. The authors believe that the wealth of a corporation is not based on transactions but on relationships, which are either collaborative or based on on-going conflict. STM helps corporations to efficiently develop relationships with an heterogenous set of social and economic actors holding stakes in the business activity. Viewing the corporation as a set of relationships rather than a set of transactions is material for ethics. It requires embracing certain moral values and a vision of society based on commitment, interactions and political engagement. For the authors, stakeholders are individuals and constituencies with a stake in the corporation, but they also "*place something of value at risk*". In this sense, stakeholders are also risk-takers and should participate in profits as shareholders do. Thus, the idea of profit as a reward for risks offers a legitimation of stakeholders' claim to participate in the distribution of corporate value. In their view, a corporation is not only a "*nexus of contracts*" but also a "*nexus of relationships*" among heterogenous stakeholders. Some stakeholders play with the corporation a positive sum game, in which every gain for the corporation is also a gain for stakeholders – e.g. investors, employees, customers and market partners. Instead, other stakeholders play with the corporation a negative sum game – e.g. citizens who suffer for pollution generated as negative externality in production. Applying a STM model helps a corporation to play a complex set of games with different stakeholders which are positively or negatively affected by the usual business of the corporation. CSR and STM are integrated tools that a corporation can efficiently use to participate in building a "*good society*". Hence, managers cannot be viewed as mere shareholders' maximizers, but they should instead be intended as "*builders of stakeholders relationships*".

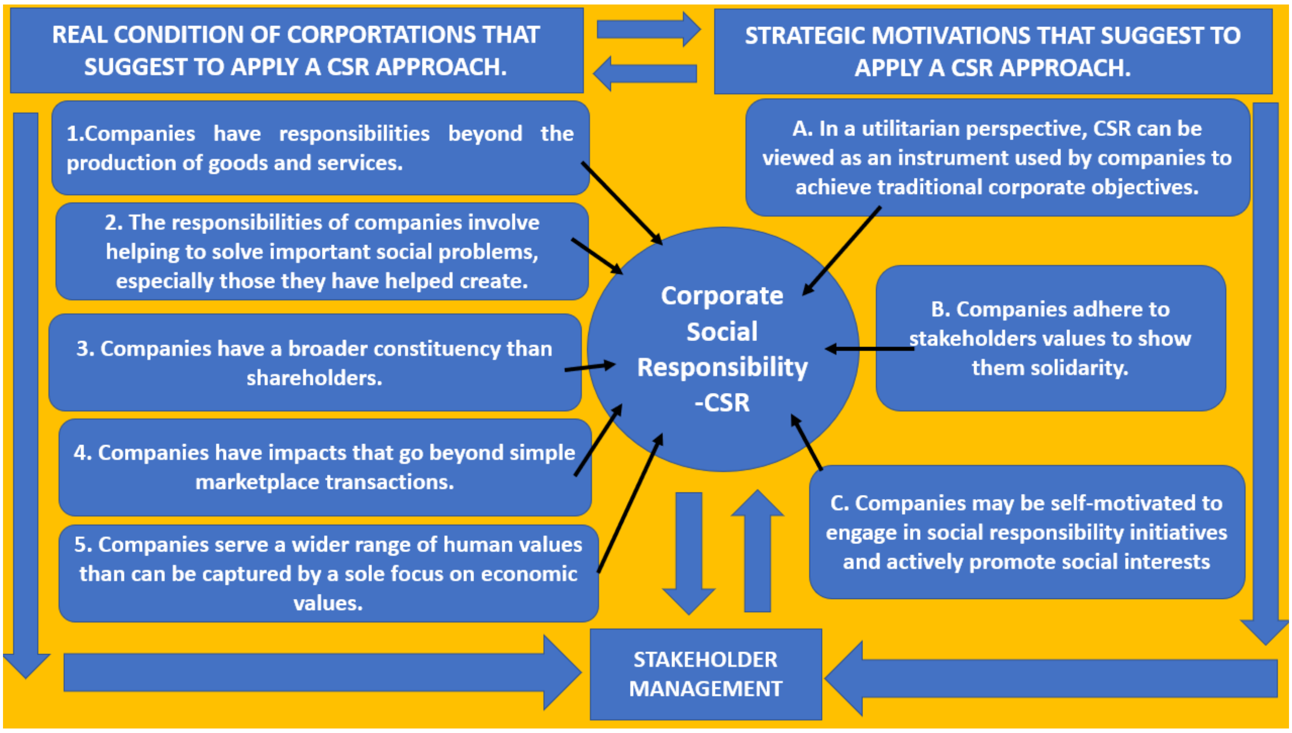

Figure 4. The complex set of real conditions and motivations that sustain the choice of CSR in and the biunivocal relationship between CSR and Stakeholder Management based on the article of (Castelo Branco & Lima Rodriques, 2007).

