ETHICAL CAPITAL FOR THE RENAISSANCE OF DISADVANTAGED TERRITORIES - THE LIBERA TERRA CASE STUDY IN THE WINE SECTOR.

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1. Introduction

In current corporate scenarios characterized by increasing competitiveness at an international scale, territory is becoming more relevant, an effect that seemed to have weakened with the onset of globalization. Agro-alimentary products, craftsmanship and know-how on the part of individuals or groups, including the main economic sectors (primary, secondary and tertiary), are once again becoming prominent due to the capacity of their respective sources for possessing and representing a specific identity, which is fundamental for defining citizens in a globalized world.

In some cases, references to territory seem to constitute a weapon of unquestionable value for (traditionally) more developed countries, which seem to have succumbed in terms of pure competition to emergent countries that until recently could only be defined as developing. An inimitable factor is the “territory of origin” (or “country of origin” in the field of international marketing). This attribute must be preserved, especially in the face of clumsy efforts to imitate products made in Italy (for example, Italian sounding foods).

Territory, however, is not merely a source of utility, especially if one considers not only hard assets (such as landscape, subsoil, and infrastructure) but also soft assets (such as society, culture, identity, and community). In this respect, this paper attempts to analyze the potential entrepreneurial dynamics of disadvantaged territories (that, so far, have not received much attention in the literature on business studies, excluding the work of De Chiara in 2012), especially in areas with an “ethical” disadvantage due to a significant organized crime presence (as investigated in other fields of study: Di Maggio, 2011; Cayli, 2014; Rakopoulos, 2014). Through the Libera Terra case study, specific entrepreneurial experiences have been highlight-
ed within the wine industry in Sicily and Apulia, especially the management of land confiscated from criminal organizations. It was thought that such “virtuous” behavior could explain the beneficial effects in (or above all) social and cultural terms. A specific contribution of our paper concerns the devising of a model of territorial social responsibility in which ethical capital acquires great relevance.

2. The contribution of territory to business development in a systemic vision

Territory has represented a constant component of socio-economic development. Until the early 1970s, in simplistic reductionist-structural scenarios based on the analysis of objective resources as an artificial space to plan rationally for productive needs (Rullani, 2003), territory was considered merely a container within which individual activities, enterprises and administrations (as separate monads) operated independently. After the economic crisis of the 1970s, however, location and development logics no longer excluded the territorial context. Based on Marshall’s contributions, territory became relevant to enterprises as a source of relations through which to develop skills for increasing competitiveness (Marshall, 1919; Becattini, 1979; Becattini, 1987; Camagni, 1991; Maillat, 1995; Porter, 1998). Research, especially on the issue of local development (Bagnasco, 1977; Becattini, 1989; Fuà, 1983), clarified these combinations in models of industrialization involving small enterprises and innovative capacity, in particular when territory provides the background for the production of specific skills (contextual knowledge) and for mechanisms of social interaction (networks of interpersonal relations) (Garofali, 1991). At the same time, a more strategically oriented body of literature proposed that the search for a competitive advantage should extend beyond the confines of the enterprise on local territory by means of clustering models (Lorenzoni, 1997).

With the consolidation of the process of globalization, which began during the 1980s, studies on these issues have attributed increasing importance to the characteristics/peculiarities of a territory in elaborating entrepreneurial visions, delineating a paradigm in which territory itself becomes an organization with its own identity and responsibility for development (Zimmermann, 2001; Golinelli C.M., 2002). Meanwhile, the perspective of territory as “accumulator” implies distinctive competitive advantages based on factors that are knowledge related (widespread entrepreneurial resources, human capital and contextual know-how), relationship related (relational capital consolidated over time), and culture related (propensity for entrepreneurship, deep-rooted local culture) (Garofali, 1999; Lewin, Volberda, 1999; Becattini, 2000; Viesti, 2000; Volberda, Lewin, 2003; Belletti
et al., 2009). The complexity of territorial systems has been characterized by constant exposure financial, economic, social and environmental crises, especially since the new millennium, due to global integration. A new planning capacity is necessary to safeguard places from the environmental and cultural points of view to transform them into drivers to overcome, from a sustainability perspective, the current context of crisis (Hrebiniak, Joyce, 1985; Maizza, 2013). In short, conditions should be created to favor co-evolutionary processes involving enterprises, institutions and local communities (Koza, Lewin, 1999; Valdani, Ancarani, 2000; Golinelli, 2011).

For enterprises, territory is consequently interpreted as playing an increasingly active role, evolving from a mere location of geographical choice to a positive element capable of contributing to its own development (Painter 2006). This view means that entrepreneurial and managerial ability to improve competitiveness by preserving, incorporating and enhancing core processes specific to a place is distinct from other businesses located in quite different contexts.

Thus, the culture of a territory supports the specifics of that place. Furthermore, when applied to enterprise consistent with sociological studies, “glocalization” highlights the role of local communities in respecting the territory and, particularly, its traditions and cultures (Bauman, 2005).

