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Economy for the Common Good

A Common Standard for a Pluralist World?

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Economy for the Common Good - A Common Standard for a Pluralist World?

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An Economy for the Common Good Standard for a Pluralist World?

Tim Goydke and Günter Koch

1. Introduction

In late 2019 the first international scientific conference on the Economy for the Common Good was organized by the School of Graduate and Professional Studies (Institut für Wissenschaftliche Weiterbildung) of Hochschule Bremen – City University of Applied Sciences and the Research Council of the Economy for the Common Good (Forschungsverein der Gemeinwohlökonomie e.V.), with participants from Germany, Austria, Belgium, Brazil, Mexico, the Netherlands, and the UK.

The conference gave a first comprehensive survey which type of projects under the philosophical umbrella of the ECG are *en route*, as well on the deficiencies still to be bridged in order to emancipate the ECG and its instruments to become fully approbated in the political, economic and business arena. The promoters of the ECG by their contributions and through the intense discussions became aware, that there still exist deficiencies both in the methodology as well as with regard to the wider acceptance in politics and in business. It opened the opportunity to identify strengths and weaknesses of the current ECG / CGBS model and its implementations thus generating ideas how the ECG project must be furthered in order to find wider acceptance. In this sense, this report incentivises future research contributing to new models of economic and societal design.

This conference for the first time brought together scientists mainly from the German speaking ECG community engaged in a **variety of disciplines** such as economics, sociology, law, natural sciences, informatics, philosophy and theology. This collection makes evident, that future models of economy science and of economy in general need to include more of methodological knowledge than is summarized in one traditional discipline. An insight gained so far is that the debate opened by the conference will give **impulses to the formation of new economic models** by exercising transdisciplinary research with the aim to integrate the seemingly diverse aspects addressed in this conference. This discovery on the one hand will fuel the debate in positioning the ECG within the landscape of the many economic models in discourse, and, on the other hand, we can expect that the theoretical foundation of the ECG and related models will be strengthened.

Up to today, the contributions assembled in this publication and the discussions on it lead to a first conclusion which is, that the ECG, its movement and its concrete projects in applying the CGBS offer a wide sample of processes in implementing and anchoring the ECG in real settings, as are in companies and public administrations. Investigating into these projects by means of well-designed research conforming to standards of good sociological and organisational science rules, it opens the entry door for next phase research expectedly ending in **sound theory building** in favour of the ECG and thereby also in contributing to the **convergency in CSR standards** as a first level achievement, then subsequently to approach to “coagulate” a theory of an alternative model of economy devoted to include the common good as well as “the good life” for all, especially overcoming the outdated reference to the GDP.

2. Background

The idea of the common good is as old as the Classical Civilization. In the Greek antiquity, philosophers like Aristotle (384 – 322 BC) considered the

political good as the just which in turn served the common good. In the 6th century the term “res communis” was introduced into Roman civil law, encompassing resources that belongs to all and could be enjoyed by everyone, i.e. air, waters, the sea (Barresi 2012). The “Economy for the Common Good” (ECG) movement builds on the idea of the common good and aims to link economic activity more closely with basic democratic values and social and ecological requirements. The ECG movement started in 2010 with the publication of the first edition of the book "Gemeinwohl-Ökonomie" (Economy for the Common Good) by the Austrian activist and author Christian Felber (Felber 2010). Up until today, more than 2,000 companies, mainly small and medium-sized enterprises (SMEs), have been registered as supporters and some hundred companies have already prepared or are currently preparing an CGBS on a voluntary basis. The movement spread from the German-speaking countries to other countries, especially to Italy, Spain, the Netherlands and Latin America. The ECG also advocates the idea that a change in the incentive structure could lead to a general paradigm shift, e.g. companies with an outstanding ECG score could in future benefit from lower taxes, easier access to grants or credits, or preference in public procurement (Heidbrink et al. 2018).

