

# THE ROLE OF THE FIRM IN FIGHTING POVERTY DURING THE PANDEMIC: THE ITALIAN SYNERGY OF BARILLA-CARITAS

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**Abstract:** *The aim of this research is to study firms as a means of distribution, and not only of production, of wealth. In crisis and emergency situations, such as the one caused by the COVID-19 pandemic, a particularly serious problem of growing and widespread poverty emerges. The author believes that in these situations the ethical function of firms becomes central. This function can be carried out effectively not only through the efficient management of the firm, but also through ethical actions, as the creation of alliances and synergies between businesses and the Church, which help the processes of distribution of wealth in society, in general, and in the weaker social classes in particular.*

**Keywords:** *Business economics, Economic crisis, Poverty, Emergency, COVID-19.*

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## 1. INTRODUCTION

Right now, the world is suffering from a devastating pandemic from both a human and an economic point of view. One of the most urgent problems is represented by the growing poverty that mainly affects the weaker social classes, without a source of income also because of the lockdown of companies.

In conditions of social and economic emergency, in which immediate actions must be inspired by solidarity, the role of firms and of their ethical values are fundamental and the study of their behavior becomes central to understanding the economic mechanisms through which business ethics is concretely realized.

This role has been well represented, already sixty years ago, by an Italian scholar, a profound connoisseur of the firm, according to whom the duty *to work for the common good [...] belongs not only to the State, but also to the firms and individuals and, in general, to those who live in society (Onida, 1960).*

With this study, the author wants to contribute to the debate on the relationship between economy and poverty, which is currently particularly felt and, at the same time, more complex than in other historical phases. Furthermore, the reader can learn about the Italian experience, brought through the presentation of a concrete case.

## 2. OBJECTIVES AND RESEARCH METHODS

This study aims to analyze the role that firms can play in the fight against poverty and the tools that they have in pandemic conditions. In this regard, in fact, the author believes that even in emergency situations, such as the current one, virtuous firms can actively contribute to the solu-

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tion of economic problems, but the ways through which they can carry out this function may be different from those useful in ordinary conditions.

About this, it is important to remember, through the thought of the major Italian Business Economics scholars, that companies are not only a tool for the production of wealth, but also a means for its social distribution.

In particular, the author believes that under pandemic conditions, the role of the firm as an instrument for the distribution of wealth is amplified and is achieved through ethical initiatives in favor of the subjects most affected by the crisis. The support of firms is increasingly being realized, not only in Italy, but in a large part of the world, thanks to the alliances between firms and the catholic Church, united together in the fight against poverty.

It is important to remember that these alliances are based on a fundamental element that unites the economy with the Church, that is, *research and responsibility for the common good and human well-being*. For this reason, the social doctrine of the Church considers the economy an *added value in the service of humanity* (Barresi, 2013, p. 10) and the hope is that *technology and economics are at the service of sharing the goods of the earth* (Wresinski, 1968, p. 5).

The study is based both on the qualitative-descriptive method and on the empirical one. The first method is used for the analysis of the relationship between economic and non-economic entities. The second method is used for the study of a concrete case, Barilla-Caritas, which is an example of how the firm can contribute to the common good, even in conditions of economic crisis, especially through alliances with the Church and its institutions (Orlandis, 2005).

### 3. BUSINESS ETHICS STUDIES

The affirmation of important human values has taken place over the centuries and in various parts of the world, while in the economic field attention has often been paid to the social function of firms and the philanthropic character of some of them (Santosuosso, 2012, p. 2).

Although the problem of ethical behavior in the economic field represents an ancient theme, studied both by classical philosophers and by modern economists, especially starting from Adam Smith, business ethics studies developed mainly in the USA, around the 70s of the last century (Silk, Vogel, 1976; Stevens, 1979), and, followed by an important development in the 90s (Carmichael, 1995; Davies, 1997; Freeman, 1991; Pratley, 1995), soon reached Europe, becoming today also an academic discipline.

In the Italian context, business ethics has been a relevant topic for many business economics scholars, who have generally considered the problem of corporate social behavior as a factor that is by no means extraneous to business strategies.

As mentioned by contemporary scholars (Rusconi, 2018), ethical sensitivity was present, even before the most recent developments, in the Italian masters of Business Economics (Onida, Masini, Coda).

In the theory of Onida (1960) there is no contrast between ethics and firm, indeed, respect for the former contributes to good management and overall business economy.

The ethical component is definitely present also in Masini's thought, who, in 1970, dedicated one of his major works (*Lavoro e risparmio*) to those who in the search for truth and in coherent action give themselves for the «common good». In his theory each firm must operate in such a way as to ensure that it achieves its institutional goals in a harmonious condition with the needs of the common good of the country (p. 122).