A systemic vision of the territory (Clayton, Radcliffe, 1996) consequently appears to be fundamental in that it is made up of a series of interacting elements that contribute to defining and developing a territory’s distinctive characteristics over time. From this perspective, territory cannot be defined merely as an extension of space or in terms of natural landscape but is an expression of “territoriality” (Raffestin 1981; 2007), the product of interpersonal relations capable of the sedimentary embedding of cognitive, organizational and relational resources of a contextual type (Dicken, Malmberg, 2001, Rullani, 2002, Baccarani, Golinelli, 2011). From this perspective, the territory thus becomes a catalyzer of resources.

Accordingly, it emerges clearly that the territory is configured as a “highly complex system” (Golinelli C.M. 2002, Barile, 2011), underlining the importance of anthropological activity and constant interaction between man with his environment due to the synergic co-evolutionary processes of human settlements and environments. Therefore, the actions of the systemic components present in a territory (individuals, groups, organizations, institutions) contribute, under certain conditions, to enriching the structural equipment of a territory, i.e., territorial capital, over time (Camagni, 2009).

Thus, even from an economic perspective, the evolution of a territorial area cannot be circumscribed to an analysis of the development of a productive sector or local cluster of enterprises but must be considered from a broader perspective that also involves the social and cultural spheres of territorial communities, i.e., the capacity for the stakeholders of a specific
area to self-determine a concrete sustainable valorization (Garriga, Melé, 2004). According to this logic, the vision of the enterprise-territory relation can be framed in multi-prospective terms in which economic, social and environmental dynamics are interwoven with immaterial resources, such as systems of civic and social values, skills in the productive fabric, reputation, solidarity, quality of human resources, and relational fabric.

However, such considerations are difficult to apply from a practical point of view even when territories are associated with positive characteristics. Consequently, the situation becomes much more complex when territories are associated with negative characteristics, requiring, in other words, not only a dynamic and productive process but also corrective and pragmatic recovery actions. In this respect, the focus of our paper is on the analysis of disadvantaged territories defined by the density of organized crime, which at a certain stage of a territory’s history, upsets the harmonious co-evolutionary balance between the territory and its actors.

Embedded organized crime defies the most basic rules and regulations governing a society, and the market is negatively affected in terms of productive investments and economic activities (modifying the framework of opportunities offered by local contexts) and favoring a climate of mistrust and frustration among individuals as well as in the community. In such cases, a distinct impression of reduced value and quality and corrosion of territory capital are perceived. Such capital must be retrieved above all from a socio-cultural perspective rather than from an economic view, as when enterprises experience difficulties and appeal for additional equity capital (in this case, from company members in the strictest sense and not from society at large) while searching for a new and lasting balance.

3. Research design and methodology

The study of territory capital as a fundamental structural component of the healthy development of a territory from a multi-dimensional (environmental, social, cultural, economic, etc.) perspective is inevitably characterized by a multidisciplinary approach. Studies from various disciplines (economics, geography, sociology, architecture, etc.) contribute to such analyses and highlight the issues and opportunities deriving from theories and applications of differing conceptual origins.

Besides its multidisciplinary nature, a research on territory capital needs a contextual basis considering not only territory as a specific geographical area but also the particular conditions of the territory, if reasonably replicable elsewhere, or other dimensions, such as the actors in the territory under investigation. The latter constitute our objects of analysis given that as we intend to examine territories disadvantaged by the dense presence
of organized crime when healthy economic actors contribute to recovery/revitalization, as evidenced by the case of Libera Terra. This requirement is even more relevant to the wine business given the strong bond between wine and territory (here, the concept of terroir is extremely appropriate).

Research questions

Specifically, this study could contribute to the following research questions:

RQ1: Which dynamics characterize the relation between an enterprise (especially if virtuous) and a disadvantaged territory?

RQ2: Which actions can be put in place by enterprises for the recovery and subsequent revitalization of a disadvantaged territory?

RQ3: Would it be feasible to surmise that ethical capital deriving from such actions could be transferred by a virtuous enterprise to the territory, especially in reference to a disadvantaged territory?

Methodology

We have decided to use a unique or extreme case (Eisenhardt, 1989; Pettigrew 1990). Extreme cases facilitate theory-building because, by being unusual, they can illuminate both the unusual and the typical (Patton 2002). In other words, in extreme cases, the dynamics under examination tend to be more visible than they otherwise would be in other contexts. To this end, our research followed a qualitative approach and used a case study methodology (Yin, 1994, 2003; Fayolle, 2004). The fieldwork approach, as suggested in the literature (Adams, 2002), has the dual aim of “grasping in detail the main characteristics of phenomena being studied” and understanding the dynamics of a given process (Ryan et al., 2002).

The building of a case study represents a “research strategy that focuses on understanding the dynamics that characterize specific contexts” (Eisenhardt, 1989, p. 532). Case studies address research questions with an emphasis on qualitative approaches and forms of ongoing research (action research) and enable the description, explication and comprehension of business scenarios from the perspective of their dynamics and evolution.

