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Title: Towards a Common Good Theory of the Firm: The Tasubinsa Case.

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Abstract: Tasubinsa is a "Special Employment and Occupational Center" constituted in accordance with Spanish Law where 90 per cent of the workers have mental, sensorial or physical impairments of at least 30 per cent. Its positive experience of more than 15 years provides entirely different responses from mainstream neoclassical theory (transaction cost theory, agency theory and shareholder theory) to basic questions such as "What is a firm?", "What is its purpose?", "Who owns a firm?" and "What do a firm's owners seek?". The article discusses how these different premises give rise to a distinctive corporate culture centered on the handicapped person.

Key Words: common good theory of the firm, special employment centers, social integration of handicapped workers, transaction cost theory, agency theory and shareholder theory.

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Towards a Common Good Theory of the Firm: The Tasubinsa Case

Introduction. Business "common sense"

There are a few things anyone who comes in touch with a firm should know: the first is that there are people called "owners". They put in the money, thanks to which the firm is able to operate, and in exchange, society recognizes their right to call the shots. So despite the boss's self-sufficient airs, he's a mere stand-in for the real boss, the owners.

Next, owners put their money in the firm expecting rewards. They do not do so out of selflessness, love of neighbor or some other lofty ideal. They expect to earn more money after a given time. That's the logic of investment. Owners are entitled to the surplus money the firm generates for having parted with their money in the first place and allowing other people —managers and workers— to use that capital productively. Of course there are several ways of investing money, and generally, the risk each one entails is directly proportional to the gains. Owners wager their money on the best investment opportunity, that which gives them the greatest profits.

Thirdly, an individual forms part of a firm upon signing a contract. It could be an employment contract, a supplier's contract, a buyer's contract, and so on. From a legal perspective, the firm is nothing other than a bundle of such contracts, the links that bind any given party to it. What's more, whoever enters into a contract with a firm does so by his own free will. Whatever his motives are is nobody's business, as long as he abides by the contract. When two parties freely give their consent, the agreement becomes binding and enforceable.

And finally, just as owners invest in a firm to maximize returns, firms are supposed to maximize value for investors. Oftentimes this means doing whatever it takes to raise a firm's share price. There are other things that a firm can do meanwhile, such as producing goods that the market demands at a price with which consumers agree. But that is simply a means to the end of increasing share value. This is the one true standard with which a firm's success is measured.

These truisms form the kernel of the three most influential theories in the modern firm, namely, "the nature of the firm" according to Ronald Coase (1937), "agency theory" by Michael Jensen and William Meckling (1976), and the "shareholder or financial theory" of the firm by Milton Friedman (1970). Their inclusion in business "common sense" is very revealing of how these doctrines have triumphed in shaping our thinking.

In what follows we shall examine how these business truisms fail to square with a firm called Tasubinsa. After testing each of the above assumptions, and seeing that the Tasubinsa experience contradicts them, we shall propose an alternative set of principles for a new theory of the firm based on the common good. This new, alternative theory is summarized below: 1.) It would be more proper to speak of "members" of the firm rather than "owners"; 2) firm members pursue both economic and non-economic goals, and self-interest is neither exclusive nor overiding; 3.) the firm is better understood as a community of persons working together; and 4.) the purpose of the firm is to contribute to the common good, that is, the material and moral development of members through work.

Tasubinsa: An uncommon business

In a post-industrial, information-driven, knowledge-based economy, success in business lies in "attracting, motivating and retaining the best talent", we are often told. But that only refers to less than one per cent of the population. What, then, are we to do with the rest? Tasubinsa, a "special employment center", provides us with a more realistic view of business and firms. Certainly profits are important, but only as means. They should be no excuse to turn firms into ruthless money-making machines. Instead firms would more properly be viewed as institutions that develop people through work, allowing them to contribute to society's common good.

Tasubinsa (Talleres Auxiliares de Subcontratación Industrial Navarra, Sociedad Anónima), a not-for-profit "special employment center", was constituted on 29 December 1989 by the Navarre Regional Autonomous Government and ANFAS, a local association for people with mental disabilities. Created by the Spanish Law on the Social Integration of the Handicapped (Ley 13/1982 of 7 April), special employment centers provide these members of society with productive and gainful work. Both state and privately owned companies with more than 50 employees are obliged to set aside at least two per cent of their jobs for the handicapped. Alternative compliance measures consist in the purchase of goods or services from special employment centers or from self-employed disabled workers, or in donations to foundations for the disabled (Real Decreto 27/2000 of 14 January). Failure to comply results in fines and exclusion from government contracts. Tasubinsa manufactures and assembles parts for automobiles, home appliances, vending machines, electronic apparatuses, as well as paper and plastic products. It also offers logistics, landscaping and janitorial services.

