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From the Margins to the Core

Cosmopolitan CSR through Normative Stakeholder Dialogues

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From the Margins to the Core - Cosmopolitan CSR through Normative Stakeholder Dialogues

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Abstract

Academic literature agrees that there is a patent need for more and better CSR, and that to fulfill that need CSR ought to be moved from the margins of business (risk and reputation management) to the core (strategy, value proposition). Yet is still unclear how best to meet this stricture in a globalized business environment, where the social and ethical claims made on business vary drastically and at times contradict one another sharply. Our paper addresses this difficulty of conflicting claims and norms by exploring normative stakeholder dialogues as an instrument to align societal goals with business objectives in rapidly changing environments. We argue, first, that the postulate to move CSR from the margins to the core is best realized by a *cosmopolitan* view of CSR; and second, that only *normative* stakeholder dialogues allow firms to adjust today's strategies to tomorrow's demands for responsible corporate conduct.

Keywords: CSR, Strategy, Stakeholder Dialogue, Globalization, Legitimacy, Global Governance, Corporation, Cosmopolitism.

1. Introduction

In this paper, after exploring some of the systemic reasons for the surging demand for responsible management, we offer an instrument for the alignment of societal needs and business aims. Our frame of reference is the interplay of business and society in a globalized world (section II). Within this frame, we reassess the roles of government (the regulatory environment) and governance (self-regulation of businesses) so as to provide more fertile grounds for responsible corporate conduct (section III). We then argue (section IV) that only a *cosmopolitan* approach to CSR can realize the postulate to move CSR from the margins of business (risk and reputation management) to the core (strategic, value proposition). Further, we expound that *normative* stakeholder dialogues are the instrument of choice in order to institutionalize said cosmopolitan approach to CSR (section V).

2. Globalization and the Business and Society Interface

Since the times of Adam Smith (1723-1790), the contexts for business have dramatically changed. The classical economists of the 18th and early 19th century developed their theories with a view to corporations much smaller than today's multinational companies (J. K. Galbraith, 1967). Tiny enterprises typically do not ruin their environs. On the contrary, as small firms rely strongly on their surroundings, they often engage in efforts to preserve and strengthen them (K. Polanyi, 1957). Quantitative change, however, has triggered qualitative transformation. The de-territorialized power and the immense size of corporate units and output today have altered the scene for business radically.

Because of both their size and impact, modern corporations are increasingly viewed and scrutinized as quasi-political entities (A.G. Scherer and G. Palazzo, 2007). After all, these days, private business often does take on former functions of the state (utilities, defense, media), the family (nutrition, care), religions (market for spirituality, idols), schools (private education), and of local communities (providing virtual friends, games, and entertainment). When, however, corporations replace in function and overreach in size and power the societal institutions that are to rein them in, the notion that business is merely a private affair, best left to its own devices, loses much of its former suggestive force. Inversely, the claim that the ethical expectations of the public should be reflected in corporate policies gains plausibility (Güler Aras and David Crowther, 2009).

Many respond to this situation with a call for a political limitation of corporate power (Steven C. Hackett, 2010). *Prima facie*, that seems understandable enough. After inspecting the havoc wreaked by wave after wave of deregulatory motions, some conclude, therefore, it is high time to demand more and/or better regulations (Giovanni Andrea Cornia, 2004). While some aspects of corporate behavior (e.g. health and safety regulations) may indeed best be entrusted to the law, it is questionable whether this approach can assume the role of a cure-all in a globalized economy (J. Jonker and Marinus Cornelis de Witte, 2006). First, such a remedy would leave the overall matrix of boundless corporate profit maximization untouched, and so only treat the symptoms but not cure the disease (Heiko Spitzeck et al., 2011). It would, as it were, change the rules of engagement but not its aim. Second, only in idealized theoretical worlds can legislation fully align a corporation's financial interests with social and ecological concerns (e.g. through a legislation towards the 'internalization of externalities'). In reality, however, things differ. In many sectors of industry, recourse to national legislation cannot be had, because they do no longer operate in the confines of a nation state but across political borders (Ernst Von Kimakowitz et al., 2010). We cannot turn back the clock to the 19th century, when states regulated their national industries simply with a view to politically desirable outcomes. In today's global market, corporations can relocate their business elsewhere on the planet, where they find more agreeable standards. This limits decisively the abilities of the public sector to define single-handedly the terms under which business operates and inspires governments to gestures of pre-emptive obeisance towards corporate demands (George Soros, 2009).