Specifically, we shall attempt to respond to RQ1 and RQ2 by means of a grounded analysis of the selected case study, presenting the story of Libera Terra from a territorial social responsibility perspective. Moreover, we shall attempt to respond to RQ3 by empirically testing the theoretical framework we have devised relative to territorial social responsibility in which the concept of ethical capital can emerge.
Data collection and analysis

We have used both primary and secondary data. To obtain secondary data, we have consulted institutional websites, institutional information, and some scientific publications (e.g., Biolghini, 2007), while the primary data have been obtained by in-depth interviews.

We want to thank Mr. Francesco Paolo Citarda, the executive in charge of communication for Libera Terra, for the availability and attention given to the development of the case study, being the main interviewee in the primary data collection (several interviews were designed, tested and conducted during the period from April to June 2015). The interviews have been based on semi-structured questionnaires through which, beyond answering open-ended questions, the interviewee has been able to learn, analyze and understand the details of the proposed theoretical framework for territorial social responsibility.

All collected data have been recorded in an electronic database that has been analyzed through “open coding” to implement a type of grounded analysis.

Through this process, we have tried to arrive at the theoretical model validation through a confirmation/enrichment/confirmation cycle developed with the interviewee. As the executive expressed, Libera Terra is undoubtedly considered a unique case.

In truth, as we will explain in detail in the related section, Libera Terra can be considered an extreme case because it is one of the most important institutions in Italy concerning the use of land confiscated from organized crime (with two important cooperatives experiencing great success in the wine sector, which in particular, will be the focus of the analysis). The importance of Libera Terra is unanimously recognized by the public (cf., for example, Ansa, 2014) and academics (cf., for example, Mignemi, 2013).

4. A theoretical framework for including ethical capital in territorial social responsibility

The co-evolving enterprise and territory processes, being complex and multi-prospective phenomena, must be grounded in the context of a systems approach in which the anthropological and economic dimensions are strictly linked. The underlying concept envisages the roles and needs of simpler systems and then arrives gradually at the analysis of more complex systems consistent with the principle of systemic recursiveness (Beer, 1991). Furthermore, by means of the systemic approach, the essence of phenomena can be grasped. This means going beyond the prevalent objective and reductionist view toward a holistic outlook capable of interpreting the
behavioral dynamics of any systemic entity.

Hence, the structural components that at any given moment describe a territory are none other than the results of accumulating/diminishing processes deriving from the action of systemic components present in the territory itself. The systemic qualification emerges from the perspective of a territorial approach to economic development whereby processes of collective learning are highlighted. In fact, as Camagni (2009) underlines, the constitution of territorial capital involves the following components:

- natural and cultural capital;
- settlement capital;
- cognitive capital;
- social and relational capital.

Territory competitiveness can be summarized as the harmonious combination of the above elements with a primary role attributed to the “capacity for enhancement” of both the private or public sectors and convergence toward a common vision (Golinelli, 2012), thus contributing to system viability.

In the public sector case, the reference is to processes of governance oriented toward cooperation and relationship ability. The territorial government, in contextualizing its action, should take on the role of facilitator of cooperative relations and ties among the economic actors. In the private sector case, the reference is to a sense of belonging, i.e., loyalty toward the territory and expression of the degree of cohesion in cultural and value terms characterizing the governing body of any entrepreneurial organization. Therefore, central to government action is the search for consonance, i.e., the capacity, underpinned by convergence and sharing (Golinelli, 2000; 2005; Barile, 2009), for satisfying the expectations of interacting subjects/entities.

Such processes of interaction and cooperation among local actors enrich the relational infrastructure of the territory and underpin the positive evolution in the territory of the causal links integrating creativity, knowledge and innovation (Cafferata, 2011). According to this logic, significant contributions have been made in the literature on business studies, which interprets territorial systems as cognitive systems that are a key resource in the economy of intangibles and knowledge, especially for smaller firms (Rullani, 2004). The emerging local territorial system therefore, irrespective of its geographical qualities, defines the milieu in which the various actors perceive themselves as similar and consider themselves mutually responsible for the same goal (Impronta Etica, 2009; Schillaci, Gatti, 2011).

Recursive logic, taking into consideration the territorial dimension of business development, implies the need for the enterprise to take responsibility for its actions by incorporating the social and civic dimensions rather the economic dimension alone. In this respect, a culture oriented toward the voluntary integration of social and environmental objectives
into corporate strategies and processes (Perrini, Tencati 2008a), shared and embraced by all members of the organization, facilitates the coordination of activities and relations in the enterprise and with respect to the actors in the territory, representing the lifeline of loyal and transparent attitudes encouraging virtuous and synergistic actions both for the enterprise and the territory. From such a logic, a vision of corporate social responsibility based on strong relational and cooperative values emerges (Perrini, Tencati, 2008b) wherein the capacity of entrepreneurship to generate positive changes in the territorial community by means of corporate initiatives is exalted while responding to social needs (Mair, Marti, 2004).