Except for a few professionals, more than 90 per cent of Tasubinsa employees have mental, physical or sensorial handicaps. The mentally handicapped have a dysfunction equivalent of around 33 to 65 per cent. Associated with Tasubinsa are

several “occupational centers” for those whose disability impedes them from working. Other handicapped integration formulas include “work enclaves”, “mobile brigades” and “jobs with individual support” (Real Decreto 290/2004 of 20 February). Work enclaves allow workers to render services to a partner-firm for a period, after which the partner-firm is expected to permanently hire some of them; mobile brigades provide cleaning or gardening services, and jobs with individual support represent maximum integration in an ordinary work environment.

In December, 2005, Tasubinsa had 733 workers in special employment centers and 552 in occupational centers, making it the fourth largest firm in Navarre in the number of employees.

Tasubinsa, like all other special employment centers, receives government subsidies for the creation and maintenance of jobs (Orden of 16 October 1998). It receives 2,000 euros for each new job and financial assistance for salaries, social security contributions and expenses related to the elimination of architectonic barriers and the adaptation of work stations. Any other Spanish firm hiring the handicapped could expect this help.

According to Óscar González, a consultant to Tasubinsa and himself a former managing director of a special employment center, there are five key traits that sets this organization apart in its corporate culture (González, 2006: 77-79). First is the determination to adapt production processes to workers, shown in the flexibility of infrastructure and installations, as well as in job designs and descriptions. Second is the rapidness in accommodating manufacturing innovations. Tasubinsa incorporates automation and robotics, “just-in-time”, Kanban and other production techniques. It also posseses ISO 9001:2000 and 14001:1996 certifications for customer satisfaction and environmental management systems. Third is the importance laid on the recognition of

workers. Praise, which strengthens emotional bonds and enhances motivation, is a crucial component of the handicapped worker's psychological income.

In fourth place, in Tasubinsa there is a keen awareness and understanding of what it means to be "different". The relationship between a professional and a mentally handicapped worker is never among equals. Rather than deny this, the professional ought to lend a hand to the disabled employee through shows of affection, closeness and a sense of responsibility. And lastly, Tasubinsa is also characterized by its courage to resist some widespread temptations: putting profits before people, giving in to prejudices regarding the capacity of workers and engaging in counterproductive "protectionist" measures.

These features of Tasubinsa's distinctive business culture bear very heavily in the areas of operations and in what is commonly known —for want of a better term— as "human resources".

González highlights the following hallmarks regarding operations (González, 2006: 79-81). Complex production processes are broken down into simple units such that movements could easily be carried out by disabled workers. "Poka yoke" techniques —Japanese for "mistake or error-proofing"— are employed in the design of procedures, equipment and tools so that operations literally cannot be performed incorrectly.

Tasubinsa also subscribes to the "Kanban" —which stands for "card-signal" in Japanese— production system. The idea is that the supplier or warehouse should only deliver components as needed, such that there is no build-up of inventory. This allows Tasubinsa to generate a quick response to market changes. More importantly, Kanban allows for the delegation of responsibility to line workers.

Moreover, Tasubinsa employs “cellular manufacturing” techniques, such that people work together in groups or “cells”. They do not only handle production but also manage stock and figure out how to improve their own performance. The strict separation between thinking and doing in Taylorism and its dehumanizing effect is avoided. Cellular manufacturing techniques also complement Total Quality Mangement (TQM) and Just in Time (JIT) initiatives.

Valuable insights into Tasubinsa’s employment practices and personnel policies could be gained from two sources: a formal one, consisting in its second Collective Bargaining Agreement (Expediente 91/2004, of 16 March 2005), and an informal one, relating to the “personal and social development teams” (González, 2006: 81-83).

The first thing that calls one’s attention in Tasubinsa’s Collective Bargaining Agreement is the degree and extent of worker representation and participation. The Agreement establishes five professional groups, one corresponding to the mentally handicapped workers (art. 8). Their general job description consists in “tasks executed according to instructions that are precise, concrete and clear, with a high level of dependence, repetitive; [jobs] which require physical effort or attention but do not need any special training aside from the one necessary for a correct adaptation to the post” (art. 8).