In recent literature, the theme of ethics and ethical code (Catturi, 1995), as well as that of the need to be aware of the ethical dimension of the firm (Di Toro, 1993, p. 122), have become a structural and organic part of the Business Economics and are valued both as action and as social responsibility (Alford *et al.*, 2009; Coronella, *et al.*, 2016; Rusconi, 1997, 2006; Sciarelli, 2007; Signori *et al.*, 2005).

The problem of social responsibility does not concern only the Church (Chung, 2014), but also firms. For the latter, the social responsibility presupposes the recognition by the firm of being a key player in ensuring ethically correct management and promoting social welfare in terms of social cohesion (Pollifroni, 2007, p. 43).

The theme of business ethics has always posed at least three important questions, which although they are critical under normal conditions, may instead be less problematic in crisis situations, in which the ethical behavior of the company tends to be authentic, requiring a high effort and greater sacrifice.

One of the major problems consists in understanding whether, to be such, ethical behavior must be spontaneous, since, otherwise, it would not be an ethical value, but a mere legal fulfillment.

In this regard, the author believes that the true ethical value of the firm's action, as well as of the individual, emerges outside the situations in which it is mandatory to adopt certain behaviors.

If we move from this assumption, it is clear that the true expressions of ethics, as a moral duty and not as a legal obligation, are manifested precisely in contexts of emergency and of growing poverty, such as the historical phase we are experiencing. Under these conditions, the firms that voluntarily support the poorest classes are precisely those that own some fundamental values such as: a) generosity; b) sensitivity; c) human respect; d) charity.

A second problem consists in understanding whether ethical behavior can be considered as an authentic action of love for the weakest, and not only as a tool used in an opportunistic way (Ciappei, 2005) by firms to obtain visibility and fame.

The author believes that the fame and visibility of the firm are not to be censored; if obtained by lawful means, they represent positive values that support the firm, its competitive strength and reputation (Sciarelli, 2018): the firm's ability to be on the market efficiently and effectively is a common good that benefits the whole of society.

However, it is necessary to avoid contradictions, i.e. the situations in which on the one hand the economic subjects declare to follow ethical values and on the other they pursue their interests exclusively (Ciambotti, 2015, p. 53).

Finally, there is a third aspect that concerns the relationship between economy and society, as the poverty that firms can contribute to fight is not only the lack of material goods but also the condition of oppression in which the poorest live.

This problem is well represented by the thought and action of Father Joseph Wresinski, who dedicated his life to the poor, so that the world knew their social, and not only economic, disease. This concept is evident in the definition of great poverty, given by the French Economic and Social Council on the basis of the report “Great poverty and economic and social precariousness” presented by Father Joseph Wresinski in 1987: *Precariousness is the lack of one or more certainties, mainly that of work, which allow people and families to assume their professional, family and social obligations and to take advantage of their fundamental rights. The resulting insecurity can be more or less large and have more or less serious and definitive consequences. It leads to great poverty when it affects several sectors of existence, when it becomes persistent or when it compromises the possibility of re-assuming one’s responsibilities and of regaining one’s rights by oneself, in a foreseeable future.*

In this sense, it is fundamental to understand the difference between poverty and misery, as the first is the lack of means, while the second is the annihilation of the human being. As stated by Wresinski (1983/2009, p. 88): *Misery is not inferiority due to lack of power, it is the mutilation of your very quality as a human being.*

#### **4. FIRMS AND THE DISTRIBUTION OF WEALTH**

In normal conditions, firms can contribute to social progress through acting in an economically efficient and effective way. Specifically, manage the firm to produce wealth means operating in favor of the community as the wealth produced does not stop within the firm but also spreads to society.

The main means of distributing wealth are: 1) the wage policy; 2) the pricing policy; 3) the dividend policy (Onida, *cit.*).

As for the first policy, that is, wage policy, the social diffusion of the wealth produced by firms occurs primarily through the creation and conservation of employment. Employment allows the distribution of wealth in the form of wages and salaries, and this wealth returns to the economy through consumption. Consumption supports demand and demand supports firms’ production. In this way, a virtuous circle occurs in which economic progress develops.

In relation to the second policy, firms can distribute wealth through the application of low sales prices which allow even the poorer classes to live with dignity. It is true that the application of low prices reduces firms’ profit margins; however, it also allows, in most cases, to increase the sales quantities and therefore to obtain satisfactory profitability.