It is clear, in fact, that a comprehensive view of corporate social responsibility cannot be represented solely as an internal perspective, such as emerges in the model of the Triple Bottom Line (Elkington, 1997) based on the 3Ps (profit, people, planet). In this sense, studies of this issue advance toward an external perspective from the pyramid model proposed by Carroll (1991), that is, a bottom-up path or expansion of corporate responsibility from an economic to a legal responsibility and from ethics to philanthropy. Decision-making processes aimed at searching virtuous equilibrium solutions within the above responsibilities would expand the space of consonance and reduce the risk of failure in the economic purpose (Sciarelli, 2005). In an expanded vision of corporate social responsibility, the correct behavior of the enterprise can originate only from ethics by sharing the part of the doctrine intended to qualify ethics as a model of conduct to determine values and criteria for guiding conduct toward the good, focusing on the principles of honesty, justice, and respect for the individual (Ciappei, 2006; Sciarelli, 2007).

The civic impulse, consequently, is an integral part of corporate social responsibility and finds its place in the spectrum of meanings based not only on altruism or solidarity but above all on creativity, i.e., farsighted initiatives, blending economic principles and objectives, cooperative dynamics, and public happiness (Bruni, 2004, 2006; Gui Sudgen, 2005). In other words, it is a broad corporate responsibility whereby behaviors are addressed toward consolidating the sentiments of citizenship and rectitude (Keeley, 1998). From the perspective of entrepreneurship as citizenship, the role of firms stands out because they are able to create shared value, which qualifies them as catalyzers of social wellbeing while improving their competitive status (Porter, Kramer, 2006; Husted and Allen, 2009). In a broad social contract (Donaldson, Dunfee, 1999), the obligations of an enterprise as part of a territorial community extend far beyond the traditional corporate boundaries in line with a relational system perspective (Pellicano, Ciasullo, 2010) and are centered on a complex, organized, open and dynamic flow of relations of trust. In this respect, the unwritten rules emerging from widespread and ongoing relations between the enterprise and its stake-
holders represent the basis of sharing and joint responsibility in the context of value creation processes.

In terms of competitiveness, an enterprise must define strategic actions that would be synergistic with the local system, favoring interactions characterized by co-participation to strategic and operational processes by means of a shared, coordinated, and synergistic use of respective resources. In particular, such considerations apply when the territory impacts to a great extent the competitiveness of the enterprise and when it represents an essential productive factor, such as in the agri-food sector (and the wine business sector in particular) but, above all, when the territory is characterized by ethical disadvantages, such as the prevalence of organized crime in the case study.

The need for a collective intentionality emerges precisely in such territories, which would be capable of implementing change through dynamics of cooperation and reciprocity properly channeled into different initiatives and aiming to contribute to the accumulation of ethical capital. By this logic, the need to integrate individual responsibility with collective responsibility may be understood as both the foundation of ethics and its inherent tension. Based on the above considerations and empirical research on the purpose of determining the extent of the contribution of corporate organizations toward the growth of territorial capital (Impronta Etica, 2012), our research attempts to conceptualize a theoretical framework to delineate territorial social responsibility.

With regard to the model, the four main concepts of capital proposed in our research concern the social, eco-systemic and cognitive dimensions. Leaving aside the dimension of settlement-infrastructural capital, which we consider a non-dynamic (i.e. static) contribution to the generating of territorial social responsibility, unlike the other three, we propose another dimension that can be considered fundamental to developing effective territorial social responsibility, i.e., “diffuse (ethical) tension”, highlighting the unquestionable importance of effective ethical capital. In particular, the fourth dimension has an impact in two ways because it can be considered both a cause and effect (as outlined above) of territorial social responsibility.

Finally, the model conceptualizes the drivers associated with each dimension thus advancing the models that have inspired and underpinned our research: Impronta Etica (2012) and Camagni (2009). Therefore, the dimensions and drivers proposed in the theoretical model of territorial social responsibility can be articulated as follows (see Fig. 1):

a) Corporate Social Responsibility (social capital): entrepreneurship, relationship-ability, and sustainability (recovering/adapting the traditional model of the 3Ps);

b) Systemic Qualification (eco-systemic capital): viability, governance organ, and consonance (inspired by the viable systemic approach by
Golinelli);
c) Synergic Circularity (cognitive capital): “economicity”, quality and innovation (thinking analytically about the concept of competitiveness); and
d) Diffuse Ethical Tension (ethical capital): legality, integrity, and solidarity (recovering/adapting Carroll’s pyramid of corporate social responsibility from the second step: legal, ethical and philanthropic).

The dimensions (four) and their relative drivers (twelve) constitute the foundations/pillars of the theoretical framework that we propose as the main contribution of our research to qualify territorial social responsibility, which will subsequently be empirically tested through fieldwork in the storytelling of the Libera Terra case study.

5. The Libera Terra case study of the wine sector: the experiences of Centopassi (Sicily) and Libera Terra Puglia (Apulia)

“‘Libera. Associations, names and numbers against mafias’ was born on March
25, 1995 with the intention of stimulating the civil society in the fight against organized crime and promoting legality and justice. ‘Libera’ is currently a coordination of over 1600 associations, groups, schools, grassroots groups, territorially committed to build political-cultural and organizational synergies capable of spreading the culture of legality. The law on the social use of property confiscated from the mafia, the education for democratic legality, the commitment against corruption, the anti-mafia training camps, the projects on work and development, the anti-usury activities are just some of its specific commitments. ‘Libera’ is recognized as an association for social promotion by the Ministry of Social Solidarity. In 2008 it was included by Eurispe among the Italian excellences. In 2012 it was included by The Global Journal in the list of the hundred best NGOs in the world: it is the only Italian organization of ‘community empowerment’ whose name appears in this list, the first dedicated to the universe of non-profit” (from www.liberraterra.it).