Another innovation of the Agreement is the “low performance contract” (art. 11 and Real Decreto 1368/1985 of 17 July) meant for workers who perform at 25 per cent less than normal. This contract allows for corresponding wage deductions while safeguarding other employee rights. In addition, the Agreement contains generous provisions for continuing formation (art. 26).

Personal and social development teams are composed of psychologists, social workers and middle managers who meet regularly to track the progress of each disabled

worker. They also set individual objectives for a given period. Middle managers take responsibility not only for production quotas, deadlines and quality standards, but also for the evolution of each team member. They keep a logbook of "incidents" covering health and sickness, emotional stress, behavioral alterations, performance at work, relationship with other team members, changes in family relations, and so forth.

An essential function of personal and social development teams relates to employee evaluation. In the previous Collective Bargaining Agreement (Expediente 69/1999, of 4 February 2000) this was carried out in accordance with five different parameters —cooperation and attitude, perseverance and capacity, quality of work, flexibility and discipline— each of which corresponded to a bonus. Note that the criteria do not include any reference to the number of parts produced by an individual worker.

In the present set up, however, attitudinal parameters have disappeared. According to Rosa Jaso, Tasubinsa's Managing Director and former Human Resource Head interviewed in December 2005, this doesn't mean that such factors have ceased to count. Rather, supervisors have grown so accustomed to their team members that a positive attitude had turned into a "given". It was no longer effective as an incentive. Instead, promotion within the same professional group or among different professional groups now takes place in accordance with more "objective" criteria such as work merits and experience.

Gaining ground towards a new theory of the firm

The time has now come for us to test the tenets of what we have called business "common sense" against the Tasubinsa case: Who owns Tasubinsa? What is the owner after? How does the owner envision Tasubinsa as a firm? And what does Tasubinsa as a

firm seek? The bigger question is, of course, that given all its peculiarities, does Tasubinsa really qualify to be a firm at all? And if it does, how should our common sense understanding of the firm change to meet the Tasubinsa challenge?

When Tasubinsa was founded in 1989, 100 per cent of the capital was provided by ANFAS. In 1999, there was a change in capital structure such that ANFAS reduced its holdings to 78 per cent and Fundosa, the investment arm of Fundación ONCE, the national organization of the blind in Spain, took over 22 per cent. Legally, therefore, Tasubinsa's capital comes from ANFAS and Fundosa. However, both ANFAS and Fundosa themselves are broken down into a myriad of constituents, brought together by an interest in the social integration of the mentally disabled and the blind.

The Board of Directors of Tasubinsa is composed of 13 members: three worker representatives, three from ANFAS, three from the Navarre Regional Autonomous Government, one from Fundosa, and the remaining three seats reserved for prominent civic leaders. Reporting to the Board is the Executive Committee, headed by Rosa Jaso, together with Directors from the Marketing, Finance, Industrial Operations, Human Resources, Quality, Work Safety and Environment, and Personal and Social Development departments. Under Industrial Operations are the persons in-charge of the different workshops, which in turn could be further broken down into various teams or "cells" with their supervisors. Tasubinsa also has a Workers' Council.

It is fairly plain to say who provides capital and who takes charge and carries out Tasubinsa's activities. What's not so easy is to determine who *owns* the firm, or even if there is one such person or group. Tasubinsa's *owner* seems to be whoever possesses a stake in the integration and well-being of the mentally disabled in Navarre, and contributes to this end with money or work. Certainly, from this perspective of *ownership*, the place of prominence belongs to Tasubinsa workers, and in particular, to

those with mental disabilities. Ownership, therefore, connotes something more than mere provision of capital or sporadic attendance in board meetings, without excluding these. Above all, it indicates identification with an organization's objectives and commitment to further them with one's work or money.

What are Tasubinsa's *owners* —in this qualified sense— after? Tasubinsa's five-year strategic plan, beginning 2006, states the following mission, vision, values and lines of action (Tasuvida, 2005: 6-7). Its corporate mission is "to achieve the full professional and social integration of all people with intellectual disabilities in Navarre, and to render a service that promotes their personal and social growth and development" (Tasuvida, 2005: 6). In five years' time, the corporate vision consists in Tasubinsa having transformed itself into "the standard or benchmark among all the different special employment and occupational centers in the country, capable of offering the best service and providing employment to the mentally handicapped to respond to their needs, capacities and expectations through the different stages of their life, while achieving utmost customer satisfaction" (Tasuvida, 2005: 6).