Could then the implementation of global economic governance institutions help? Proponents of this idea hope such a system could set equal standards for all and so stop both the flight of capital as well as jobs, thus easing the pressure on social and environmental standards (James A. Yunker, 2007). Opponents of this view, however, expect to find more effective and more legitimate control on lower, not higher levels of political organization. They hold that global bureaucracies might create still further bodies, like the WTO, which prove even more pliable to the interests of business than local municipalities or national governments (Walden F. Bello, 2002).

Moreover, in most industrial sectors neither the present global nor the extant regional political institutions are strong enough to regulate all relevant businesses consistently and comprehensively. Loopholes abound in the regulatory framework of the global economy, and, when exploited by some, prod others to follow suit. For the foreseeable future, there remains hence a ‘delta of irresponsibility’, created by the technical problems and political impasses of global governance (Michael Reder, 2006). For even if presently the world-community were to agree on comprehensive global standards for business, for lack of institutionalized sanctioning power, the extant global governance institutions would largely be unable to enforce said norms. Thus, for the time being, downward spirals in the social and ecological standards in the global economy must be reckoned with and cannot be stopped by political powers alone (Peter Singer, 2002).

Since at present legally sanctioned rules of conduct for all cannot be had, the question whether a government-based solution (legislating business) or a governance-oriented approach (co-opting business) would be ideal for the management of the global commons, is, however, solely academic (John Ruggie, 2008). Practically, i.e. for lack of powerful global governance institutions with sufficient executive powers, the latter is the only viable alternative. By necessity, corporations must become part of the solution to the problems they pose through their environmental and social impact.

3. Corporate Social Responsibility

Companies, to be sure, misunderstand at their own peril the social tolerance level for their actions. If not addressed, anti-corporate resentment quickly translates into anti-corporate actions that impose considerable risks and costs on business (Sarah Anne Soule, 2009). Anti-corporate feelings lead to less cooperation between business and society, e.g., to less information-sharing, lower levels of voluntary support and supererogatory assistance. Society becomes less likely to forgive accidents and failures and use legal sanctions more harshly against firms in order to give expression to their moral disapproval of their overall business models (Frederick Bird, 2001). Managerial decisions that have negative consequences for society are viewed as ‘accidents waiting to happen’ rather than the result of an ‘honest mistake’, and alienated customers turn to small-scale producers on alternative markets; on part of the political system, a stark increase in regulation is impending (Andrew Griffin, 2008). Moreover, internally, too, corporations are dealing with penalties for distrust and resentment. Disengaged employees display opportunism (absenteeism, theft, feigning sickness, etc.); expenditures for monitoring and evaluation rise, while, for lack of intrinsic motivation, productivity and innovation wane (Walter Effross, 2010). Consultants therefore advise their clients that an attentive response to critics can serve them as an early warning system and help expedite necessary adaptations to changed social conditions (G. M. Heal, 2008).

Obviously, different markets, political systems, and customer groups drive the definition of 'legitimate corporate activities' in different directions. The understanding of what are legitimate impacts of ordinary business activities as compared to what constitutes extraordinary and illegitimate costs, change from culture to culture (Lee Gardenswartz and Anita Rowe, 2010). This reflects that the corporation is a societal construct. Ultimately, society defines the purpose, privileges, and liabilities of firms – and rightfully so. Far from infringing thus on the rights of 'free enterprise', society, when setting the terms of business, is only making explicit the implicit nature of the corporation itself – as its creation. Business, in short, is a stakeholder of society, not vice versa (Richard H. Robbins, 2008).

The management theories of yesteryear have it wrong, therefore, when describing the firm as an isolated profit-making machine, dissociated from its surroundings, subject only to the 'iron' laws of competition (Milton Friedman, 1970). Rather corporations are social and relational entities, deeply embedded in their cultural and ecological environs (Claus Dierksmeier and Michael Pirson, 2009). Through a lens that makes the interdependences between the economy and its contexts visible, it becomes apparent that corporate strategies can no longer be developed in splendid isolation.

Conventional wisdom has far too long neglected the contexts of the firm and portrayed them in reductionist terms as relevant only in their reflection within the language of prices (Niklas Luhmann, 1988). From this angle, indeed, social and environmental efforts translate into nothing but self imposed (short-term) costs. These costs and those efforts were and still often are rejected – with the unreasonable rationality of an autistic mindset – whenever the current accounting systems cannot balance them against their (long-term) contribution to the longevity of corporate profitability. Concerned about the long-term survival of the free-market system and their place in it, firms nowadays begin to view things differently. They find it increasingly in their own enlightened self-interest to look for management models that make it more difficult to maximize short-term profits in violation of sustainability conditions (Céline Louche et al., 2010).