Nine Italian social cooperatives belong to Libera Terra (for the moment, the are located only in the South of Italy). There are five cooperatives in Sicily, two in Calabria, one in Apulia and one in Campania, while a tenth will be founded shortly in Sicily (in the province of Trapani).

Of these social cooperatives, four (of which three are in Sicily and one is in Apulia) are engaged in the cultivation of grapes and production of wine (this latter activity does not apply to Hiso Telaray, which is committed to transferring grapes to contractors selected by the Libera Terra Mediterraneo Consortium, although the cooperative winemakers coordinate all stages of the winemaking process). The wine social cooperatives are grouped into two large centers, Centopassi in Sicily (www.centopassisicilia.it) and Hiso Telaray in Apulia (www.hisotelaray.it).

In particular, Centopassi is the wine center of the Sicilian Libera Terra entities, including the Social Cooperative Placido Rizzotto, Social Cooperative Pio La Torre and Social Cooperative Lavoro e Non Solo. These cooperatives handle agricultural goods confiscated from organized crime in the area of Palermo on land belonging to the Sviluppo e Legalità Consortium of Municipalities and in the provinces of Trapani and Agrigento.

Hiso Telaray is the name of the wine center of the Social Cooperative Terre di Puglia, which handles goods confiscated from organized crime in Apulia. The cooperative manages vineyards in the province of Brindisi and in the towns of Mesagne, Torcianorolo and San Pietro Vernotico.

The social commitment of these initiatives emerges naturally from their very names. The first is related to the famous hundred steps that separated the house of Giuseppe Impastato (a political activist and victim of the mafia) from that of Gaetano Badalamenti (condemned as an instigator of the murder); the second is related to the young Albanian man (who was killed at the young age of 22) who dared to challenge illegal hiring
practices linked to organized crime (for which he was punished as an example/warning).

Centopassi and Hiso Telaray employ workers in several capacities. At least 30% of workers are disadvantaged, which is a rate in compliance with Italian legislation on social cooperatives (Libera Terra maintains a system of approximately 140 workers). Centopassi produces different types of wines, all biologically processed, from approximately 90 hectares of vineyards, an average distribution of five hundred thousand bottles of wine per year, which are sold in Italy and abroad. Hiso Telaray produces an average of one hundred twenty thousand per year from approximately 30 hectares of vineyards. In the wine sector, the ethical approach to territory is identical to the approach that Libera Terra pursues, which is also true for other agricultural products (on which we will elaborate extensively below), but there has been a shift in the type of production. Before the vineyards were managed by Libera Terra, cultivators aimed to maximize the total amount of grapes to access funding for distillation without consideration for the quality of the grapes. The current relationship with the vineyards is completely changed by focusing on indigenous grapes (Grillo, Catarratto, Nero d’Avola and Perricone in Sicily; Negroamaro in Apulia), using biological crops exclusively, and aiming to maximize the quality of the product, up to real crus, producing numerous awards at national and international levels.

In terms of the advantages/disadvantages of the territory of origin, neglecting agronomic, oenological and commercial references to the true terroir (Ciasullo, Festa, 2012), one can generally distinguish between what happened in Italy and what happened abroad (moreover, it should be noted that engagement in the wine sector is relatively recent, dating to 2006). In foreign markets, these products have succeeded due to their high quality/price ratio. After this judgment, the social purpose of the enterprise might have been recognized.

In Italy, there has undoubtedly been a greater recognition of both notoriety/approval and practical support on for the cooperatives (for distribution and sale), emphasizing relational capital (Cardinali, 2009). However, there may have been some disadvantages that have been less connected to the land of origin than to a general prejudice towards social cooperatives, which, especially in the beginning, are not considered capable of quality production. These prejudices have been defeated simply through the daily work involved in producing quality wines, which, as we said, have now reached a level of notoriety, popularity and reputation of unquestionable value in Italy and abroad.

The case study has been treated in a merely exploratory perspective to reason about the relationship between Libera Terra and the reference territory in view of the transfer of ethical capital, especially in the wine sector (Centopassi and Hiso Telaray). This contextualization is interesting
because grape cultivation and winemaking are intensely linked to the territory of the enterprise, as indicated by the concept of terroir.

Naturally, the reflections that follow are valid in general for all social cooperatives belonging to Libera Terra (which handles various agricultural products) and specifically for the social cooperatives engaged in the wine sector on which previously we developed a more contextualized analysis. The case study is illustrated below through the storytelling approach, adopting the perspective of territorial social responsibility and therefore breaking down the story of Libera Terra into the four dimensions that constitute the theoretical model previously proposed.

