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THE COMMON GOOD IN MULTI-LEVEL RESPONSIBLE INNOVATION GOVERNANCE

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Purpose: The paper develops a firm-level concept of responsible innovation grounded in the firm's common good, with social capital regarded as the primary cross-level mechanism.
Design/methodology/approach: This is a conceptual study that integrates responsible innovation governance with the common good perspective. It develops a multi-level mechanism to explain how firm-level practices and broader governance conditions relate to responsible and creative innovation.
Findings: (mandatory) The paper proposes a mechanism in which a common-good orientation influences virtue- and humanistic-management practices, which in turn foster social capital that enables responsible and innovative creativity. It argues that responsibility and creativity are complementary in workplace innovation.
Research limitations/implications: Future research could test this framework by examining whether a firm-level common-good orientation fosters virtue practices at organisational and group levels, promotes social capital as a cross-level mediating mechanism, and thereby supports responsible innovation.
Practical implications: The common good approach provides a more comprehensive conceptual framework for innovation, which is no longer viewed as a purely value-free technical process.
Social implications: It helps identify the essential institutional infrastructure elements of collective action that create the conditions for effective community governance, especially now, when, alongside digitisation and the pandemic-driven reorganisation of work, the workplace is less tied to physical space.
Originality/value: The article contributes to discussions on responsible innovation by highlighting the role of firms and workplace actors in shaping innovation outcomes. It emphasises social capital (trust, reciprocity, and cooperation) as a factor connecting individual behaviour, organisational practices, and broader governance structures.
Keywords: common good, multi-level governance, responsible innovation, responsible research, social capital.
Category of the paper: Conceptual paper.

1. Introduction

Contemporary accounts of workplace innovation often prioritise material incentives, performance metrics, and efficiency-oriented governance. Yet innovation is never value-neutral, as it is produced through social relations and can generate benefits and harms that matter for human dignity, wellbeing, and the ecological conditions of life.

A growing body of research has addressed these concerns through the concept of responsible innovation (RI) and related governance debates. However, RI has often been positioned within policy and research-governance discourses, such as responsible research and innovation (RRI), which contributes to a recurring problem of level of analysis: firm-level practices and the moral agency of organisational actors can become obscured when responsibility is discussed mainly as a property of systems, programmes, or innovation outputs. At the same time, recent empirical developments indicate that firm-level RI can be operationalised, supporting more precise organisational theorising (Zhang et al., 2023).

A common-good perspective offers a normative anchor for such theorising by asking how innovation management can be oriented towards human flourishing. This resonates with long-standing concerns in humanistic management and business ethics that instrumental, "resource-based" views of employees sit uneasily with an authentic commitment to dignity and autonomy (McCall, 2001). It also echoes warnings against fetishising technical means while obscuring human ends.

The common good may have concrete organisational forms in the workplace. Conceptualisations of the firm's common good as collaborative work emphasise that organisations are sites where people can develop capabilities, virtues, meaning, and relationships while producing goods and services that address societal needs. From this perspective, innovation management is reinterpreted as a practice of organising collaboration under uncertainty in a way that can either support or erode human flourishing. Related recent work in human resource management explicitly connects workplace practices to the pursuit of the common good and sustainable development (Aust et al., 2024; Cooke, 2025).

Governance of workplace innovation can be understood through two interconnected dimensions. The first is responsibility, understood here as forward-looking responsibility: an ex ante approach to anticipating harm, maintaining ethical acceptability, and protecting shared resources before damage occurs. The second is creativity, viewed as developing and applying novel solutions to urgent social needs. Responsibility without creativity risks becoming compliance-driven inertia, whereas creativity without responsibility risks generating socially costly innovations. Recent research on innovation supports this complementarity, showing that ethical framing can enhance the creativity of value-oriented idea generation and improve early detection of potential harms during innovation planning (Bednar, Spiekermann, 2024). Studies on digital innovation practice highlight why ethical frameworks are often not

adopted, pointing to multi-level barriers, including individual skills, organisational priorities, and structural constraints (Ernst, Matter, 2025).

This paper is guided by the question: How does the common good, as expressed in virtue ethics and humanistic management, translate into RI practices at the firm level, and what role does social capital play?

2. Manifestations of the common good in innovation activity

Across influential definitions, several elements recur: (1) novelty and change, (2) practical application, and (3) value creation. Lee et al. (2012) equate innovation with any change, new idea, or approach that creates value for the company and its environment—customers, suppliers, partner organisations, communities, and even the broader good of humanity. Perhaps the most technical definition of innovation appears in the Oslo Manual, which defines it as a new or improved product or business process introduced to the market that differs significantly from previous versions (OECD & Eurostat, 2018).