Compatibility between stakeholder and shareholder theory. (Baumfield, 2016) considers the possible inner coherence between stakeholder theory and shareholder theory by embracing a legal perspective especially in the Anglo-Australian law system. The main idea is that stakeholder theory is compatible with shareholder value maximization and can help managers develop and apply strategies that promote both profit maximization and financial or social sustainability. Stakeholder theory should not only be considered correct under moral and ethical constraints, it is also a tool for strategic management. Corporations must understand how stakeholders gain power and influence and how to maximize their value so to promote firms' profitability. STM matters especially to solve conflicts that can be costly for the firm financially and/or in public image or social reputation. The author hints that stakeholder theory orientation, at least in the enlightened stakeholder theory form, is also a tool to reduce the temptation of directors to act in their self-interest.

(Bottenberg, et al., 2017) analyze the stakeholders vs shareholders debate in Germany pondering the advantages and disadvantages of the stakeholder approach. Stakeholder value maximization seems to reduce the ability of German corporations to compete in the global market. But the authors highlight also positive elements in STM relating to integration of stakeholder knowledge, commitment for strategic decisions, and long-run perspective. STM can generate cooperation and trust providing immaterial resources to a corporation. STM can help corporations to curb shortermism in decision making. Besides, the authors argue that embracing stakeholder value maximization also boosts shareholder value maximization, since STM includes shareholder management. Indeed, shareholders are viewed as that kind of stakeholders that own the corporations. (Carlon & Downs, 2014) analyze the complex set of motivations that management must tackle to harmonize the interests of stakeholders and shareholders. The authors suggest that the best way to tackle the role of stakeholders in management is to find new metrics that can illuminate financial reporting. Managers can better handle the complex set of stakeholders' interests with substantial improvement in metrics and accounting techniques. They propose a new method called "Stakeholder valuing" -SV based on three elements whereby corporations must: 1) recognize and legitimate stakeholders' claims; 2) give a metric representation of the value maximized by stakeholders; 3) represent their relationship with stakeholders in reports with clear account of the value created for each category of stakeholders. But these actions are to some extent discretionary and based on managers' moral and ethical duties. In a sense, the fact that a manager can value certain stakeholders more than others can either reveal some sort of capture or, in the best case, show a visionary openness of the corporation towards certain stakes. The process of recognizing stakeholders is not ethical per se since also in the legitimation of stakeholders' claims or in the preference for some stakeholders vs others there are biases, that can be either financially evaluated or based on non-monetary benefits, i.e. the respect of some constituencies that are relevant for managers or the presence of favors, bribes and clientelism. In this case the value that corporations can share with stakeholders creates inequalities, discrimination and predilections that can improve shareholders' struggle for having corporate attention and share corporate values. Paraphrasing George Orwell (Orwell, 2017) we can say that "*All stakeholders are equal, but some stakeholders are more equal than others*". A special case of this proposition is when the stakeholders that are more equal than others are the shareholders, but it could be that other stakeholders might be preferred unequally: for example, a manager interested in the public sphere can prefer political parties over other stakeholders, or a female manager can generate value for feminist stakeholders and promote corporate policies to abate the gender pay gap. These biases of the STM mechanism pervert stakeholder value maximization as some stakeholders are preferred not to improve communities' welfare or corporate value but for strict interests of the management. A weakness of this paper is that it regards especially big corporations. Indeed, applying STM models is easier for big companies while small and medium enterprises-SMEs generally find it difficult to partake communitarian engagement due to budget and financial constraints. This does not mean that SMEs cannot apply a STM approach for example by choosing to finance some stakeholders vs others but it is clear that relative to big corporations stakeholder and communitarian commitment is limited by SMEs' lower capacity.