This trend highlights an interesting facet of the corporate organization. Throughout its history, the institution of the corporation has adjusted quite well to social challenges. In fact, the high adaptability of corporations may be the very reason for their durability over time (Robert E. Wright and Richard Eugene Sylla, 2003). Economic crises have often been drivers in this adaptive process. So, perhaps the current corporate model, too, will change in order to meet the present challenges of maintaining its 'license to operate'. From a strategic perspective, a shift from reactive to proactive engagements with social norms is hence advisable (James W. St G. Walker and Andrew S. Thompson, 2008). Through sector-wide cooperation, for instance, firms can influence and transform their operating conditions so as to 'level the playing field' for the more conscientious players. The underlying idea is analogous to athletes improving the rules of the game, once they recognize that thus they can reduce foul play and improve the sport at the same time (Peter Utting and José Carlos Marques, 2010). Precedents for such self-policing are sector-wide partnerships, for example, in the diamond trade (through the *Kimberly Process*), in the resource business (*Extractive Industries Transparency Initiative*, *Forest Stewardship Council*), in the investment sector (*Equator Principles, Wolfsberg Principles*), and the textile industry (*Clean Clothes Act*). These voluntary associations and further such initiatives inspired by the *UN Global Compact* show a new willingness of corporations to tackle the sustainability problems of business through forms of network-governance (Michael Pirson and Shann Turnbull, 2011).[1]

[1] A particularly innovative idea of conjoining the interests of the public and the private sector is, for the pharmaceutical sector, the "Health Impact Fund" **Pogge, Thomas Winfried Menko; Matthew Rimmer and Kim Rubenstein.** 2010. *Incentives for Global Public Health : Patent Law and Access to Essential Medicines*. Cambridge: Cambridge University Press.

4. Cosmopolitan Ethics

Today, to push farther and farther the spatial and temporal limits for the considered effects and externalities of our actions appears ever more as a pragmatic necessity of socio-economic survival (Claus Dierksmeier, 2011). Regardless of the further trajectory of globalization, what will remain is this fundamental shift to a mental model that encompasses the unarticulated, incalculable, and indefinite consequences of our actions just as much as those that are captured by our established accounting practices and our traditional schemes of responsibility assignment (Hans Jonas, 1984). The insight that we have achieved a position in history where the angle of moral universalization and the pragmatic perspective of prudent circumspection render almost identical results (Herschel Elliott, 2005) is best captured in the idea of a cosmopolitan ethics. Whichever governance systems we shall propose for the future, they must take into account the changed premises on which they rest: Political as well as economic legitimacy, less and less tied to geographical boundaries, will have to be earned more and more in view of and in response to the interests of the whole of humanity (Gillian Brock, 2009).

On one hand, then, the cosmopolitan idea points us to the emerging *reality* of a world whose characteristics are the planetary impact and the wholesale interconnectivity of human actions, i.e the growing *globality* of our life-world (Harold L. Sirkin et al., 2008). On the other hand, it gives us an intellectual *paradigm* to address this impending state of affairs through an all-encompassing perspective. Already in the past, when the customary life of ordinary people did not offer frequent experiences of a shared human destiny, the intellectual perspective of globality had already been employed. Throughout the long history of philosophy, forward-looking thinkers of all centuries used the cosmopolitan frame of reference in order to address the common nature and needs of human life (S. Benhabib et al., 2006). In the present age of globality, however, the multi-cultural premises of our social life demand theories that are capable of meeting *postmodern* and *relativistic challenges* to ethical rationales. How can this demand be answered? In particular, in view of conflicting normative demands from stakeholder, how can firms sort out which to heed, and why?