In 2011, a first version of the common good balance sheet (CGBS) was presented by a group of Austrian entrepreneurs. Central to the CGBS is that it broadens the focus and, instead of focussing on financial indicators alone, asks how a company contributes to the implementation of the four value categories "human dignity", "solidarity and justice", "ecological sustainability" and "transparency and co-determination" (GWÖ 2017). These categories are then linked to five stakeholder groups, resulting in a matrix of 20 topics, which are backed by a set of questions and requirements. With a scoring system of up to 1,000 points in total, the 20 subject areas are assessed by external auditors. Companies earn points if their performance exceeds a defined minimum standard. Additionally, points can be deducted for negative aspects, such as a lack of anti-corruption measures or violations of environmental regulations. The

verification can be performed either through peer to peer procedure (similar to benchmarking) or by an external audit (approved auditors). The CGBS is constantly reviewed and further developed based on the feedback from the auditors and the audited companies (ibid.).

3. Critics

Despite the fast growing acceptance of the ECG among especially SMEs, NGOs, and within the civil society, criticism from the academia is also apparent. The critics focus in particular on the lacking scientific foundation of the model and a sound statistical validation of the CGBS. Whereas a number of empirical studies has already focussed on the effects of shareholder-orientation and profit-maximization on corporations and employees, very few investigate the practical effects of an orientation towards the common good on a corporate level until recently. Similarly, Corporate Social Responsibility (CSR) has been subject of extensive research (e.g. Nelson 2004; Ruggie 2000), but only very few scientific publications have taken the ECG into focus (e.g. Heidbrink et al. 2018). However, in the last 2-3 years several conceptual and empirical works have tried to close this gap.

4. Related Approaches

The ECG makes reference to a number of well-grounded and widely accepted economic theories and models. Moreover, recent seminal work has proven the connectivity with other alternative approaches.

The ECG approach is in line with approaches that underline the need to integrate economic, social and environmental aspects into management (e.g. Dyllick & Hockerts, 2002; Johnson & Schaltegger, 2016; Joyce & Paquin, 2016). Similar to the **Triple Bottom Line (TBL)** approach (Elkington, 1997), the ECG is proposing an alternative to the classical neoliberal model

by highlighting the need for a better balance between economic, social and environmental outcomes. Different to the TBL, the ECG model emphasizes more clearly the potential contribution of a business entity to the common good and the importance of cooperation instead of competition and profit maximization. The social dimension in the ECG model values more universal and basic principles of human rights, more specifically, human dignity, solidarity and social justice, ecological sustainability, and democratic participation and transparency (Felber, 2015).

The ECG has furthermore much in common with the **Shared Value Approach** (Porter & Kramer, 2006) which is based on the assumption that value has both an economic and social dimension. While the creation of value is well established as a concept in management, societal issues are rarely analyzed by corporations so far, obscuring the link between societal and economic progress. However, different to the SVA, the ECG prefers cooperation over competition and it considers profit und economic value creation not as a goal in itself but as a mean to generate social and environmental value, thus, contributing to the common good.

The ECG, and especially the CGBS suggests an organizational behaviour model based on the **Stakeholder Theory** (Freeman, 1984). The CGBS is based on a matrix which combines the business activities of the organization with its different stakeholders (suppliers, owners, equity and financial service providers, employees, customers, and business partners and social environment) and measures the degree of contribution to the common good. Moreover, the ECG model also incorporates a multi-stakeholders approach suggesting that value should be distributed among the different stakeholders (internal and external to the organization).

Giesenbauer & Müller-Christ (2018) have shown that the ECG approach can be matched with the **Sustainable Development Goals** (see: GAIA Sonderheft 2019: Sustainable Economy Perspectives of Change; GAIA

02/2019 Research for Sustainable Development Goals) and a ECG study group is currently working on a practical guide for companies.

The widely committed engagements and projects by political, societal and economic institutions in implementing the **Sustainable Development Goals** also challenges the ECG community in finding out how such high aiming goals as are the SDGs can be achieved in practice. The ECG and its key tool, the common good balance sheet (CGBS), offers a methodological instrument complementary to other CSR reporting in order to both implement and to analyse the (partial) fulfilment of SDG requirements in practice. The insight developed in the conference gained is that the CGBS not only fulfils current requirements of CSR reports, in several aspects it even surpasses such existing standards.

Key arguments of opponents to the ECG approach are that it lacks democratic legitimation in the sense that it is not converging towards a legal obligation, or that it is too normative and prescriptive thus opposing liberal principles (Meynhardt 2017). Although sympathetic with the general ideas of the ECG, other authors like Schumeister (2014) make the point, that the ECG as promoted in its 1st issue by Christian Felber (Felber 2010) lacks the embedding in historical context and in the overall current discussion on the future of economic models. (Meanwhile, Felber in his latest book (Felber 2019) took this criticism and contrasted the ECG approach versus other economic concepts).