Among its corporate values Tasubinsa lists the *independence* or *autonomy* of its governing bodies. Next comes the recognition of *the mentally disabled person as the axis or reference point* of all of Tasubinsa's endeavors. As an organization, Tasubinsa is committed to *integrity in its decision-making* and in managing capital at the service of its people. Also, it pledges to adequately respond to client needs and to *guarantee the quality of its products*, while *fully respecting the freedom and self-determination of its mentally handicapped workers*. Lastly, all Tasubinsa workers strive towards the common goal of *leadership in its sector* through a high level of motivation in their activities and deference towards people in their diversity.

In accordance with the European Foundation for Quality Management (EFQM) guidelines, Tasubinsa has established the following strategic objectives (Tasuvida, 2005: 7): first, consolidation and stability as a business; second, growth and substantial improvement of competitiveness; third, profitability; fourth, the development of a new system for evaluating results and stakeholder satisfaction; fifth, advancement in both external and internal communication; and sixth, further enhancement of quality management. In this way Tasubinsa would reach its goal of becoming a transformative organization centered on the human person.

It's quite surprising that for an organization that considers itself a business, profits are absent in its mission and vision statements, and are mentioned only in third place among strategic objectives. Profits do not occupy the top slot among the priorities of Tasubinsa's *owners*; that belongs to the full social and professional integration of the mentally handicapped in Navarre. But neither does this mean that Tasubinsa or its *owners* are indifferent, much less inimical to profits. Is Tasubinsa a profitable business?

Any response to such a question has to be limited to a given time frame. At the time of this writing in early 2006 Tasubinsa is a profitable, financially healthy and on-going concern. That has not always been the case, however. In 2001, Tasubinsa posted a profit of 18,802 euros; yet 2002 and 2003 were dismal years, with the firm reporting total losses of 19,322 euros and 166,063 euros respectively (B.O. del Parlamento de Navarra, n. 112/ 28 December 2004). Its operating losses had ballooned from 725,293 euros in 2001 to 1,345,260 euros in 2003. During that same period, Tasubinsa's assets had been reduced to a fifth, from 253,349 euros in 2001 to 51,147 euros in 2003. Such a downward trend certainly posed a threat to Tasubinsa's solvency and everything it stood for, most specially, its uncommon business model centered on the mentally handicapped person.

This turn of events provoked inquiries in the regional parliament regarding possible financial irregularities in mid-2004 (B.O. del Parlamento de Navarra, n. 112/ 28 December 2004). Opposition politicians claimed that although Tasubinsa was a non-state company, the lion's share of its income —between 35 to 45 per cent— came from Navarre government subsidies (Roncal, 2004; Diario de Navarra, 2004). There was even an insinuation that Tasubinsa executives helped themselves to the company's coffers. In any case, the opposition parties thought the Navarre government had the duty to exercise greater control and supervision over Tasubinsa's finances.

At the root of this problem was the bankruptcy of Interisa, a major client for whom Tasubinsa manufactured telephone parts (B.O. del Parlamento de Navarra, n. 112/ 28 December 2004). In 2002 Interisa owed Tasubinsa 895,151 euros —about 75 per cent of the latter's operating losses that year— and another 829,981 euros in 2003. While negotiations were being undertaken with Interisa, Tasubinsa solicited a subsidy from the Navarre government to cover losses. The local parliament agreed to grant 660,000 euros in 2003.

In his response before parliament, José Ignacio Palacios, then welfare minister, underscored that Tasubinsa was a "sociedad anónima", that is, a company independent from state-control, despite its "public utility" (B.O. del Parlamento de Navarra, n. 112/ 28 December 2004). Therefore, the only ones responsible for Tasubinsa's operations and finances are its board directors and management team. Palacios clarified that the welfare department had extended subsidies only to occupational centers, not to special employment centers. Moreover, the welfare department had granted subsidies equivalent to only around 12 per cent of Tasubinsa's income for 2001 and 2002, way below the 35 to 45 per cent claimed by the opposition (Roncal, 2004).

