

**Comment on Sacconi's "CSR as a model for
extended corporate governance: social
contract, reputation and reciprocity"**



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CSR as extended governance

Key achievements

1. Rational foundation of the emergence of the firm and of the motivation for compliance.
2. This is a normative (moral) definition of the responsible corporation.
3. Use of game-theoretical tools: contribution both in business ethics *and* in moral theory.
4. Alternative objective function of the firm (beyond pure profit-maximization)
5. An argument against CSR as reputation. The logic of reputation alone would not lead the firm to CSR.

Conformist preferences: The problem of refined abuse

the firm will “fulfil its [CSR] duties only to the minimum extent necessary to dissuade the stakeholder from exiting the relation (although it is quite **unfair**)” (Sacconi, 2004)

Stakeholders would accept refined abuse *if they were perfect utility maximizers. But they are not.* They have **CONFORMIST PREFERENCES** → They are ready to punish the abusive firm, and to exit an unfair relationship (even at some cost).

Objections to conformist preferences

1. They are an unwarranted moral premise.
2. They are an inductive generalization of empirical facts. This would restrict the normative force of the theory.
3. The resulting utility function (*with* conformist preferences) is too complicated (technical objection).

PROPOSAL

EVOLUTIONARY GAME THEORY may be an answer to objections 1 and 2.

Let's model the trust game and test it:

The trust game

| | | B | |
|---|----------|-----------|--------|
| | | Cooperate | Abuse |
| A | Enter | (2,2) | (-1,3) |
| | No enter | (0,0) | (0,0) |

The tool: "Bichos"

Tablero/Mapa

Archivo Ver Opciones Reglas Suma de pagos

Estrategia seleccionada: 4 4

Mínimos para...
 vivir: 0 ocupar: 0 vivir hoy: 0

☒ Sen Ic ☒ Sen Ia ☒ Sen Ip

Nuevo Llenar Barrios

Estado previo de un vecindario

| | | | | |
|-----|-------|-------|-------|-----|
| 953 | 954 | 955 | 956 | 957 |
| | | | | |
| 978 | 975 | 951 | 952 | 982 |
| | 2.735 | 2.81 | 3.083 | |
| 3 | 1000 | 976 | 977 | 7 |
| | | 1.986 | 2.56 | |
| 28 | 25 | 1 | 2 | 32 |
| | 2.312 | 2.914 | 1.914 | |
| 53 | 54 | 55 | 56 | 57 |
| | | | | |

Previo Actual

0 - 0.18 0.72 0.1 1 - 0.82 0.14 0.04

| <- Jugador | | | | Rivales | | | |
|------------|------|------|------|---------|------|------|------|
| Ip | Ic R | Eq R | Disp | Num | Ic J | Eq J | Disp |
| 0.52 | 0.97 | 0.73 | 0.74 | 2 | 0.7 | 0.73 | 1 |
| 0.79 | 0.12 | 0.2 | 0.9 | 1 | 0.92 | 0.2 | 0 |
| 0.77 | 0.3 | 0.38 | 0.93 | 951 | 0.86 | 0.38 | 0.3 |
| 0.63 | 1 | 0.71 | 0.74 | 25 | 0.71 | 0.71 | 1 |
| 0.5 | 0 | 0.12 | 0.87 | 952 | 0.88 | 0.12 | 0 |
| 0.57 | 0.29 | 0.37 | 0.93 | 977 | 0.85 | 0.39 | 0.29 |
| 0.81 | 0.57 | 0.71 | 0.81 | | 0.82 | 0.74 | 0.45 |
| 0.63 | 0.15 | 0.24 | 0.9 | 975 | 0.91 | 0.24 | 0.15 |
| 0.52 | 0.98 | 0.74 | 0.73 | 2 | 0.71 | 0.74 | 1 |

TENTATIVE CONCLUSIONS

DYNAMIC EQUILIBRIUM for the trust game:
mutual cooperation.

AVERAGE PAYOFF tends to 2.

DOMINANT STRATEGIES/PROFILE → High
reciprocity/fairness.

INTUITION → An evolutionary stable population
would be composed by agents very capable to
assess reputation (past cooperative interactions)
and ready to cooperate with non-
abusive/cooperative partners

This would explain the observed presence of
conformist preferences