Finally, as regards the third policy, the wealth produced by firms spreads in society through the distribution of dividends, which represent income for shareholders. These incomes will return to firms through consumer spending, thus continuing to support economic progress.

These three policies, if properly managed and combined with each other, imply that the wealth produced by the firms can be distributed outside and can contribute to the economic and social progress of the community.

## **5. THE RELATIONSHIP BETWEEN FIRMS AND THE CHURCH IN PANDEMIC CONDITIONS**

It is important to note that in crisis situations, the three policies useful in normal conditions may not be enough, or even be completely blocked due to the forced closure of economic activities. In these situations, in order for the firm to actively contribute to the fight against poverty, additional policies, or appropriate changes to the policies already used, are necessary to enhance the social role of private economic activities.

Specifically, the social role of the firm can be played through ethical actions, which work together with the three wealth distribution policies described above in supporting the poorest classes of society. These actions, generally based on initiatives such as donations, subsidies and welfare policies, can be carried out effectively through an alliance with institutions that have always been committed to the fight against poverty, and in particular with the institutions of the Church.

In conditions of general and exceptional economic crisis, the need for help and support becomes urgent and the social action of the Church, which in history and culture is closest to the needy, assumes central importance. In this sense, the coalition between the economy and the Church can become a key factor in preventing or reducing the degeneration of poverty into misery.

In the particular context of the COVID-19 pandemic, the union between Church and firms becomes central, for at least two reasons: first of all, the Church can act as a link for the distribution to the poor of the wealth produced by firms; secondly the Church is committed not only in supporting the material needs of individuals, but also in affirming the fundamental rights of all people to participate in the culture of the society to which they belong.

The relationships described above represent an optimal synergy, as a system of social peaceful cooperation (Woods, 2005, p. 205), between the private economy and the integrative function of the Church, thanks to which it is possible to pursue well-being even in emergency conditions, in which the wealth distribution circle is interrupted or cannot function normally.

## **6. THE SYNERGY CASE OF BARILLA-CARITAS**

The Italian Barilla-Caritas case is a virtuous example of synergy that demonstrates how the social emergency enhances both firms as a tool for producing wealth, and the Church and its institutions as tools able to contribute to the distribution of wealth produced by firms.

Barilla is an Italian company active in the food sector and operating internationally and is a model of excellence, not only from an economic point of view, but also from an ethical point of view.

The company was founded in 1877 by Pietro Barilla who, descended from a family of bakers documented from 1576, opened an oven for baking bread and a small workshop for pasta processing in Parma.

In 2019, Barilla's turnover exceeded 3,500 million Euros, with 8,481 employees and 28 production sites, of which 14 in Italy and 14 abroad, in 100 countries.

Barilla's social commitment is well represented by the Barilla Center for Food & Nutrition Foundation (BCFN), founded in 2009 with the aim of analyzing the major issues related to food and nutrition in the world. The foundation is an independent and multidisciplinary center of thought that studies food in its environmental, economic and social dimension. In 2014 BCFN became a foundation and consolidated its commitment in communicating and finding concrete solutions to the issues of global nutrition.

Barilla has always shown a remarkable interest in poverty, and has made the words of Father Joseph Wresinski his own: *Wherever there are men and women condemned to live in extreme poverty, human rights are violated. And it is our precise duty to unite to guarantee respect for these rights.* With these words, Father Joseph Wresinski was among the first to emphasize the link between poverty and respect for human rights, including the right to food. Barilla, through the no-profit Barilla Center for Food and Nutrition Foundation, has been able to capture this message, even in times of virus COVID-19, in the spirit of collaboration and solidarity.

Caritas, founded in 1971, is a no-profit organization that promotes charity worldwide to support those in need. It operates in Italy, Europe, the Middle East, Africa, America, Asia and Oceania. Its aim is to promote the witness of charity in the Italian ecclesial community, in ways that are appropriate to times and needs, in view of the integral development of human being, social justice and peace, with particular attention to the poorest and with prevailing pedagogical function.

The 220 diocesan Caritas are engaged in the territory in the animation of the ecclesial and civil community, and in the promotion of pastoral tools and services: listening centers, observers of poverty and resources, parish caritas and reception centers.

Caritas, in collaboration with other Christian-inspired bodies carry out studies and research on needs to help discover their causes; promote volunteering and encourage the training of pastoral workers of charity and Christian-inspired staff engaged in social services; contribute to the human and social development of the countries of the South of the world also by raising public awareness.

Through the relationship between Barilla and Caritas, the values of solidarity and human respect are united in the fight against poverty. Thanks to this relationship, private economic wealth has moved to the weakest people in society.