These parliamentary proceedings emphasize some truths about Tasubinsa's *owners* and their purpose in constituting the firm. Tasubinsa is not a government welfare agency meant to look after the mentally disabled, neither is it a not-for-profit NGO. It is an independent business put up to provide goods and services produced by mentally handicapped people. Tasubinsa workers, management and board directors enjoy the same freedom and responsibilities as their colleagues from business firms and are subject to the same market pressures.

In a December 2005 interview, Tasubinsa's managing director Rosa Jaso explained the firm's profitability in terms of its "return coefficient". 74 per cent of Tasubinsa's income proceeds from revenues and only 26 per cent comes from state aid. From the total state aid, Tasubinsa returns 56 per cent through taxes and social security contributions. This is its "return coefficient": more than half the state aid is paid back.

There are other measures of a firm's profitability. In special employment centers with a not-for-profit statute, other benchmarks may be more relevant. Between 2002 and 2004, sales revenues rose by 35 per cent (Ernst & Young, 2002; Ernst & Young, 2003; Ernst & Young, 2004). The percentage of subsidies to sales correspondingly decreased, reflecting lesser dependence on state aid. There also was a proportionate decrease in the percentage of subsidies to salaries. With less labor costs, Tasubinsa was registering greater sales.

If only to belabor the point that Tasubinsa welcomes profits, although it is not obsessed by them, Jaso disclosed a profit-sharing provision among ANFAS members once profits surpass a multiple of the firm's capital in a given year. Until then, profits are reinvested into the company.

The next question refers to how Tasubinsa understands itself as a business firm. Is it essentially a "nexus of contracts" as the dominant line of thinking suggests?

Probably not, judging from the way Tasubinsa workers behave. Of course employment contracts are entirely above board. Being a special employment center, these are subject to scrupulous scrutiny by government. However, given the challenges of working with mentally handicapped people, one would expect a very high turnover rate. Yet this has been zero for the past five years. Since pay and benefits are not exceptionally high, something else must be keeping these professionals. Theirs is a "vocational commitment" that surpasses the reciprocity and enforceability of contracts.

The loyalty of Tasubinsa's mentally disabled employees is also worth mentioning. Many who, after training, qualify for a "job with individual support" elsewhere or for the status of an "self-employed disabled worker" prefer to remain in Tasubinsa instead. And those who leave always return during their free-time and holidays. Tasubinsa provides a nurturing environment for their development and growth, not only as disabled workers but also as integral human persons. Tasubinsa is more than just a place of work; it is their community, their family, since the great majority of Tasubinsa's handicapped workers never get to form their own families.

Thus Tasubinsa may be understood as an umbrella community with three distinct complementary groups: first is the group formed by mentally handicapped people in the occupational center, then come those in the special employment center, and finally, the group of professionals (Tasubinsa, 2005: 3).

And how about Tasubinsa's goal as a business organization, as opposed to the individual motives of its *owners*? Does it conform to the conventional business wisdom of maximizing shareholder value?

Once more Tasubinsa's business philosophy is off the beaten track. Firstly, it is not the interest of shareholders that reigns supreme, but that of mentally disabled workers. Secondly there is no divergence between the individual purposes of

Tasubinsa's *owners* and the end of the organization as whole. The good which individual members of the organization seek and that which the organization as such is after is one and the same: a "common good". Everyone identifies with this value and commits himself to furthering it. Not that everyone does the same thing, but whatever one does is done for the same end. Thirdly, this common good is not something exclusively material, and that's why, perhaps, it could be shared among many. To some extent and in ways similar to the public good, the consumption of the common good displays non-rivalrous and non-excludable qualities: it is like knowledge that does not diminish when shared and whose benefits, on the contrary, increase. Clearly the common good of the firm must have a material basis —disabled workers should be adequately paid for their efforts, for instance— but much else goes beyond that, such as the satisfaction over one's achievements and the joy of friendship. The material aspect is merely the tip of the iceberg compared to other elements of a mentally handicapped person's full flourishing.

Jaso has her own version of the end or purpose of Tasubinsa as a business firm. As a special employment center, it is not to be just a "place of transit" which prepares mentally disabled individuals to work somewhere else but a real alternative for their complete social integration. She would like Tasubinsa to be a community of working persons embedded in society and positively contributing to its good, to the wider common good.

Conclusion: The Theory of the Firm and the Common Good

The Tasubinsa experience raises some doubts on what we, uncritically, may have taken as true. The responses we have garnered to fundamental questions about the firm are radically different.