6. Structure of the Book

The chapters of this publications were prepared in the spirit described above. This book includes nine outstanding contributions.

We put **Bernd Fittkau's** contribution at the beginning, because he gave a broad overview on the topics of our conference, as well as on the connections to other projects and thoughts in the domain of the Economy

of the Common Good. The original version of his contribution was by far more extensive than the one presented in this volume, i.e. the article reproduced here and edited by Günter Koch reduced it to set the key themes of our conference. What is fascinating about his approach is that he discusses the core concern of the Economy for the Common Good under the aspect of "mental sustainability" and for this purpose - quasi as a spotlight - he elaborates four aspects, the titles of which are: (1) From constant growth to balance, (2) From need orientation to value orientation, (3) From the specialists' view to a view towards global orientation, (4) From a strategy of egocentric "bread and games" policy towards an economy of sound ecosystems. At the end, Bernd Fittkau presented his lecture with a wink and irony, reporting on the strange incident of the elimination of the appreciation of Christian Felber as an alternative economist in an Austrian textbook. Without being able to discuss this event in depth, by this he addressed a point of importance, namely the relationship of orthodox economists to the still little scientifically consolidated movement of Common Good Economics, which is to be judged as anything but conciliatory.

Daniel Dahm outlines in his contribution the basic principles of a new, sustainable and regenerative economy and provides a benchmark for sustainability: the Sustainability Zeroline. Daniel Dahm clarifies that the regeneration and strengthening of biological diversity, fertility and its potentiality, are preconditions for the carrying capacity of the planetary habitats and thus for the sustainability of the Homo sapiens.

With the re-evaluation of economic practices and processes along their (positive as well as negative) effects on the material and immaterial foundations of life in the biogeosphere and anthroposphere, the externalizations of benefits into the planetary life system including humans would become the driving force for economic action. With this, Dahm creates a methodological basis for a regenerative economy and thus for the reorientation of economic activities along ecological principles as diversity

and difference, freedom and solidarity in answer to the climatic-ecological and humanitarian-cultural challenges of humanity.

The contribution of **Maria Angelica Jung Marques, Jamile Sabatini Marques, Blanca C. Garcia, and Tatiana Tucunduva Philippi Cortese** intends to answer the research question whether and how the commons theory may contribute to a better understanding of the field of Knowledge-Based Development (KBD). Based on an analysis of the similarities and differences between the KBD theory and the Commons theory, the authors come to the conclusion that it is necessary to broaden the discussion and studies on the contribution of commons and new commons to KBD and future research that may characterize commons as drivers of knowledge-based development.

Elly Rijnierse explores the dynamics of competing governance structures in the Sahel in the context of climate change and conflict. She suggests that a Universal Social Contract as a common goal may provide a direction to create a pathway to the Economy of the Common Good. While extrapolating from the Sahel, Elly Rijnierse concludes that ecosystems, including expanding cities that depend on them, may become the centre pieces of social organisation and environmental management, to be achieved through time and place specific strategies. This requires a firm enhancement of the organisation of the 'Plural Sector', including its legal anchoring in participatory processes. The role of the State is to shift from an orchestrating role over its own territory to a facilitating role, serving multiple ecosystems within or transcending its territory.

In their contribution **Anna Deparnay-Grunenberg and Bianca Llerandi** aim at pointing out the gaps in research that need to be filled in order to impact the socio-ecological transformation on the political agenda. The chapter also gives an outlook on the possibilities presented for a new Common Agricultural Policy (CAP). The CAP is in a transitional phase and therefore presents a window of opportunity to be reconceptualized. A new

CAP that distributes subventions based on criteria from ECG and related approaches would be a milestone for social and ecological sustainability in the field. While the awareness for a need for a more sustainable economy has risen and approaches such as the Economy for the Common Good (ECG) and related theories have gained interest, we are lacking a common framework that bundles such approaches and thus strengthens them.

Tim Goydke introduces, frames, and critically discuss the approach of the International Graduate Center (IGC), Bremen City University of Applied Sciences, Germany, has chosen to integrate sustainability into its operation and teaching by applying a holistic model which is based on the idea of the Economy for the Common Good (ECG). The chapter puts the ECG framework in relation to other methods to implement and assess sustainability in higher education, especially in business schools, and will outline the impact it can have on major stakeholder groups like students, faculty, staff, and the way in which organisational change can occur and lead to improved accountability and changes in sustainability performance in a B-school setting.

