

## Four paths to social wellbeing

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### Abstract

Several definitions of social welfare can be found in the professional literature, especially on corporate social responsibility. In this paper, we start from the social responsibility of corporates and individuals for the creation of added value as a fundamental criterion for defining appropriate behavior. At the same time social irresponsibility is defined as well. It is important to define the responsible pillars for particular processes. Such a definition of processes enables the planning of social action in the broadest sense.

**Keywords:** Social responsibility, sustainable society, social wellbeing, paths to social wellbeing.

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### 1. Introduction

Social welfare is an expression for the ideal of a sustainable society, or its goal, which should suit the vast majority of people. The fundamental characteristics of a sustainable society should be the following in particular: (summarized from: Šarotar Žižek, Mulej, 2020, 3): nature conservation, happy, personally and socially responsible, respected and satisfied people, state-of-the-art technology, happy family, people's participation, long-term business success, responsible owners, socially responsible values, culture, ethics and norms, thoughtful consumerism, diversity management, universal basic income, solidarity, leisure and entertainment, systems/rules (eg political, legal, economic, social, health), democracy. <sup>[1]</sup>

Main point is therefore the wellbeing, which must be based on:

- Material wellbeing (income and property, employment),
- Social welfare (education upbringing, health, safety, consideration, social cohesion, political voice and co-management, satisfaction with life),
- Wellbeing in the environment (nature conservation), because: what is really important in life, money cannot buy.

The aim of the paper is the determination of paths to social wellbeing.

### 2. Social responsibility of individual pillars

Wellbeing as an ideal of a sustainable society can be considered from two important aspects, namely as:

1. Social welfare, which means an objective aspect; it can be measured with agreed indicators. These include in particular: households (wealth, income and consumptions), household inequalities, inequalities of opportunities, inequality of income distribution between countries, individual wellbeing, economic security of people, sustainable aspect of wellbeing, people's trust and social progress (Stiglitz et al., 2018, 13–15).
2. The wellbeing of the individual, which represents the subjective aspect: it can be measured with various adapted surveys (Stone, Krueger in Stiglitz et al., 2018, 163–201). Its fundamental characteristic is that it changes and develops simultaneously with changes in the functioning and wellbeing of the individual, his environment and society as a whole.

Both aspects are also usefully considered from the perspective of the responsible bearers of the relevant activities. We get to table 1.

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**Table 1: Two dimensions of wellbeing**

Main responsible pillars of socially responsible activity	Level of social wellbeing	
	Social	Individuals
State		
Companies <sup>[2]</sup>		
Non-profit organizations		
Cooperatives		
Individual person		

Despite different interests of the actors in the bresponsible pillars it is possible to define their social responsibility. The content of Table 1 will be discussed below.

**2. The responsibility of the state to the social level**

The state and its institutions are primarily responsible for the wellbeing of society as a whole. Thus, we are talking about welfare policy at the social level (social welfare policy), which is aimed especially at protecting people’s welfare.

From the point of veiw of social responsibility, the fundamental duties of the state are, in particular:

1. Political and economic security of the country;
2. Security of the fiscal and monetary system in the country;
3. Appropriate ecological and forestry policy, including wildlife and marine policies and sustainable use of planet earth;
4. Appropriate business terms (conditions);
5. An effective and efficient judicial system;
6. The appropriate tax system regarding companies’ value added;
7. An appropriate statistical information system that will monitor the achievement of important economic goals of companies;
8. Appropriate conditions for culture and art development;
9. Security for historical and cultural heritage;
10. Basic prevention against crime and fraud.

One of the largest priorities of the country should be changes in the economic system where the profit represents the ultimate goal of business. It should be changed into value added, which also includes work as a production factor. As a result, many regulations (e. g. Companies Act, Financial Operations Act and related banking and tax regulations) need to be amended.

The state therefore participates in reducing the risk of all organizations in the country. Put another way, the state is their biggest stakeholder. From this fact derives its right to participate in the division of the created surplus added value, which is achieved primarily through the taxes and duties, which fill its budget.

In simplified terms, the state influences the operations of companies mainly by enforcing the tax system and the legal order<sup>[3]</sup>. An example of such an influence is insolvency legislation, which to a certain extent prevents the impact of the insolvency of one company on the wider society.