Among the most recent cooperation interventions it is important to remember that in April 2020, through the Alimenta Foundation, the Barilla Group donated IT tools and teaching materials to families in difficulty. The contribution was distributed to the diocesan Caritas present near the 8 Barilla plants in Italy. The aim is to support the education and training of new generations for that segment of the population which, due to the Corona virus emergency, is unable to purchase the IT supports and the necessary teaching materials. The sum donated for this purpose is 120 thousand Euros.

## **7. FUTURE RESEARCH DIRECTIONS**

The conditions of exceptional emergency such as the current ones should stimulate the scientific debate to question about the tools to face the social and economic problem of poverty.

In pandemic situation, the problem is more complex for two reasons: on the one hand poverty is increasing, on the other the whole economy and firms are unable to produce adequate and sufficient levels of wealth to ensure conditions of general well-being.

The task of scholars should therefore consist in analyzing possible solutions and in reflecting on issues such as subsidiarity and collaboration between all social partners. Despite its drama, the experience of the pandemic should not be lost, but, on the contrary, it should serve as a stimulus for the study of the best solutions to be adopted in practice.

The case studied here represents one of the possible actions to be undertaken and promoted and can be an example of an excellent relationship between virtuous enterprises and non-economic institutions, such as the Church, united towards a common goal.

However, the debate still remains open and the path to be followed to find suitable solutions to the most difficult conditions is still long. Business Economics scholars, who deal with firm for scientific purposes, may not agree with the solution described here, which sees the Church as one of the possible solutions.

Precisely for this reason, the theme dealt with here opens up new horizons of study, which in current conditions are called to face a problem, that of poverty, which is more urgent than ever.

In this sense, the problem does not consist in sharing or rejecting the solution proposed here. The solutions may indeed be different, but what matters is that the economic sciences deal specifically with this problem: when firms struggle to reach adequate levels of profitability, the circle of wealth distribution, which creates general well-being, is interrupted or alters. These are therefore the situations in which, as firms are not enough on their own, further and supplementary interventions must be adopted, such as cooperation and synergies with other social institutions that contribute to filling the gaps in economic support suffered by the poor.

The future that awaits us makes it necessary to reflect in depth to understand how the economic world can actually, and not only theoretically, contribute to the common well-being, that is, to the social good that even the Italian Business Economics has long identified as the duty of everyone.

## **8. CONCLUSION**

Poverty is an ancient problem that has been the focus of scholars for many years. In this historical phase this problem has become urgent as the conditions of poverty are spreading rapidly and with greater seriousness all over the world.

In this context, firms play a central role as they constitute an instrument not only for production but also for the distribution of wealth.

Specifically, while pursuing private economic ends, firms actually play a particularly important social function. Economic studies often highlight that this social function is performed through efficient and effective management of economic resources, for the benefit of the whole community.

However, in this historical moment, the role of wealth producer, typical of the firm, is affected and significantly weakened by the economic crisis, which makes effective and efficient management goals more difficult to achieve.

Under the conditions described above, firms need to work with institutions that have cared for the poor for centuries, to create a synergy that allows a better distribution of wealth. The Church has always worked for the poor, not only through their material support, but also through actions aimed at their social inclusion, for the affirmation of their rights.

In order for this collaboration to be effective and concrete, virtuous firms must not and cannot limit themselves to playing their typical role of wealth's producers, but must also possess and share some fundamental ethical values such as generosity, human respect, collaboration and solidarity.

The case studied in this research well represents this solidarity and constitutes a model suitable for a general application, in which the synergy between firms and the Church is particularly suitable for the pursuit of the common good.

The Barilla-Caritas case is in fact an Italian example of a virtuous relationship, through which the values of solidarity and human respect have come together in the fight against poverty.

Specifically, this study has shown that even in crisis situations, companies such as Barilla can contribute to the common good by supporting the social role that non-economic institutions, such as Caritas, play every day to defeat misery.

The case considered here constitutes an important example of ethical economic action, as charity is a tangible manifestation of the values that the firm can possess, in addition to the strictly economic ones.

The ethical profile of the firm has led to the birth and growing development of business ethics studies, since the 70s of the last century. Even more so, in conditions of growing poverty, the problem of the ethics of economic action is amplified, as the need to support the weaker classes of society becomes central and of general interest.

Fighting against poverty is everyone's duty, as a poor society is destined to remain a weak society, in a broad and not only economic sense. It is condemned to remain politically marginalized, backward in education, unable to create excellent human capital, disrespectful of human rights and, in short, lacking the indispensable conditions for participating and contributing to progress and civilization.

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