Shareholders should not be considered as the sole owners of the firm; perhaps firms do not even have owners, strictly speaking, but just different groups of people contributing to the ends of the firm through their work and money. In the case of Tasubinsa, the search for owners would bring us, in the first place, to ANFAS and Fundosa. As institutional shareholders, each of these foundations could be further broken down into a myriad other physical or legal constituents. Both ANFAS and Fundosa have a proportionate representation in Tasubinsa's board and they exercise governance together with directors from worker representatives and appointees from the Navarre regional government and local civic leaders. However, neither ANFAS nor Fundosa as such or any other board member, for that matter, takes on the protagonism usually associated with "legal ownership" in Tasubinsa's affairs. In truth, as a legal person, no one could really own a corporation since a corporation owns itself; much in the same way that a physical person could be said to own him or herself and cannot be owned by any other. Nonetheless, in common parlance, ownership rights are often attributed to a corporation's shareholders, albeit indirectly, through some legal mechanism.

There are suggestions that in lieu of "owners", those who are ultimately responsible for the corporation should be called "stakeholders" (Freeman, 1984) instead, but this term is also burdened by a load of implicits with which we cannot fully agree. The term of art "stakeholder" is helpful inasmuch as it widens the scope of parties responsible *for* the firm —which is, incidentally, the essence of ownership— to other groups such as workers or employees, suppliers, customers and communities, apart

from shareholders or financiers. These different stakeholder groups, in varying degrees, are not only responsible *for* the firm, but the firm is also responsible *to* them. Yet there is nothing contained in stakeholder theory itself to guide us in our decision over whose interests should prevail whenever conflicts occur, as they inevitably do. In short, stakeholder theory only identifies —albeit vaguely— the various individuals or groups that affect or are affected by the firm without offering a normative criterion in solving the conflicts of interests that arise among those individuals or groups.

In light of the foregoing, "participants" or "members" may be counted among the best names available to designate the people who take part in the collective effort or those who form part of this distinctive human institution called firm. They need not be called "owners" nor possess legally defensible ownership rights over the corporation, but more significantly, they form part of the firm by contributing their work, primarily, and other resources, including financial ones, to make the firm's operations viable and its objectives a reality. Each one of them fulfils a particular role without which the firm would not be possible.

The participants or members of a firm do not pursue economic interests or profits exclusively, nor are their ends limited to their own advantage or benefit. They could just as well strive for wider goals in which they do not figure as direct or primary beneficiaries, for instance, the social integration and well-being of the mentally disabled in Navarre, as in the case of Tasubinsa. Tasubinsa as a whole, and each of its constituents, separately, certainly pursue economic objectives; but these are seen only as necessary means or *sine qua non* conditions to achieve a further end, which is of a social nature. As we have seen, these economic objectives admit a wide variety of considerations and are not confined merely to profits. Just like any other firm, Tasubinsa of course welcomes profits, and even has a profit-sharing mechanism at least

among the subscribers of one of its institutional shareholder, ANFAS. Given its distinctive nature and purpose, perhaps other economic objectives are even more relevant for Tasubinsa aside from profits. Among these economic measures is its "efficiency", specified in the "return coefficient" Tasubinsa is able to achieve for the funding it receives from government. Another economic indicator of the past few years is the increase in sales or revenues accompanied by a decrease in state aid or subsidies, and a third, its rising productivity, granted that with less labor costs the firm has been able to reach a higher volume of sales.

Firms need not be understood predominantly in the legal mode as a "nexus of contracts". It is plain that they need an adequate legal figure or personality to function in civil society, but this does not capture their essence or deepest meaning. Describing firms as a "nexus of contracts" captures the free, voluntary and bi-conditional aspect of one's relationship with a firm. One is neither born into a firm nor does he necessarily have to belong to one, as he would to civil society or a state, for example. One only begins to form part of a firm when both parties mutually agree, and under certain conditions. However, the "nexus of contracts" metaphor is unfortunate insofar as it seems to imply that the agreement or relationship takes place among completely autonomous, "self-contained" individuals, fully capable of an independent or indeed even isolated existence (radical individualism). The "nexus of contracts" figure generally fails to take into account the dense web of human inter-relationships in overlapping fields —that is, familial, cultural, political, professional, religious, and so forth— that serve as the necessary background to make that legal and economic agreement possible in the first place. Furthermore, the concept of the firm as a "nexus of contracts" tends to suggest that individuals come together for the sole purpose of satisfying a predominantly economic and selfish interest, and that once the transaction

has transpired, no substantial change is to be expected in any of them. Individuals who constitute a firm as a "nexus of contracts" are like atoms which are largely impervious to the bonds they form or break with each other.