The dimension of corporate social responsibility (social capital)

The economic activities carried out by the social cooperatives of Libera Terra were inspired by a relevant if not predominantly social purpose in which the cult of the legality is a fundamental value of the entrepreneurial vision. In any case, the necessity/opportunity of good governance and management of a firm is obvious, combining “… the characters of economic efficiency and innovation of the enterprise with the values of mutuality and solidarity that are typical of the third sector, creating a participatory and democratic enterprise, formally private, but oriented to objectives of general order.” Additionally, “… in the evolution of the third sector social cooperatives represent the entrepreneurial dimension of the non-profit group.”¹

Social cooperatives that are members of Libera Terra are based on a dual social inspiration. First, they are oriented (in compliance with the related law) toward the inclusion of disadvantaged workers. However, they are also oriented (in compliance with their own mission) to spread examples of civic engagement to the territory and to inspire virtuous behaviors (or, more precisely, just civility) in the communities that inhabit the same territory and, thanks to the power of example, even in the communities that inhabit other similar territories (Putnam, 1993). Of course, the proper functioning of the enterprise remains essential, that is, from an economic point of view (considering entrepreneurship as an attitude, capability and ability to imagine, design and develop economically sustainable initiatives). The economic purpose also provides a vehicle to promote these social and civil objectives. In addition, always in economic terms, it is important to remember that, in the view of the territory promoted by Libera Terra, the pressure to enhance the public good is a priority because the land confiscated from criminal organizations remains property of the State, and social

cooperatives operate under concessions. This enhancement, in particular, aims at creating a virtuous circle of economically self-sustainable enterprises, involving, of course, the supply chain and thereby generating employment for the territory directly and indirectly.

Beyond the promotion of the public good in an economic sense, there is also a valorization in an environmental sense, which results in a real philosophy that starts from the consideration of land as a source of life (Mother Earth), focusing the efforts of Libera Terra on agricultural work. The cult of the environment is of fundamental importance to the cooperative project because environmental responsibility is critical to producing a widespread sense of legality in territories with a substantial criminal presence. Therefore, the message that should emanate from this commitment is that it is possible to make a product that is “good, righteous, and clean”.

Moreover, in an even broader vision, that message gets translated into a principle of the convenience of legality, considering it as not only social but also economic remuneration. Indeed, the land confiscated and now managed by the social cooperatives was cultivated previously (during the transition from requisition to concession, of course, they remained uncultivated). Consequently, some economic value was generated but this wealth (especially in terms of work) that was not fairly distributed and obviously benefitted the employer (organized crime). With the economic initiative of the Libera terra social cooperatives, however, it is shown that the legality is not only right but makes sense because it allows a more equitable redistribution of wealth in the territory. Finally, in social terms, the cooperatives of Libera Terra require the use of (at least) 30% disadvantaged workers, as required by law (381/91). In addition, nearly all workers reside in the municipalities to which the lands under management compete geographically, which gives the initiative a high social impact, shortening the chain of transmission of legality toward the community in the territory. Moreover, the selection of members of the cooperative is public, involving public and private institutions to identify individuals whose personal (ethics) and professional skills (know-how) are in harmony with the spirit of the enterprise. This combination is crucial. Libera Terra, in fact, requires the foundation of its initiatives to be not only legality (and then ethics) but also a reliable entrepreneurial project that must be supported by adequate professionalism because the economic failure of a project ultimately negatively affects the social impact of the overall initiative.
The involvement of public and private actors assumes particular importance in the case of Libera Terra. Recall that law 109/96 provides that the goods seized by the State from organized crime are assigned to provinces, municipalities and consortia of municipalities, which subsequently can assign them under concession to social cooperatives.

In the case of land belonging to Libera Terra, the members of which, as we said, are selected by a public announcement, the public-private partnership (Province, Prefecture, Municipality, Consortium of Municipalities, Italia Lavoro, Libera Terra, etc.) developed a detailed territorial study, putting at the center of the territorial strategy a precise point, namely enterprise creation, to constitute a real network of economic, social and civil values in the territory (thus arriving at contextual and multi-subjective governance of the territory). The governance of the territory presented is similar to the relations between Libera Terra and its associated enterprises whose levels of governance are, in fact, quite distinct, although they obviously share a total harmony of principles.

In this system of values, as we said earlier, the most important value is undoubtedly legality, which we have already described in an institutional (respect for the law) and an economic component (legality is economically convenient). Most of all, the principle emerges that legality is also (especially) an economic alternative, i.e., an entrepreneurial path to the survival of the enterprise, of the workers and of the territory in the broadest sense.

At the level of the territorial system, finally, the social cooperatives of Libera Terra try to maintain the vocation of the single soil for the cultivation practiced traditionally, reaching exclusively biological production in all cooperative products and producing the highest possible quality on that specific land. The tension in the vocation of the territory is very intense both in hard (i.e., the propensity of that specific soil to that specific cultivation, the concept of terroir in the case of wine) and in soft terms (i.e., the professional and traditional skills existing in the specific community that inhabits that soil), which requires constantly pursuing systemic consonance with the territory.