There is no way to decide the debate about the cultural relativity of rational standards other than through the employment of the very capacities of critical human reasoning, whose universal character relativists staunchly deny. Ethical relativists, to avoid self-contradiction, can defend their position only by refraining from claiming universal validity for their own arguments (Christopher McMahon, 2009). For that reason, however, nothing compels anyone else to follow the relativistic train of thought, and we might as well continue allegiance to rationality conceptions of a more comprehensive scope (Amartya Sen, 2002). In view of today's global problems, this outcome must count heavily against a relativistic perspective. Global problems, more often than not, require for their solutions global institutions and worldwide normative agreements (Hans Küng, 1998). The burden of proof lies hence much more on positions that reject cosmopolitan perspectives than on those trying to tackle the common problems of humankind from a universal perspective. Moreover, since only some – not all, nor even most – Non-Western philosophers reject universal principles, ethical relativism also does injustice to those Non-Western thinkers, who explicitly wish to be part of the cosmopolitan project (Sen 2006). Thinkers in Non-Western countries ought to be taken seriously, who argue against certain (restrictive) values of their own region and in favor of (more emancipating) global principles. Their dissenting voices can be seen as a *de facto* contradiction to the assumption that different contexts necessarily breed differing views. Often enough, congruent understanding of human rights, freedom, and dignity are being advanced from disparate cultural origins (Hans-Martin Schönherr-Mann, 2010).

The way forward therefore seems to be through an approach capable of generating global ethical standards from a cosmopolitan perspective (T. Carver and J. Bartelson, 2010). We need sustainable procedures of collective action and decision-making that assure the active participation and, where impossible, at least the passive representation of all concerned (Turnbull 1994) – on a global level. The procedural demand for comprehensive participation serves not only as a normative touchstone but also as a pragmatic yardstick for contemporary decision-making in business and society. In other words, both the validity and the success of complex interactions hinge on the participation of all relevant stakeholders. Not incidentally, the discourses in the political and in the economic hemispheres converge in that point: More and better stakeholder-interaction are requisite for the improvement of organizational behavior in the public realm as well as in the domains of business (D. Ellerman, 1992).

5. Normative Stakeholder Dialogue

Efforts in realizing corporate responsibilities in business practice, we suggest, will bear richer fruit when based on stakeholder dialogues, grounded in the normative variant of stakeholder theory. From a cosmopolitan conception, the so-called ‘license to operate’ is but a proxy for the global legitimacy of corporate conduct. Such *legitimacy* cannot be taken for granted based on the grounds of *legality* alone, nor can it be gained when the only underpinning for a business’s raison d’être is an inherently opportunistic objective function such as profit maximization (Michael Pirson et al., 2009). It can only be *earned* through the deep integration of ethical considerations into managerial decision making (Ulrich Thielemann and Florian Wettstein, 2008). In other words, the limitations of the current global regulatory framework reinforce the need for ethical literacy on the executive floor.

Yet how can a company earn and maintain not one ‘license’ but simultaneously earn and maintain a multitude of regional ‘licenses to operate’ whilst each needs to be earned and maintained in a different fashion? How can transnational business entities gain legitimacy for their worldwide conduct while the cultural and contextual diversity of their enterprises bar one-size-fits-all answers? Our answer points to the procedural dimensions and a cosmopolitan understanding of initiating and managing dialogues with stakeholders. Instead of unilaterally prescribing certain moral universals, a dialogical extension of monological ethical reflection in the field of CSR is needed. *Universal* is thus the *way* fruitful dialogues are accomplished, rather than their resultant *activities* or *outcomes* (Pedersen, 2006). And this *procedural* conception of stakeholder engagement makes it pivotal to anchor stakeholder dialogues firmly in a *normative* understanding of stakeholder theory (Abe Zakhem, 2008). From the logic of interpersonally reciprocating moral rights as universally and, thereby, unconditionally valid, neither the descriptive nor the instrumental variant of stakeholder theory can establish adequate dialogical procedures. For neither can account for a truly comprehensive and cosmopolitan character of corporate responsibilities.

Descriptive stakeholder theory presents the corporation as a “constellation of cooperative and competitive interests possessing intrinsic value.” (Donaldson & Preston, 1995, p. 66) It is based on empirical evidence that the majority of business organizations practice stakeholder management, even if they do not explicitly refer to it as such. Furthermore, this evidence shows that concepts embedded in stakeholder theory correspond with reality (Donaldson & Preston, 1995). In this descriptive model, stakeholders are defined as parties that are (evidently) directly affected by the corporation. As Reed (1999, p. 467) points out, though, descriptive stakeholder models fail to account for the normative force the term stake carries. Furthermore, it lacks visionary power. Wedded to the present state of affairs, it offers hardly any prognostic tools to conceptualize future scenarios of engagement at the business-society interface.

