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The Business of Business: The Context of Organisation and Commercial Development

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Abstract

The work on what the business of business is, and what the business of business should be, started as a collaboration between the School of Management at University College London (UCL) and the Antwerp Diamond Exchange (ADE). It was clear to those involved that this issue was under-explored, and that it left a key gap in the development of business and management education, awareness and practice. The work arose as the result of a series of conversations between staff at UCL and ADE as to how to develop an understanding of what leadership and management should be, and what organizations should deliver for all of their stakeholders. This work is presently being developed into a television presentation and a book.

What organizations were supposed to deliver to backers was clear (returns); and there was also a good all round understanding of what customers and clients expected (and expect) in terms of quality value and utility of products and services at an agreed price, charge and value. What organizations could and should deliver to other stakeholders, and what they could and should deliver in terms of a wider, sustainable and enduring contribution to society (another stakeholder) remained unclear (1).

The purpose of the work therefore was to try and inform one part of the future development of business: taking a wider view than the purely financial, ascribing value to all stakeholders equal to that of the financial interests, and ensuring that a debate was generated with a view to clarifying how some of the factors inherent in this approach might be addressed and given life and credence.

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1. The business of business

The business of business – the role of business in society and in the world - is a complex issue, raising questions at every stage for which (as below) there are either no clear answers, or else there are many answers. In particular, every present position, in which business looks first to its own narrow and immediate interests, is completely legitimate; there is no obligation on anyone to do anything different. However, if there is to be any kind of sustainable international, social and cultural development as well as economic progress, then the debate about the contribution that ought to be made by business is essential (even if the outcome is only to confirm its present position).

The position adopted in this paper is that ‘business’ is conducted by all organizations, commercial, public service, government agencies and NGOs, and the not for profit sector. This is reinforced because:

- From a purely economic point of view, organizations in all of these sectors make a contribution to employment prospects, social and cultural development in the places in which they operate, as well as in bringing economic activity;
- Every job, occupation or piece of work brought in helps to develop the particular location in some way through the multiplier effect; and if this becomes the basis for sustainable economic growth, then the social aspects are certain to follow in its wake.

The purpose here therefore is to set out some of the key issues and complexities that have to be addressed in order to undertake a full evaluation of the position of business in society. This position is addressed from the legitimacy of its present position, and from establishing some of the conditions that have to be faced if it is to enlarge and develop its position, and from the point of view of responding to and accommodating the pressures and restraints that exist in all parts of the world. This forms a key element of the future development of management practice and management knowledge.

2. Anecdotes

A part of the development of the work arose from a discussion of some random and unrelated anecdotes and ‘statistics’ existing in the present world of business. These were:

- when the Soviet Union collapsed in 1990, the collective and abiding reaction of those living in the former Soviet states was great anger: that they had been denied the material benefits of living and working in a consumer society for so long (2);
- the fifty richest people in the world own wealth equivalent to the poorest 50% of the world’s population (3);
- the greater the divide between the richest and the poorest in a society, the greater the level of instability (4);
- the level of unemployment in the EU is equivalent to the whole population of the UK (5);
- whatever the effects on the health of the planet, the people of China, India, Africa and South America are clamouring for the development of western style consumer goods and services, opportunities for prosperity, and the ability to buy and acquire material goods and services, just as the West has already done to a greater extent;
- hunger is a business in itself, used in various ways by different stakeholders and vested interests (6);
- on average catering companies throw away a third of the food that they produce for consumption; and on average every UK household throws away #50 worth of food each month (7).

One approach to any conclusions drawn from these unrelated issues is that whatever business delivers, some of it is ‘not right’ (whatever that means) and so there need to be changes. There is no social or cultural order (let alone economic and political stability) if a large part of the world is owned by just a few people. There is no social stability if the prosperity divide between the top and bottom of society and societies is too great (again, a nebulous conception). There is a human need for comfort, prosperity and economic as well as social advancement; and those who do not get the opportunity for this become resentful. Pollution is an issue only to those who do not have to live with its effects; those who are hungry care only about the next meal and about improving their lot so that they do not have to worry about hunger. On the other hand, there is enough food to go round – it is produced and delivered in excess in some places, and not at all elsewhere.

In particular, the problem of food location, excess and hunger has been recognized for half a century and more, when it was turned into a business by the Oxford Committee for Famine Relief (now Oxfam) on the one hand, and by the rebels in the Nigerian region of Biafra on the other (8). Hunger itself is now a major industry, dominated by

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