The dimension of synergistic circularity (cognitive capital)

From the point of view of production and trade, it is possible to find in Libera Terra a particular organization: the social cooperative. In fact, cooperatives focus exclusively on what they do best, which is the biological cultivation of their assigned lands to generate the highest possible quality. Transformation and sale, however, are conducted by the Libera Terra Mediterraneo Consortium, which can exploit economies of scale and experi-
ence, utilize technical and allocative efficiency, and redistribute the wealth produced overall more fairly.

Besides, the Consortium buys from other intermediaries and not only from by the social cooperatives of Libera Terra. However, for any company to be a supplier of the Consortium, it must comply with very rigid discipline for both technical production and ethical behavior.

It is clear that the Consortium does not constitute a resource of a specific territory (it is situated in San Giuseppe Jato, in the province of Palermo) but is instead a meta-territorial actor because it is the main outlet of agricultural productions in various territories. This relative certainty allows social cooperatives to engage in innovation and improve quality (with biological crops) for a single agricultural product, taking advantage of the upstream efficiency that the Consortium develops.

The dimension of diffuse ethical tension (ethical capital)

It is natural that the humus of legality is present in all territories, including those with a considerable criminal presence because it is understandable that the vast majority of residents in a community has a perfectly clear sense, in terms of legality, of what is right and wrong. However, contextual circumstances (living with economic hindrances, perceptions of institutional slowness, etc.) can understandably slow or even prevent the application of that inner feeling unless one demonstrates, as the social cooperatives of Libera Terra do, that socially, but above all economically, a legal initiative it is possible, reliable and sustainable.

Moreover, the territories on which the activities of Libera Terra occur have a dual core due to the economic and social redemption, which undoubtedly is influenced by a background and local presence, at least in historical terms, of a sub-culture with the values, principles and rules of criminal nature. The relationship that these social cooperatives have with the territory, therefore, must always consider this dual identity, not exaggerating but giving due weight to results that might appear minimal elsewhere.

Furthermore, it is interesting to note that, for the operators of Libera Terra, the work of the cooperatives is a normal craft, i.e., they confront the opportunities and problems of everyday entrepreneurship without outbursts of heroism as might be erroneously imagined. Of course, there are considerable difficulties in transferring the message of the cooperative project. Indeed, the subjects whose lands have been confiscated are fearsome and threaten to retaliate (which also occurs) in an attempt to culturally demolish the effort to start a legally clean and economically viable initiative because in those local communities, it would provide evidence of a concrete alternative to criminal management of those same lands.
It is important to note that members and workers of Libera Terra are also respect a veritable code of personal behavior, which requires not only legality but also integrity (avoiding completely, for example, even personal relationships that can be questionable).

For those who work with the cooperative/project, therefore, the concept of hero must be deconstructed and brought back to a level of normality: doing their job, doing their duty, respecting the law. We can realize a normality that at the same time becomes solidarity, as demonstrated by the more equitable redistribution of the wealth produced in the territory (which was mentioned earlier).

For these reasons, after the commitment of the social cooperatives of Libera Terra, it is possible to note more support in the territory for the initiative from citizens and operators (thanks to their economic involvement, direct and indirect), a greater vitality in the broadest sense of the community (including numerous projects in collaboration with various municipalities) and a more evident culture of legality (a few years ago it was unthinkable, as happens now, that one would normally wear Centopassi t-shirts), extending the civil front of the community of reference continuously.

6. Results and implications

The study of the social cooperatives belonging to Libera Terra has allowed, through storytelling, an in-depth analysis of entrepreneurial behaviors in terms of dynamics and actions that can be put in place by virtuous enterprises operating in disadvantaged areas, responding to RQ1 and RQ2. Obviously this is exploratory rather than prescriptive. For example, in the case study, we have verified the undoubted importance to the dissemination of ethical capital of dynamics, such as the enhancement of the vocation of the territory (both in terms of soil and skills), helping to provide a clear ethical identity (Totaro, 2005), and of actions, such as respect not only for the law (legality) but also of specific duties (integrity). By “… respecting a veritable code of personal behavior, which requires not only to produce legality but also integrity (avoiding completely, for example, even personal relationships that can be questionable)”. In addition, we have tried to determine whether and by what margins of consistency/inconsistency the theoretical model of territorial social responsibility previously proposed might application to the specific case of Libera Terra (responding positively to RQ3), especially the social cooperatives of Libera Terra operating in the wine sector. It should be remembered, however, that in this sector, substantial differences have not emerged with respect to other agricultural products (because all of them must be “… good, righteous, and clean”), because, of course, in the case of wine the concept of...
terroir inevitably emerges strongly. Therefore, below we propose the application of the theoretical model of the territorial social responsibility (as a system of the contributions generated by the efforts of entrepreneurial actors in the territory) to the case of Libera Terra (see Fig. 2). In methodological terms, of course, the exploratory intent of the study must be emphasized. In fact, it has been not proposed to derive a theoretical model valid in general (induction that would be unreliable with a single case), but instead, after developing the theoretical model, it has been proposed to verify its consistency with respect to a specific case study chosen according to specific motivations to bring out generic possibilities and impossibilities of application.