(Cosans, 2009) tackles the presence of a moral duty in Milton Friedman's proposition "*The Social Responsibility of Business is to Increase Profits*". This proposition has been interpreted in the sense that the only moral obligation that corporations must respect is the law. However, in Friedman's idea there are many elements that must be considered relating to the respect of the law and one of them is freedom. The author considers freedom not only in the sense of personal freedom but as a moral obligation such that it should be forbidden to produce a negative externality in the economic sphere of another person, community or stakeholder without consent and adequate compensation. On this basis, (Cosans, 2009) argues that any practice which creates negative externalities for some party without compensation is unethical. This ample definition of unethical behavior includes for example pollution, social, gender and racial discrimination. In this sense, business naturally involves ethics, and the corporation must embrace some stakeholder value approach, trying to request consent or pay financial compensation for stakeholder exploitation. Still referring to freedom (Cosans, 2009) argues for complementarity between the moral obligation of a shareholder value maximization model and the business ethics of STM. Another element developed by the author to sustain the hypothesis of the ethical nature of the shareholder value management is the idea of cooperation with strangers. In effect, to make a business profitable, managers must cooperate with strangers, who can be potential customers, or workers, or suppliers, or supporters, or allies. In its profit-orientation, a corporation generates a positive social outcome by including and integrating persons and communities that are extraneous to the core business of the corporation. Through this method, the private interest becomes a social interest and the individual orientation of the corporation towards profit is transformed in socially valuable participation: creating a more inclusive society.

Stakeholder leadership. (Maak & Pless, 2006) analyze the nexus between stakeholder theory and leadership. Leaders can apply a STM model and, thus, view followers as stakeholders – inside or outside the corporation. Then, the authors examine the role of responsibility and the characteristics that a leader should have in a STM governance model. The authors define leadership as a social-relational phenomenon based on the link between a leader and its followers in the context of stakeholder theory. Leaders can no longer be considered as apex persons in a pyramidal system in a stakeholder ecosystem. The top down leader-followers nexus does not apply here. Stakeholders, in fact, are pro-actively interested in leaders' actions. The stakeholders-leader relation is horizontal, one-to-one and often au pair. The leader-stakeholders link matters for economic performance but is also viewed as moral, ethical, and a social output. Thus, the stakeholder leader must recognize the complex set of interests of its counterparts and produce non-financial values such as ethical and moral outputs that are valuable in the moral order of stakeholders. Stakeholder leaders must also mediate among groups, with different often non-financial goals, and create commonality of language, culture and values among them trying to avoid syncretism and preserve stakeholders' ethical individuality.

(Kujala, et al., 2019) consider the need for leaders to pay attention to stakeholders, create value for them and build long-run relationships with them. To improve corporate performance, leaders must understand the process of value creation for stakeholders, upgrading their cooperative and communication skills and realizing the complex set of values and interests of stakeholders. Leaders should apply a heterogeneous model of management based on a multi-stakeholder approach to create values for counterparts using different metrics, accounting, and reporting. For the authors, relations are essential to promote stakeholder values. By using a model based on stakeholder interests and relationships a firm can order its stakeholders i.e. to evaluate them based on the relative importance of their relationship with the corporation. Leaders must not view as transactional their relations with stakeholder, which must instead be viewed in a long-run perspective based on cooperation and solidarity. The authors' main point is that it is not sufficient to identify stakeholders, but one also needs to qualify the stakeholders-corporation relationship. Identifying stakeholders and defining the quality of their relationships are both essential elements to create value for stakeholders based on reciprocity. Stakeholder relationships should not be conflictual or based on a zero-sum game.

The zero-sum game among stakeholders. (Bridoux & Vishwanathan, 2020) consider, instead, the instrumental version of the stakeholder theory emphasizing the fact that stakeholder managers mediate among different and contrasting interests. But even in a stakeholder model, more relevant stakeholders can "*capture*" the interests of managers. So, the authors focus on the moral obligation of powerful stakeholders to realize not only their own interests but to benefit also weak stakeholders. However, choosing stakeholder value maximization requires a moral obligation. Stakeholders and managers should share the same ethical and moral goals to avoid bargaining and prefer creating value also for weak stakeholders. The authors suggest using also psychological approaches to analyze and describe the role of powerful vs weak stakeholders since the former may be more selfish than the latter. A moral duty of STM is to mediate among the two to create more equitable value. To avoid cannibalizing stakeholder interests and enticing a zero-sum game among stakeholders, the authors advocate moral obligations for managers and powerful stakeholders.

