

Companies in the society – theory and practice

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Companies are the main actors in the economy, they employ people, they pay tax and they produce and provide services. Their operation is so complex with different kind of approaches, factors which influence them that it is not easy to find such kind of method which can reflect to this complexity. It depends also on whether the focus is on economic or social issues. Companies are often analysed with economic, financial or market approaches, the social focus appears only rarely.

In my presentation I would like to show this social aspect of companies. I used Porter and Kramer's (2006) idea as an initial point that the economy and the society need each other: a well-functioning economy needs a healthy society and a healthy society needs a well-functioning economy. Porter and Cramer (2006, 5) wrote the following about it: "Successful corporations need a healthy society. Education, health care, and equal opportunity are essential to a productive workforce. Safe products and working conditions not only attract customers but lower the internal costs of accidents. Efficient utilization of land, water, energy, and other natural resources makes business more productive. [...] Ultimately, a healthy society creates expanding demand for business, as more human needs are met and aspirations grow. Any business that pursues its ends at the expense of the society in which it operates will find its success to be illusory and ultimately temporary. At the same time, a healthy society needs successful companies. No social program can rival the business sector when it comes to creating the jobs, wealth, and innovation that improve standards of living and social conditions over time."

One of the key elements of companies that leaders are able to identify those factors which have an effect on the firms and those ones which are caused by the firms. This is a very complex issue and it is clear that there are companies which will not be able to do it. Profit is the main goal of a company, but I think this statement simplify the essence of corporate operation. To make profit lot of factors have to be taken into consideration, for which companies can be conscious or unconscious. As companies are the main actors in the economy their analyses focus mainly on the economic issues: How competitive is the company? How profitable is the

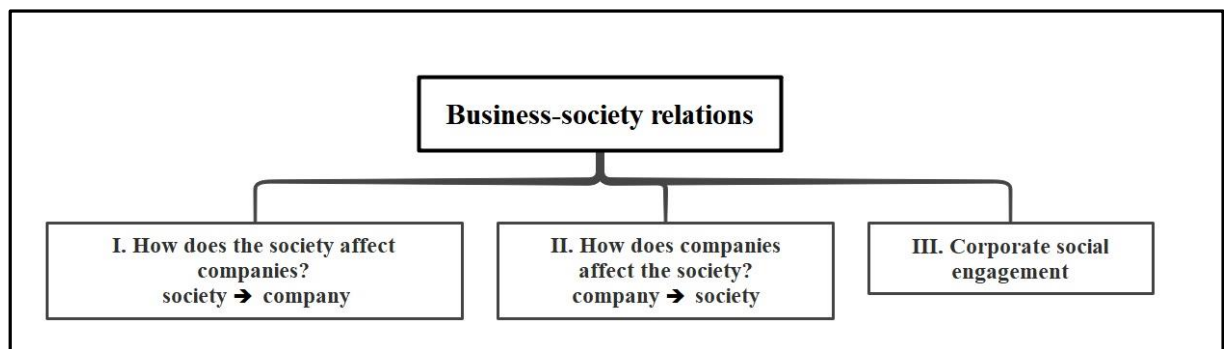
company? etc. But companies are also part of the society (Porter–Kramer 2006; New Zealand Business Council... 2010; Hsieh et al. 2018; Géring 2018), so relation with the society can be also a relevant factor. Porter and Cramer suggest (2006) to answer the following questions:

- How does the company affect the society?
- How does the society affect the company?

If we analyse the business-society relation, one more approach can be important to take into consideration: corporate social engagement. This concept is close to the corporate social responsibility (CSR) but I would like to show in my presentation that social engagement can have a different meaning, too. I agree with Baz (2018) that CSR is rather a unilateral activity while social engagement suppose a more active society, too.

The figure summarizes the concept of business-society relations.

Figure 1: Business-society relations



Source: Reisinger 2022 (in Hungarian - under publishing)

If companies are concerned with these questions they will be more conscious about their impact and about their environment impact. Embracing this concept companies can create such working conditions which can have a value for both the company and the society.

The size of the companies can influence these concepts, so in my presentation I would like to highlight the role of the size related to this business-society relation. It is obviously that bigger companies have different role in the economy and in the society. Big companies have a more visible activity than small and medium sized companies (SMEs), but it is generally true that also these companies can be active with social approaches but in a different way. There are only slight researches among SMEs about this topic, so I chose them to examine in my own research.

Between August 2021 and June 2022 I am making interviews with SMEs in Győr, Hungary about their societal role. In my presentation I would like to show the first results of my research. I would like to answer the following questions: What kind of societal factors influence the companies? Which impact have the companies on the society? What is the role of the companies in the society? How these approaches can influence the competitiveness of companies? How companies think about the relation between corporate social responsibility and corporate competitiveness? Interviews are still ongoing at the time of writing the abstract, so I cannot show any results yet.

Why do I think that business-society relation can have an influence on the corporate competitiveness? The competitiveness of a company can be understood in many ways, I agree with Czakó and Chikán (2007, 3) who interpret competitiveness as it follows: „...we see corporate competitiveness as the ability of the company to permanently provide consumers, while respecting the standards of social responsibility, with products and services that they are rather willing to buy than the competitors' products under conditions that ensure profit for the company.” In my presentation I would like to give an overview about how the societal role of the companies can be related to their competitiveness.

Operation of a company is such a complex process that it is not easy to give generalized statements, thus in my presentation I try to show an approach which can be useful for all types of companies. To sum up the aim of my presentation is to attempt to identify the types of relation between companies and the society from a theoretical and from an empirical view and to connect these approaches to the corporate competitiveness. My aim is to draw attention to the importance of the investigation of the societal approaches of companies. Integration of these aspects into the operations of companies can open new dimensions for both researchers and practitioners.

Keywords: companies, society, impact, competitiveness

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