The approach to the innovation process has evolved, with increased stakeholder engagement, partly driven by technological and social innovations. The initial opening of innovative company activities to external actors was seen as a source of competitive advantage. Now, it is also linked to the concept of RI. Bringing businesses together with other societal actors in the research and innovation process to align innovation with societal expectations has become, first and foremost, an important item on political agendas, especially within the EU (Von Schomberg, 2013).

According to Blok and Lemmens (2015), the concept of RI in its current form is naive, mainly due to disagreements and conflicts of interest among stakeholders. As the authors explain, these disagreements involve stakeholders' values, goals, understanding of contemporary challenges, and power. Managing an RI process is challenging due to a lack of transparency and, most notably, limited ability to predict its effects. Finally, there is the difficulty that although responsibility is shared, ownership of the results is not. All these factors lead researchers to conclude that the practical usefulness of the RI concept is highly questionable.

Current articulations of RI do not seem to provide a promising framework for enhancing workplace innovation management to address modern grand challenges. Let us consider the very notion in which the virtue of responsibility is assigned not to the inventor but to the product of their activity or the process leading to it. Such an approach makes sense if RI is understood as a proxy for the “responsible individuals”. Masking genuine relationships hampers the ability to recognise the problem and implement countermeasures. Moreover, responsibility has

a relational dimension, as evidenced by the word's Latin origin, respondere (to respond) (Grinbaum, Groves, 2013).

The current form of RI, which draws on general ideas related to sustainable development, instead focuses on the product and the innovation process. u and Horst (2015), who explore the concept of RI, evaluate its current form as aligned with neoliberal governmentalities. Therefore, questions about what is best for society, mainly whether the directions of individual innovation paths are correct, are not even considered (Stirling, 2008). According to these researchers, the operationalisation of RI in science and technology is problematic because the concept has shifted to the macroeconomic level and the field of international politics, thereby limiting the agency of responsible actors.

Gianni (2016), on the other hand, sees great potential in RI, although reinforced by the critical reference value of social freedom. Freedom, as a shared point of reference, enables a connection between science and society. Furthermore, he considers RI as an ethical framework to balance economy, law and morality, enabling the development of a legitimate and effective approach to innovation. Additionally, ethics is one of the six key elements promoted by the European Commission to achieve RI. According to Gianni, ethics with governance helps us select the best approach to responsibility by creating a common institutional framework that integrates various individual perspectives.

Exploring and approximating the seemingly contradictory perspectives on innovation and responsibility within the common good economy framework can further illuminate this relationship. Most importantly, it can help identify a new dimension of significance for managing innovation in companies, specifically in how it is created, while keeping people at the centre of research. In this context, understanding its purpose and the tools required to achieve it deserves further consideration.

The implementation of innovations yields results. The effects of innovation are usually judged by the extent to which a company's goals are achieved, such as generating profits, increasing sales, enhancing brand awareness, or reducing costs and improving efficiency through innovations in business processes (Crépon et al., 1998). Innovation can also have a broad impact on other organisations, economies, society, and the environment, including access to modern medicine, clean water, and clean air. Implementing such solutions at a societal level addresses the needs of both present and future generations, fulfilling the principles of sustainable development. Unfortunately, sometimes the adoption of innovations, despite their commercial success, can provoke security issues, endanger human health, or damage the environment. Therefore, the criteria of RI should be based on three aspects, according to Pavie (2018). First, innovation strategies should not attempt to do everything to meet new customer needs; second, they should not be rushed; and third, they should consider all significant consequences of innovation, including those that impact the ecosystem.

The extent of innovation's economic and social impacts largely depends on its diffusion and absorption. The latter requires a shift in citizens' attitudes towards investing in protecting the common good, including human health, life, and the environment. Implementing pro-social and eco-innovations cannot be achieved solely through declarations, directives, and regulations. Not everyone supports these initiatives, partly because innovation challenges the status quo and involves high costs with no guarantee of success. Nonetheless, such innovations remain a priority, especially amid rising social inequalities, climate change, environmental degradation, resource depletion, and biodiversity loss (World Economic Forum, 2021). Addressing these issues demands profound changes in how production processes are structured and encourages more sustainable and inclusive development. This means that companies' innovation strategies within the context of RI should go beyond mere legislative obligations and corporate social responsibility (CSR). Our review of publicly available innovation policies on corporate websites shows that CSR has often been reduced to a set of specific issues used to balance legitimacy with the effectiveness of innovation.