The *instrumental* variant of stakeholder theory defines the stakeholder as a party that needs to be taken into account in order to achieve corporate objectives. It links the stakeholder approach to the achievement of corporate objectives on the general presupposition that maximizing profits is the prime corporate objective function (Jensen, 2002). Consequently, managing stakeholders becomes but a means to advance corporate profitability (Donaldson & Preston, 1995). From an instrumental view of stakeholder theory, managers should (only) pay attention to those constituencies who can affect the value of the firm (Jensen, 2002)[2.] The difficulty with applying instrumental stakeholder theory to ethical reflection is that it is in stark conflict with reciprocating moral rights, since it treats stakeholders as a means rather than an end in themselves. One has to conclude that instrumental stakeholder theory either falsely assigns a normative character to the profit principle[3], or it accepts that the factual power of the claimant rather than the argumentative power of the claim determines the level of corporate engagement with a stakeholder. In short, descriptive stakeholder theory essentially admits having no ambition beyond accurately reflecting practices that can be observed, while instrumental stakeholder theory is based on nothing more than creating the business case for viewing stakeholders as a means to further profit related corporate objectives.

Moreover, descriptive and instrumentalist approaches to stakeholder dialogues and CSR fail not only on moral grounds. They also have numerous practical downsides. In denying relevance to claims whose claimants do neither represent effective demand in the markets, nor can, at present, generate effective costs, corporations wed themselves to *today's* business case for CSR. As, however,

[2] "Hill and Jones (1992: 132, 134) undertake an ambitious attempt to integrate the stakeholder concept with agency theory (see also, Sharplin & Phelps, 1989). They enhanced the standard principal agent paradigm of financial economics, which emphasizes the relationship between shareowners and managers, to create "stakeholder-agency theory," which constitutes, in their view, "a generalized theory of agency." According to this conception, managers "can be seen as the agents of [all] other stakeholders." (Donaldson & Preston, 1995, p. 78)

[3] For an extensive argument on rejecting the normative heightening of the profit principle, see Ulrich, Integrative Economic Ethics (2008), pp. 381-395

investments in CSR take some time to bear fruits, the following problem occurs. CSR policies that aim to translate today's business case for CSR into practice, will, when instituted tomorrow, represent not the current but *yesterday's* business case. In a static society, this is not a big problem. Our world, however, is one in rapid motion. Hence, in the age of globality the instrumentalist perspective condemns CSR and stakeholder dialogue efforts to be constantly outdated.

A normative understanding of stakeholder dialogues is thus called for, as it argues that taking stakeholder interests into account is the 'right thing to do.' Justified by its power to satisfy the moral rights of individuals and the "recognition of the inherent dignity" of all human beings, stakeholder claims must be seen as having intrinsic value (Thomas Donaldson and Lee E. Preston, 1995). Or, in Kantian terms, stakeholders must always be treated as ends in themselves; never only as means to ends (Norman E. Bowie and Patricia Hogue Werhane, 2005).[4] Therefore, in a normative approach, stakeholders are defined as persons who advance a valid normative claim on the corporation (Darryl Reed, 2002). This definition leads to an understanding of stakeholders as *claimholders*, thus positioning the stakeholder debate firmly in the realm of legitimacy rather than strategy as descriptive and instrumental views would suggest (Bernhard Waxenberger and Laura J. Spence, 2003).

Substantial implications follow from positioning normative stakeholder theory as the only variation that can provide the foundations for dialogical procedures that are compatible with a cosmopolitan corporate responsibility conception rooted in seeking corporate legitimacy. It means that a) not the factual power carried by a claimant but the argumentative power of the claim is decisive (Jürgen Habermas, 1996); b) not static stakeholder listings are required, but principled openness towards all valid claims (Christopher McMahon, 2000); c) not the stakeholders but the stakeholder dialogues ought to be managed by the corporation (Guido Palazzo and Andreas Guido Scherer, 2006). Let us expound this in more detail.

a) Based on the logic of reciprocating moral rights, any meaningful normative construct of stakeholders cannot omit making explicit that the factual power of a claimant must submit to the argumentative power of the claim. Any claimant ought to have the right to equal consideration and equal opportunity

[4] This is, of course, adopted from Kant's 'Groundwork of the metaphysics of morals': "But a man is not a thing, that is to say, something which can be used merely as means, but must in all his actions be always considered as an end in himself." Kant, Immanuel. 1785. *Groundwork of the Metaphysic of Morals*. Koenigsberg.

