



Business as a social institution

Conference paper by Abdellah Chenguiti

A company is an economic entity, but it is also a social institution. Its primary aim is not to produce goods and services or create jobs, but to increase the value of the capital advanced by its shareholders. However, the key to its success is the trust of its employees, shareholders, customers, suppliers, and the community in which it operates. This is why it should have both economic and social aims, balancing the needs of its own development and the aspirations of individuals, both those who are working within it and those who form its environment.

Projects that incorporate a combined social and economic approach consist of integrating social and environmental requirements into the company's acts of daily management and its relations with its employees and external stakeholders. The social and societal commitment also serves the economic interests of the company, since it allows it to be protected from possible abuses of governance by conceding some power of 'control' to different stakeholders.

Business leaders make daily decisions that affect the lives of hundreds of thousands of people, including those based around investment restructuring and relocation. Such decisions are so critical to the quality of social life that they cannot be taken outside of any input from concerned persons and groups. The first dimension of a company's commitment is ethical. It relates to the promotion of fair competition, respect of laws and rules of good citizenship, the fight against fraud, corruption and other unlawful acts.

The second dimension is for the company to operate in compliance with fundamental human rights, making sure to offer decent jobs, ensure the health and safety of its work environment, promote equity and equal opportunities, ensure the right and access to training, prevent discrimination, respect freedom of association, and protect maternity, children, and the disabled.

A third and final dimension is related to the need to democratise labour relations, which firstly requires that collective bargaining, at company, sector, and country level is established as an essential right of employees and favoured tool for regulating social relations and improving the conditions of labour and employment. This process requires a greater involvement of staff representatives in managing conditions of work and employment. This process implies that a true disciplinary law, governed by clear procedures and giving employees the right of defence, can supplant traditional disciplinary powers, where the employer takes the liberty, in many countries, to punish employees without having to listen to them first.

The role of civil society in the implementation of this process is crucial. As a real driving force for propositions and debate, with the support of the G7 governments, they should increase their participation in the formulation, implementation, and evaluation of recommendations in order to encourage the emergence of a real political will which aims:

- on the ethical front - to go beyond speeches, by raising awareness of economic actors and ensuring an effective sanctioning of breaches of ethics, the extent and scope of which have reached alarming proportions in many countries
- in terms of application of social legislation – the adaptation of legislation to the realities of business and strengthen checks and balances
- in terms of democratization of labour relations - to act so that the logic of dispute and conflict give way to a logic of dialogue and co-construction, to encourage the promotion of healthy social relationships, conducive to

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maintaining a good social climate within our organizations (which is a key performance factor for our businesses), and stimulating investment and job creation

To conclude, it is important to remember that such involvement of civil society in promoting social justice can only be effective and efficient if the governments of these countries recognize civil society as a full-fledged partner, accept their involvement, and provide favourable conditions for them to operate in.

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