![Fig. 2 – The application of the theoretical model of territorial social responsibility to libera terra.](image)

In terms of scientific implications, the current exploratory study, of course, is open to further investigation, including to try to determine the evaluation parameters of the single drivers of each dimension up to a type of synthetic index for the evaluation of territorial social responsibility. Furthermore, surveys with quantitative methods will be necessary to determine whether it is possible to generalize the model.

In terms of managerial implications, conviction in the ethical purpose (and not only the economic and social) of the entrepreneurial activity is
strengthened, being paradoxically more evident precisely when economic responsibility seems to waver, specifically for disadvantaged areas and, more generally, in times of crisis. Besides, business ethics acquire a collective (because it flows into territorial social responsibility) and individual value (because it is embodied in real ethical capital), generating a virtuous circle even at an economic level (the example offered by Libera Terra, that “… legality is also [economically] convenient”).

Other possible implications, of course, affect the decisions of territory governance that must be developed by the public actors involved as policy makers, hopefully in cooperation with private actors.

The ethics of the actors operating in the territory, especially entrepreneurial actors, that (as has been verified) can transfer ethical capital to the territory, and should be an indispensable factor for the planning and development of the territory until it becomes a true collective consciousness (Schillaci, Gatti, 2011), especially for those areas hampered by specific handicaps, as is certainly the case in areas with a considerable criminal presence.

7. Conclusions

It is now accepted in business studies that territory is a very important, although not decisive, variable in the economic development of organizations and, consequently, of individuals and societies. This view nearly takes for granted that particularly strong territorial capital constitutes, at a minimum, a starting advantage for an enterprise (consider, for example, the Inquiry into the Nature and Causes of the Wealth of Nations by Adam Smith or the much more recent Competitive Advantage of Nations by Michael Porter). The role that economic organizations, and enterprises in particular, can play in helping the recovery/revitalization of disadvantaged areas seems less obvious, however, in a relationship characterized by exchanges that are not only purely economically fruitful but also socially and culturally productive.

In this paper, we have investigated the behavioral dynamics of virtuous businesses toward territory, transferring to the surrounding entrepreneurial and social fabric some benefits of exemplarity or at least solidarity. In this sense, the specific object of investigation, Libera Terra, is a subject that functions as a coordinator (even a meta-organizer) of different realities, including the entrepreneurial, and it promotes the territory, with commitment and success, both of which are activities that are relevant to ethical interests as well as economic priorities.

Moreover, by analyzing the case of Libera Terra, it has been possible to propose a theoretical model for the creation and dissemination of ter-
riorial social responsibility (especially due to ethical capital) of which we have presented a theoretical analysis and proposed drivers. In fact, it is possible to consider ethical capital (linearly) as a cause of the territorial social responsibility (benefiting the territory also due to the commitment of virtuous businesses) and (synergistically) as an effect of territorial social responsibility (benefiting the enterprises operating in the territory).

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Abstract

In the field of business studies, territory is now considered as an expression of a dynamic system of interpersonal relationships, benefiting from contextual resources of a relational, cognitive and organizational nature. Many perspectives and contributions analyze the interdependence of businesses and communities, therefore, increasing interest in introducing a perspective able to examine the path from a knowledge economy to a relationship economy in which the ethical capital of entrepreneurial actions becomes an intangible asset essential to the vitality of the territorial system. This paper is divided into two parts: the first has outlined a theoretical model of territorial social responsibility; the second provides a qualitative examination of the Libera Terra case study, with a focus on the wine sector. Social cooperatives operating the land confiscated from criminal organizations have been studied to reveal the (possible) transfer of ethical capital to the territory. The empirical analysis, of an exploratory nature, applies the theoretical model to the case study. Finally, this paper provides some scientific and managerial implications of the transfer of ethical capital from business to territory.

Riassunto

Nell’evoluzione degli studi d’impresa il territorio è ormai considerato un’espressione di un sistema dinamico di relazioni intersoggettive, grazie a contestuali risorse relazionali, cognitive e organizzative. Diverse prospettive e contributi analizzano l’interdipendenza tra imprese e comunità, diventando quindi interessante introdurre una chiave di lettura per esaminare il percorso dall’economia della conoscenza all’economia della relazione, in cui il capitale etico delle azioni imprenditoriali diventa un asset immateriale essenziale per la vitalità del sistema territoriale. Il paper è diviso in due parti: nella prima si delinea un modello teorico di responsabilità sociale territoriale; nella seconda, un’indagine qualitativa analizza il caso di studio Libera Terra, con un focus sul comparto vitivinicolo, studiando le cooperative operanti nei territori confiscati alla criminalità organizzata, per far emergere il loro (eventuale) trasferimento di capitale etico al territorio. Con l’analisi empirica, di natura esplorativa, si applica il modello teorico al caso di studio. Il paper, infine, concettualizza alcune implicazioni scientifiche e manageriali per il trasferimento di capitale etico dal business al territorio.


Parole Chiave (Keywords): disadvantaged territories, ethical capital, territorial social responsibility, organized crime, wine sector (territori svantaggiati, capitale etico, responsabilità sociale di territorio, crimine organizzato, settore del vino)
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