to bring forward a claim. This is the only way to ensure that all stakeholders are treated as ends-in-themselves and that their concerns are regarded as having intrinsic value.

b) Stakeholder theory often operates from static lists or models on who stakeholders are (e.g. Fassin, 2009), e.g. originating from Freeman's stakeholder model (R. Edward Freeman, 1984). The difficulty with such lists is that, regardless of how extensive they may be, they draw attention to the claimant rather than the claim and, at least implicitly, exclude anyone who has not made it on that list. In the light of the definition of a stakeholder as anyone who can advance a normative claim on the corporation, attempts to generate comprehensive lists of stakeholders seems futile for they are either not able to account for the breadth of potential stakeholders, or they must be kept so generic that they lose relevance. Simply put, only an open stakeholder definition can account for the dynamic character of potential claimants.

c) Managing someone is generally output oriented; it presupposes that the manager influences the managed in order to achieve an objective. Attempting to manage stakeholders, that is to say, instrumentalizes them. If rigorously applied, regarding all stakeholders as ends in themselves means the corporation ought to manage the dialogue by enabling free participation by anyone wanting to make a claim (Jürgen Habermas, 1990). It is crucial to see the managerial task in the procedural dimension of initiating and maintaining a dialogue with claimants rather than managing the claimants.

It may seem an overwhelming task to move corporate responsibility engagement right into the operative core of corporations within the ever growing complexity of contexts where these operations are carried out. Indeed, when viewed from the individual perspective of the corporate responsibility officer (making a lonesome call on the potential of managerial decisions to gain moral legitimacy), this reconciliation is a daunting task indeed (Muel Kaptein and Rob Van Tulder, 2003). When, however, viewed from the perspective of entering dialogical procedures with stakeholders whose claims are of intrinsic value, businesses as well as their stakeholders have much to gain.

Corporate officers with openness to the normative dimension of social and ethical claims gain a strategic advantage. In trying to meet stakeholder claims irrespective of whether presently they generate effective costs or benefits for the firm, they gain access to a strategic tool that helps repositioning their firm to meet future conditions under which moral legitimacy is granted and the license to operate obtained. This repositioning may well pay off in a world whose need for sustainable business is constantly growing, and where not infrequently yesterday's powerless stakeholders turn into quite powerful stakeholders tomorrow (Mette Morsing and Suzanne C. Beckmann, 2006). Corporations that engage in normative stakeholder dialogues are thus tuned into an early-warning system unavailable to competitors who follow an instrumental logic. Thus, they are better positioned to reap the benefits that accrue to early adopters (Thomas Maak, 2008).

In short, the rewards of *tomorrow's* business case for CSR fall, paradoxically, to those corporations not obsessed with today's returns; a particular version of the general paradox that more often than not profits are not highest for those who aim directly for their maximization but for those who reap them indirectly as a result of a profit-independent mission. Hence it is no wonder that today's world market leaders in environmental technologies are headquartered precisely in those countries and regions where, in the 1970's and early 1980's, a strong environmental movement had formed civil society groups and was actively pushing green issues into the public sphere. The firms that thirty or forty years ago were dismissed as ecological mavericks and renegades of the mainstream are currently hailed by the stalwarts of conventional wisdom for their lesson on how to build sustainable businesses (Makower & Pike, 2008). The selfsame development, it stands to argue, we might see in the social business sector.

6. Conclusions

On one hand, a firm that grounds its stakeholder engagements in a normative, dialogical conception of cosmopolitan CSR will receive the requisite inputs that allow for establishing operations aligned with the societal expectations not only of today but also of tomorrow. In addition, the firm will be able to share the responsibility for the outcomes of dialogues with its stakeholders rather than depending on subsequent, often uncertain, stakeholders' approval. Stakeholders on the other hand will find business organizations that are no longer viewing their claims as a threat to profit-related aims of the firm. Instead firms can learn thus to embrace such concerns as strategic input for the design of future operations and will, consequently, facilitate channels that allow stakeholder to forward their demands, if and when need arises. In sum, in the age of globality, business can only flourish sustainably when it serves human needs and is perceived as worthy of gaining its license to operate (Mark A. Lutz and Kenneth Lux, 1988). As in a cosmopolitan mindset one does not seek moral legitimacy for corporate conduct based on monological reflection but on comprehensive dialogical procedures, stakeholder engagement through normative stakeholder dialogues is the very way forward for aligning societal needs and business aims in a globalized world.

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