Commitment to creating the common good shifts our focus from what we should not have done to what we should do. To use van de Poel and Sand's terminology, we move from backwards-looking responsibility to forward-looking responsibility (Van De Poel et al., 2021). Backwards-looking responsibility, as the authors explain, refers to evaluating innovative actions and encompasses three types of responsibility: accountability, blame or praiseworthiness, and liability. Forward-looking types of responsibility in innovation are obligation (to avoid harm or to do well) and virtue. Responsibility as virtue is related to the character of the activities of the innovator. Williams (2008) considers responsibility as one of the central virtues of modern liberal societies, standing for "readiness to respond to a plurality of normative demands".

The main point we want to highlight here is the relationship between innovative activity and acting for the economy of the common good. We can identify four different expressions of the common good in innovation activity. First, the common good can be the outcome of an innovative process. Examples include innovations that safeguard human health and life, such as vaccines, medicines, innovative treatment methods, or modern medical equipment, as well as eco-innovations that provide access to clean water and combat climate change. The second form relates to innovative solutions that protect the common good, including air, oceans, natural resources, soil, animals, and plants. Third, the knowledge generated at each stage of the innovation process can also serve as a common good. This knowledge can be produced through basic scientific research and development, or it can be an end in itself, in the form of pure knowledge or embedded within innovation. The fourth significant aspect involves the involvement and cooperation of actors in the innovation process: scientists, universities, enterprises, and citizens. Finally, society's voluntary commitment and partnership in various activities and initiatives are vital in creating and supporting value. Though not monetised, this generates social wealth and thereby strengthens social capital. The essential elements here

are virtues, moral values, and principles that enrich interpersonal relationships and society as a whole, as they are fundamental to human life and development.

Sison and Fontrodona (2013) explain what can be understood as the company's common good. They describe the common good as collaborative work that develops knowledge, skills, virtues and meaning, while producing goods and services that meet society's needs and wants. The firm's common good is intrinsic (it cannot exist outside the firm), social (it depends on a community acting together), and practical (it is an activity, not a theory alone).

Organising collaborative work "pays off" for the company's innovation. According to Yeoman (2020), when projects pursue human flourishing and the common good, they feed new knowledge back into the organisation, spurring innovation and continually refreshing organisational practices.

3. Relevance of virtues in managing innovation activity

Ex-ante innovation measurement (Weresa, 2014) relies mainly on quantitative measures, most often expenditures. It leaves little room for normative considerations. A few exceptions apply to industries and services such as biotechnology, information and communication technologies, and security (Pellé, 2017). According to Svanberg and Svanberg (2021), the ethical dimension of commercial activities can be found in CSR efforts, such as donations, charity, or sponsored work by the company's employees, which are often linked to marketing and the company's core business. However, virtue-based actions rarely aim for such an end. Aurelius (2013) makes this clear: "Have I done something for the general interest? Well then, I have had my reward".

For individuals, virtuous actions contribute to what theorists call human "flourishing". According to Cunningham (2014), a person who pursues only narrow self-interest and is restrained, if at all, merely by fear of legal consequences or social disapproval, is diminished if they otherwise show no concern for acting generously, truthfully, or justly, because the capacity for virtues is an important part of what it means to be human.

The innovation process, as a form of collective action with an uncertain outcome, requires virtues at the micro, meso, and macro levels. The first type of virtue characterises individuals and their relationships with others; the second pertains to groups within organisations or research institutes; and the macro level encompasses entire communities, whether local, national, or supranational, such as the EU.

The three levels are inseparable, as shown in Wieland's (2001) model. Virtues demonstrated by employees are shaped by culture, education systems, and prevailing societal attitudes. Therefore, although this level is individual, it heavily depends on other factors, such as the macro-level education system. A company can also be a place where certain attitudes are

cultivated, which requires additional investment. The second and third elements encompass formal and informal institutions. Depending on the legal framework and laws, the company shapes its internal rules. Values rooted in culture also influence how it considers the moral aspects of its decisions. The final factor is coordination mechanisms, which depend strictly on the company. The less "moral" the regulations (including individual self-bonding, formal institutions, and non-formal institutions), the more investments the company requires.