Stakeholders, marketing, and corporate reputation. (Fiedler & Kirchgeorg, 2007) study the relationship between STM and corporate reputation management. The authors ask whether some relevant stakeholders, such as for example customers, employees, shareholders and journalists, with likely impact on the media image of the corporation, can be viewed metrically as distinguished target groups for corporate value and corporate branding. They conclude that relevant stakeholders for marketing and corporate reputation can be divided in two groups: stakeholders that react to non-specific branding and marketing approaches and stakeholders that require specific targeting. This distinction helps corporations invest better in advertising and communication. Corporations can adopt specific marketing plans and campaigns targeting specific stakeholders via knowledge building and advertising strategies. These marketing actions can improve how stakeholders perceive a corporation. However, on their part, (Hillebrand, et al., 2015) criticize the customer orientation of marketing and propose to embrace a new kind of marketing based on "*interrelatedness of stakeholders*". The main idea here is to innovate the traditional marketing orientation with a new stakeholder marketing that considers the essential role of networks and relationships between the firm and a complex set of heterogenous actors that are interested in the economic, ethical and social life of the firm. Moving to a stakeholder marketing model is also demanded by the fact that stakeholders' interests are in conflict and that marketing activities are dispersed. To apply stakeholder marketing, a corporation must converge towards a new vision based on three pillars: system thinking, paradoxical thinking, and democratic thinking. The authors judge that marketing has shown low ability to interpret and manage the complexity of the corporate functioning and environment and its evolution to stakeholder marketing can renew attention to marketing research and study to promote a holistic approach. As an aside, we may suggest that relationship marketing can be considered close to stakeholder marketing, as also the former hinges on creating value for counterparts with a long-run focus. Perhaps, we can view relationship marketing as instrumental to stakeholder marketing to better serve counterparts not only by offering products and services but also for non-monetary compensations and values.

Accounting based approach to stakeholders. (Porter, et al., 2011) consider the ability of corporations to create tangible social benefits within a new paradigm that they call "*Shared value*". But, in effect, "*shared value*" management seems close to STM. In the paper the word "stakeholders" is used only 8 times and is generally associated to the objective "*external*". The idea of (Porter, et al., 2011) is not grounded in the context of business ethics and in a definition of the corporation as a nexus of relationships with internal and external stakeholders, but seems an accounting approach based on the idea that corporations have multiplied their reporting activities trying to improve their commitment to external stakeholders in the interest of managers and shareholders. The "*shared value*" approach seems an accounting strategy to redefine a transactional, hierarchical, and top-down relationship between corporations and stakeholders. This view of the "*shared value*" is confirmed by the recipients of the accounting information, primarily managers and next "*targeted […] external stakeholders*" (page 12). Even if the authors suggest to create accounting reports to measure very sensitive social, communitarian, and environmental issues – e.g. sustainability, reputation, and compliance – the orientation of the accounting information is not addressed to stakeholders but is centered on managers. So, this leads us to define the "*shared value*" approach as centered on managers and their interests to promote a social corporate image rather than on the relationship with multiple heterogenous stakeholders. In the "*shared value"* the corporation-stakeholders relations are not horizontal, based on the idea of equality among partners, allies and cooperators in building the "*good society*". Instead, relationships are top-down and in them the ability to share value with external stakeholders is achieved under the shareholder value maximization constraint and for the sake of the corporation's public and social reputation. However, in the end, it is inappropriate to compare the "shared value" developed by (Porter, et al., 2011) with STM especially in its strategic definition.

Stakeholder value and corporate identity. (Balmer, et al., 2016) study the nexus among stakeholder theory, corporate marketing, and communication. They separate an endogenous from an exogenous definition of stakeholder theory. The endogenous version focuses on corporate identity. Once a corporation has settled its values, objectives, and relationships with the external setting, then managers can foster stakeholders based on a centrifugal inside-out perspective. In the exogenous version – opposed to the endogenous version (i.e. a centripetal outside-in perspective) – the corporate identity hinges on external relationships with stakeholders. The authors infer that both versions help describe the complex set of corporate links with stakeholders. The corporate identity is not a monolith but is multiple, where corporations, even under shareholder value maximization, generate heterogenous, positive and negative, externalities for internal and external stakeholders.

4. Some critiques of stakeholder theory

Stakeholder theory has many advantages especially in a complex economic system that tanks to the media and social network has become more transparent. Social networks and the presence of web reputation – built through feedbacks, comments, and recommendations – have an increasing role as a premise for creating corporate value and market power (McCorkindale, et al., 2013). Usually, traditional reputation shows low resilience. After a crisis or a scandal, reputation can be easily lost, often forever (Aula, 2010). Social networks have muddled the game and web reputation is even less resilient than traditional reputation. Reputation is an immaterial good (Rindova & Martins, 2012), an intangible, posted in the balance sheet as an asset in the same macro-section with know-how, brands, and logos. Reputation has a high depreciation rate if corporations do not invest in their social image, in stakeholder relationships, if, in essence, corporations do not partake in the building of the common good. The issue of reputation matters also for cooperatives. Ethical scandals can reduce their reputation as economic organizations devoted to produce socially valuable goals. However, stakeholder's theory is not a perfect theory and three of its weaknesses are reported below:

- *Stakeholder inequalities:* Stakeholders are unequal (Ganson, et al., 2020). Some of them are more active, interested and powerful in respect to managers and corporations. This certainly applies to shareholders and workers organized in unions, but it can regard also politicized groups such as ecologists, feminists, and social rights activists. In some cases, also the media may "*capture*" the corporate strategy if a corporation needs to restore its reputation or fears losing it (Brammer & Millington, 2003). Besides, there are also non-legal stakeholders that can affect managers with corruption such as for example in the case of take-overs, or informal groups interested in reducing market competition through collusion. Finally, managers can prefer some stakeholders to others, either for moral or ethical motivations or for the sake of pure financial return. Since there is no third party to evaluate if the STM model is applied fairly across all parties, managers may be captured by some stakeholders. Thus, in reality corporations apply stakeholder theory partially, and managers do not produce all the social, political and environmental value they could create by applying more equitable stakeholder strategies. Also cooperatives can create some kind of stakeholder inequalities for example preferring members to non-members and reducing the social output.
- *Uniqueness of the stakeholder equilibrium:* This is a huge mathematical problem. If stakeholders are multiple, heterogenous and each of them maximizes a specific metric, how can we possibly find a unique solution for all different stakeholders interacting in a dynamic equilibrium? The result is clearly the absence of a unique solution for such a system, if we exclude the narrow set of convergent stakeholders' interests. This problem can be assimilated to that of the existence of a unique equilibrium in competitive markets with the addition of further complexities due to the fact that each stakeholder targets a certain value that not always has a financial representation. For example, ecologists target CO2 reduction, feminists promote gender balance in boards, social-right activists foster the reduction of discrimination. All these elements cannot be efficiently represented in the simple dynamics of prices and quantities without losing relevant explicative information. A closed form solution of the problem is impossible. Instead, a solution may be approached by the composition of partial equilibria in sub-games with high probability of the good outcome of bargaining, possibly applying computational methods based on fuzzy logics and analytical and predictive models that operate also with missing and incomplete data (De Brucker, et al., 2013). Cooperatives that enforce a multi-stakeholder approach should also find mixed partial equilibria.

- *Stakeholders in small and medium enterprises:* The stakeholder literature seems implicitly oriented to describe the managerial and economic condition of big companies that have shareholders, workers, supply chains and realize productive plans so relevant to impact communities and in some cases the whole society. But big companies are an exception in the market. Most firms are small- and medium-sized enterprises (SMEs) which lack the financial resources, human capital, technological knowledge, relational commitment, and political power to apply STM efficiently. This does not mean that SMEs are totally excluded, but the number of stakeholders that SMEs can effectively manage is tiny. Often, SMEs are themselves stakeholders of big companies to which they relate in Business-to-Business networks. The prevalence of SMEs over big corporations, in numerical terms, suggests that a large-scale application of stakeholder strategy would require adapting it to SMEs, possibly through the development of simplified schemes. Small cooperatives alike can have difficulties in applying a complex set of goals in favor of stakeholders.

These critiques of stakeholder theory do not diminish the relevance of STM as an effective managerial tool but ask for the application of new methods, either metric or theoretical, that can indicate the efficiency of stakeholder theory in complex scenarios and can solve also the issue of the real possibility to apply a stakeholder-based model to the large majority of firms. STM preserves its virtues that are particularly significant in the case of cooperatives.

5. Conclusions

In this article we have analyzed the connection among stakeholder management-STM, cooperation and individualism in the context of the fourth industrial revolution-FIR. In our analysis STM is a tool that can help to solve the shareholder management-SHM crisis either in productive organizations. In this sense the ability of cooperatives to pursue social, environmental, and ethical goals in an unitarian governance framework offers a model for non-cooperative and even for-profit organizations SHM oriented. The FIR has created new social inequalities, new environmental issues and renewed the old ethical questions of the substitution of workers with technology. Artificial intelligence, machine learning and the massive usage of data i.e. the essentials of FIR, can create new discriminations among workers and social classes. The old fashion of luddism can darken the promise of a better future that humanity can conquer with innovation technology of the FIR. STM and the introduction of cooperative principles even in SHM oriented organizations, can mitigate the needs of workers in the gig and in the sharing economy, creating the premise for the building of a new common good based on prosperity and rising equality. The two main issues of FIR on one side and of socio-economic and environmental crises on the other side let open many questions about inequality, social inclusion, sustainability especially for SHM economic organizations. In our view STM as it has been performed in cooperatives can mitigate the negative externalities of SHM organization creating the premise for a more inclusive and sustainable innovation technology in the context of FIR.

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