Given that human beings are by nature social —which is another way of saying that they are not mere individuals but relational beings or "persons"— it then follows that the business organizations they constitute would seem to be more aptly defined as a "community of workers" rather than as a mere "nexus of contracts". In any case, a firm is a "nexus of relationships" formed by human beings on the occasion of —and not necessarily confined to— work, in order to provide themselves with life's necessities. Human work produces, on the one hand, a host of goods and services including money, which accounts for its objective or material dimension. But human work also gives rise to other intangible results that are more difficult to account for and measure. These constitute the subjective or non-material dimension of work. Because of the subjective dimension of work, workers themselves are notably enriched through the habits, skills, dispositions, relationships, satisfactions, and so forth —none of which is exclusively material in nature— that they acquire in the course of their activity within the firm. A firm therefore is better explained as a "community of workers", producing not only material wealth, goods and services (the objective dimension of work) that could be exchanged, but also habits, skills and virtues (the subjective dimension of work) that remain with the workers themselves.

And lastly, with the Tasubinsa experience in mind, the purpose of the firm can no longer be circumscribed to something as narrow as the maximization of shareholder value. Instead, it should be the achievement of the organization's particular end —the growth and development of the mentally handicapped, for example— insofar as it contributes to the common good of society, which is the full flourishing of all its

members individually and as a whole, that is, in relation to one another. This is the sole and ultimate justification of a firm: its ability to promote integral human flourishing through organized work, not only in terms of the goods and services produced but also of the excellences of mind and character or virtues acquired by its participants. As we hope to have demonstrated, these acquired human excellences or virtues that accrue to the workers themselves are even more important than the objective or material goods — including profits— that they produce.

Particularly, in Tasubinsa, the pursuit to contribute to the common good is manifested in the perfect alignment among its mission, vision and values, its strategic objectives, and its policies, especially in the areas of operations and human resources. There is a complete agreement among the various "members" or "participants" of the Tasubinsa community regarding its institutional purpose, which is the personal growth and development of the mentally handicapped persons in Navarre and their social integration through work, and this is adequately reflected in its corporate values. Strategic objectives such as the consolidation and sustainable growth of the business through profitability, stakeholder satisfaction and innovative management are supportive of the institutional purpose. Production and human resource management practices are coherent in adapting processes to workers through technology (poka-yoke, kanban, cellular manufacturing techniques), allowing for worker representation and participation (worker councils and collective bargaining agreements), providing opportunities for continued improvement and training in both professional and social or personal aspects (personal and social development teams), and in designing incentive systems (employee evaluation procedures). Its corporate culture is also consistent among the various special employment centers and occupational centers it runs.

In other words, Tasubinsa contributes to the common good because the common good is a flourishing life in society for all of society's members, which, of course, includes the mentally handicapped. Through their participation in Tasubinsa, certainly, the mentally handicapped persons in Navarre are able to contribute goods and services and create wealth with their work, while at the same time acquiring the knowledge, skills and attitudes required for their own personal development. But this is also true for the other members of the Tasubinsa community who do not suffer from any disability. Otherwise, it would be very difficult to explain the nill rotation or attrition rate among those belonging to this collective within the conditions of a free labor market.

Certainly a single swallow does not a summer make, and we cannot pretend that the experience of a single firm like Tasubinsa provoke a complete overhaul of dominant business thinking. But it surely raises some questions regarding the validity of some entrenched assumptions that simply cannot be brushed aside. As mentioned in the beginning, this work started out mainly as a reaction to the claim that the purpose of the firm is, basically, "to attract, motivate and retain the best talent", something which we found too limited and exclusive. We then set out to challenge this and other assumptions premised on the conventional neoclassical theory of the firm by way of Tasubinsa as a counterexample. The way forward in this research could go down two parallel paths: one would be to elaborate more case studies of other firms to see how common good principles could actually apply or be made operational in them, and the other one would be to develop the theory of the firm based on the common good further in accordance with the four main issues, drawing not only from economics, law and management sources but also from ethics and politics.

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