At the individual level, the focus is on people's education and values in their families and local cultures. According to Hampden-Turner and Trompenaars (1993), societal values originate in education systems, and then they become evident in the cultures of organisations.

At the meso level, virtues essential for group cooperation become significant. Cunningham (2014) enumerates three civic virtues: mutual toleration, concern for others, and commitment to the public good.

In Ostrom and Ahn (2001), social capital and its following forms are essential for successful cooperation: networks/civic engagement, trust and reciprocity norms, rules, and laws (institutions). As they explain, trust allows individuals to act with a risk related to the trustee's behaviour; networking helps individuals who want to collaborate with others and a minority of society survive and develop; and institutions have a positive effect on the predictability and outcomes of human activities.

As Ostrom (2000) observes, for most people to cooperate and for that cooperation to persist, trust must be accompanied by reciprocity. Such individuals bring norms and values that support cooperation over time, while cooperation can erode rapidly when enforced by externally imposed rules.

Researchers identify virtue within economics in different ways. Burbidge (2016), who argues that virtue ethics rests on the communicability of ends, lists the main approaches to social virtues including locating them in market externalities (by Arrow), internal goods (by MacIntyre), the agent (by Sen), and conditional cooperation (by Ostrom). In a virtue-based business, profit and growth are treated as means. Post-materialist management, therefore, depends on intrinsic motivation for the common good and holistic criteria of success (Zsolnai, 2013).

Among virtues essential for cooperation at the macro level, justice appears to be one of the most critical values supported by the state. Justice-based actions can preserve virtues also at the meso level, enabling companies to innovate for the common good. Virtuous organisations or companies that do not make such efforts may be overly exposed to market forces, which could erode many vital virtues and innovations necessary for the common good. Felber (2010) explains how governments may promote such companies by giving them preference.

The development of companies based on the common good paradigm encourages the creation of new products and services by introducing new principles. Furthermore, regulations grounded in the justice-related principle regarding future generations could provide renewable energy providers with more opportunities through investment policies, starting with public and

educational institutions. Klein (2015) discusses alternative solutions, such as a responsibility rule (partly in place in the EU through the polluter-pays principle) or broader measures (e.g., initiatives aimed at environmental restoration). The state might support local initiatives, which are more likely to utilise local production factors and minimise transport impacts and bolsters local communities. Adherence to market rules, even if the market is somewhat based on virtues, as Bruni and Sugden (2013) argue, ultimately relies on the price system.

Vital human values, including nature, human dignity, and justice, cannot be priced. Here, a virtue-based approach becomes more significant. Bruni (2021) discusses the importance of virtues cultivated within enterprises, highlighting the draining of ethical capital in society.

4. Conclusions

The virtue-based approach in the workplace reveals two vital dimensions for managing innovation, both of which are important in confronting societal challenges, such as pandemics, climate and environmental crises, income inequalities, digitalisation, and AI development. RI activity can be anticipated, and the common good framework clarifies why what may seem like only a macroeconomic issue is also a concern for individuals acting as employees and managers. Shifting attention to responsibility rooted in virtues can effectively limit innovation that exacerbates current problems. Ex-post solutions that dominate the responsibility are often ineffective for a rapidly changing field of innovation. Additionally, in the absence of global regulations, societies have an interest in fostering responsible conduct within and across networks of transnational, national, and regional companies.

The creative aspect of innovation overlaps with this approach, as creativity underpins challenging the status quo and implementing changes. Like responsibility, creativity is an individual trait. It requires the courage to pursue work despite adversity and to explore unknown areas. Openness to change is easier in an environment characterised by high social capital, such as trust and networking.

Harnessing its potential depends on the institutions and tools within socio-economic systems. Encouraging people to pursue materialistic values may increase engagement in many projects while limiting their willingness to work together and increasing the likelihood of a moral hazard. Sison and Fontrodona (2012) demonstrate that the opportunistic pursuit of self-interest by a firm's shareholders and managers can erode their moral obligation to build a community grounded in relationships that respect members' intrinsic worth and dignity.

The common good approach provides a more comprehensive conceptual framework for innovation, which is no longer viewed as a purely value-free technical process. It helps identify the essential institutional infrastructure elements of collective action that create the conditions for effective community governance, especially now, when, alongside digitisation and the

pandemic-driven reorganisation of work, the workplace is less tied to physical space. Future research could test this framework by examining whether a firm-level common-good orientation fosters virtue practices at organisational and group levels, promotes social capital as a cross-level mediating mechanism, and thereby supports responsible innovation.

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