

Chapter 3

The Italian Doctrine *Economia Aziendale* and the Primary Interest of the Organizations

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ABSTRACT

*The aim of this chapter is to enter into the debate on the objective of the firm and more in general of the organizations, in order to discuss the contribution that the Italian doctrine *Economia Aziendale* (EA) can give to this debate and to the sustainable economic development. To this end, it is pro-posed the concept of primary interest of the organizations, the *aziende* according to the EA (i.e., business entities, public administrations and non-profit organizations), which is to satisfy human needs through the production of useful goods and services (the objective of the *azienda*) ensuring a sustainable value creation in the short and long term (the condition for the survival and growth of the *azienda*). For business entities, the primary interest supports the so called ‘integration thesis’ according to which business and ethics can be achieved together, since the profit is considered as a condition that allows the survival and growth of the firm favouring all stakeholders and the community.*

INTRODUCTION

In the aftermath of the global financial crisis, several scholars of the Italian discipline *Economia Aziendale* (EA) have been committed in recognizing its possible causes in the alienation of individuals involved in business from what are the right rules to well conduct the business itself, suggested by the EA (Cavalieri, 2009; Coda, 2010). In this line, the lecture by Prof. Massimo Saita, held at the University of Milan Bicocca in December 2014, entitled ‘The foundations of *Economia Aziendale* forgotten before the crisis.’

The aim of this chapter is to enter into the debate on the objective of the firm and more in general of the organizations, the *aziende* according to the EA (i.e. business entities, public administrations and non-profit organizations), in order to discuss the contribution that the EA can provide to this debate and to the sustainable economic development.

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The need to explore the suggestions of that doctrine comes from at least the following considerations:

1. The limits of some of the most popular theories on the objective of the firms, in particular shareholder theory and agency theory, that diffused the gloomy vision of human nature (Hirschman, 1970) in universities and business schools around the world (Agle, Donaldson, Freeman, Jensen, Mitchell, & Wood, 2008; Ghoshal, 2005; Giacalone & Wargo, 2009);
2. The alternatives to the shareholder theory (e.g. stakeholder theory) often do not clarify how and in what time companies should create value, with the risk to be vague and ambiguous, favouring the opportunistic behaviour of the insiders (i.e. managers and controlling shareholder) (Phillips, Freeman, & Wicks, 2003, p. 495);
3. The possibility to focus the attention on the concept of *azienda* (almost unknown outside the Italian context) using the heritage of teachings of some Masters of the *Economia Aziendale* (Amaduzzi, 1978; Ferrero, 1968; Giannessi, 1960; Masini, 1982; Onida, 1971; Zappa, 1957) about the finalism and the conditions that all *aziende* must achieve in order to survive and growth;
4. The ability to broaden the observation from the business entities (firms) to all types of economic entities (public administrations and non-profit entities), all considered as cells of the society (Amaduzzi, 1978, p. 19; Cassandro, 1969). Indeed all the economic entities can ensure the development of the economy and society (Cavaleri, 2009), participating to the common good (Caldarelli, Fiondella, Maffei, Spanò, & Zagaria, 2011);
5. With specific regards to for profit entities, the scope of analysis covers not only large, publicly held corporation, but also small and medium-sized companies, contrasting ‘the tendency of management scholars more generally to concentrate on large, multinational corporations as the objects of their research’ (Phillips et al., 2003, p. 495).
6. The *Economia Aziendale* connects the ethics with business decisions (Costa & Ramus, 2012; Signori & Rusconi, 2009), giving elements to support the integration thesis, in the sense that moving from the interest of the shareholders to that of the firm it can be said that not only ‘good ethics is good business’ (Davis, 1994), but also ‘good business (for the firm) is good ethics (for all stakeholder)’, in the sense that if you really care about stakeholders you should conduct the business in a profitable way.

It is then proposed the concept of ‘primary interest of the *azienda*’, as a principle of good governance for all organizations. This interest includes two elements: 1) the objective of the *azienda* (i.e. satisfy human needs through the production of useful goods and services); 2) a condition for the survival and growth of the *azienda* (i.e. ensuring a sustainable value creation in the short and long term). The primary interest of the *azienda* wants to support the so-called ‘integration thesis’ (Agle et al., 2008), according to which business and ethics can be achieved together. The term “primary” is used in order to distinguish that interest from the particular (and sometimes temporary) interest of the stakeholders, which become secondary when in contrast with the primary interest of the *azienda*.

Such a proposal tries to answer the following questions which find only partial answers in the Anglo-American theories: “for whom”, “how” and “in what times” companies should create value?

From a methodological point of view, the choice of the elements included in the primary interest is based on the following criteria:

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