Nathali Jänicke investigates where connecting points exist between the ecological sustainability of the common good balance sheet and the environmental planning of the management system, especially to the international environmental management system in accordance with ISO 14001:2015. Both concepts use the stakeholder approach and aim to reduce environmental impact. With the understanding of the organization and its context, especially the internal and external issues, there are further links to the common good balance sheet. The result of this investigation are the commonalities and differences between the two concepts in order to derive recommendations for the introduction of the common good balance sheet in the context of ecological sustainability.

When practically working towards the common good and cooperation as value above profit-orientation and competition, the transformation of

conventional economic processes requires engineering support. In his study, **Christian Stary** challenges business process modelling to represent both, conventional and ECG structures and processes, based on existing field studies. Process models allow capturing the behaviour of relevant actors and their contextual relationships from an organizational perspective. Once they can be executed, they enable interactive experiencing of ECG transformation approaches. In this way, digital processes can be utilized to make transparent fundamental ECG principles, and to simulate transformation designs before introducing them in everyday life.

Johannes Panhofer discusses the similarities and differences of the position of Pope Francis to the approach of the ECG. With his so-called encyclical on environment "Laudato Si" Pope Francis has received great respect and wide approval - far beyond the Catholic Church. In "care for our common home" he calls for a new kind of economy, because: "This economy kills!" Pope Francis criticises the "globalization of the technocratic paradigm". It urgently needs a different way of life that overcomes the self-destructing mechanisms of the market and that guides us to a "bold cultural revolution". Pope Francis appeals to the searching people: "Your universities, companies and organizations should become 'wellsprings of hope' ". And he encourages the young entrepreneurs: "I also ask you to be the main actor of this change ..." What could be the contribution of spiritual and religious traditions to a "global common welfare"?

Finally, **Christian Harant** provides an account on how the conferences was designed in an innovative way using up-to date formats to encourage dialogue and response and limiting standard format sessions to a minimum.

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"Mental sustainability": four process models – Introducing new patterns of language and thought for a sustainable world

(enriched with an anecdote from the movement of the Economy for the Common Good)

Bernd Fittkau (with completions from) Günter Koch

To begin with: "Problems can never be solved in the same way of thinking that created them" (Einstein).

Following this advice, we will try to do our best to identify one "alternative" way of acquiring an understanding, how a new economic "philosophy" can be adopted.

This his discussion is structured in the following six aspects in an overview:

- (0) Instead of an introduction: Homage to Bernd Fittkau (by Günter Koch)
- (1) Preliminary considerations and basis of the discourse
- (2) The great challenges of the 21st century (Harari)
- (3) People need orientation
- (4) Social neo-liberal system offer: orientation towards "money"
- (5) Cultural alternative: Orientation towards values (ethics)

- (6) Orientation towards four sustainable mental sustainability models
- (7) References

0. Instead of an introduction: An homage to Bernd Fittkau (by Günter Koch)

Bernd Fittkau has given a, if not the keynote of the ECGPW 2019 conference and has authored a contribution to it, which would have gone far beyond the scope and length of the present conference volume. The original agreement between Bernd and me was that I would provide the English version and in that honor I would act as co-author. But that seemed to be too much of an appreciation and so I declare myself to be a companion in this contribution, which Bernd, on the advice of Tim Goydke and myself, had to streamline considerably.

I do not know whether I do justice to its original author with my editing of the chapter now presented. However, it is of great concern to me to praise Bernd Fittkau, who will soon be completing his eighth decade of life (while I have just begun it), as a thought leader and in his role as a champion for the cause of the Economy for the Common Good. Bernd is presented in Wikipedia as follows: He is a German humanistic psychologist who, together with a colleague, developed and implemented communication training for managers from 1970 onwards. After his habilitation, he served as Professor of Educational Psychology and Counselling at the University of Göttingen from 1973 to 2005. He received further training in various consulting-relevant procedures of humanistic psychology such as client-centred conversational therapy, Gestalttherapy and hypnotherapy.

The main focus of his scientific work, even after his retirement, was and still is communication psychology, methods of communication training, resource-activating consulting methods, executive coaching, team