At the same time, it should be noted that the state does not respond if the company makes a loss, if it is not yet insolvent. This means that it does not fulfil its duty as a stakeholder, as it usually receives less inflows into the budget due to the company’s loss. A loss automatically reduces the welfare of society as a whole, as it means that the company has spent more than it has generated. The state then responds neither as a guardian of citizens’ wellbeing, nor as a beneficiary of taxes. It therefore does not behave as a stakeholder, which is contrary to its social responsibility.

It is necessary to emphasize state’s responsibility regarding the design and operation of the educational system, through which it could significantly contribute to a better awareness of social responsibility at all levels <sup>[4]</sup>.

**3. State social responsibility to individuals**

The fundamental goal of the state is to ensure the safety of citizens and their wellbeing. Therefore, the main state’s responsibilities regarding individuals are to provide (enable, take care of):

1. An Adequate Healthcare System;
2. An Effective Educational System That Includes The Basic Principles Of Social Responsibility, Including Ethics;
3. Effective And Efficient Administrative Services;
4. An Effective And Motivating Tax System For Citizens;
5. Spiritual And Cultural Development;
6. Solidarity Measures Where Needed;
7. Takes Care Of Human Rights.
8. Takes Care Of Income Inequality And Reducing Poverty.

Based on the above, we can conclude that the state has a fundamental task of reducing the risk of citizens, in its broadest sense. This directly affects the wellbeing of individuals.

**4. Companies’ social responsibility to social level**

Despite the fact that Corporate social responsibility means different things to different people (Idowu, Louche, 2011, xvi), the fundamental goal of companies should be to spend resources in the wider society interest, and thereby contribute to the wellbeing of society as a whole.

Therefore, companies are responsible to society in particular for:

1. Consideration of social, economic and environmental aspects and sustainability goals;
2. Appropriate distribution of added value among all stakeholders;

3. A consistent and fair business policy towards all stakeholders and building trust between business and society (Idowu, Louche, 267) in the entire business chain.
4. Treating planet Earth as a stakeholder (appropriate environment policy);
5. Orientation towards sustainability and appropriate sustainability reporting;
6. Consideration and application of principles of business economics based on added value.

### 5. Companies' social responsibility to individuals

The social responsibility of companies to individuals can be broken down into the responsibility towards employees, and the responsibility towards other citizens and consumers.

The social responsibility of companies towards their employees stems from the fact that employees are:

1. Holders of intellectual capital, skills and knowledge;
2. From the point of view of companies' one of the most important parts of society;
3. The bearers of the part of business risk of the companies, and, therefore, important stakeholders.

This part of social responsibility reflects the effects of human resource management in the companies and includes especially:

1. Ensuring fundamental human rights;
2. Ensuring job security;
3. Continuous improvement of knowledge and skills of employees;
4. Ensuring an effective motivation system for the development and innovation;
5. Ensuring a suitable and healthy working environment;
6. Providing adequate opportunities for individual development and career of employees;
7. Providing an adequate internal reporting system to employees and unions.
8. Consideration of ethical aspects of human resource management and communication;
9. Consideration of potential interest of employees in co-management and/or co-ownership;
10. Establishing teamwork and appropriate mutual relations;
11. Increasing commitment and loyalty of employees towards their company.

The part of companies' social responsibility to other citizens and consumers includes:

1. Efforts to be a reliable and high-quality supplier of products and services;
2. Providing quick access to products and services at competitive prices;
3. Ensuring adequate comfort when purchasing products and services;
4. Monitoring customer needs and adapting the sales assortment;

5. Ensuring reliable and high-quality after-sales activities;
6. Timely, comprehensive and sustainable reporting;
7. Avoiding false or misleading information.

### 6. Non-profit organizations' responsibility to social level

Non-profit organizations (some political organizations, charitable organizations, schools, business associations, churches, social clubs, sport clubs, etc.) are subject to the non-distribution constraint: any revenues that exceed expenses must be committed to the purpose of organization, nor taken by private parties. These legal entities are organized for a collective, public or social benefit.

Key aspects of non-profit organizations are accountability, trustworthiness, honesty, and openness to every person who has invested time, money, and faith into the organization. They are accountable to the donors, founders, volunteers, program recipients, and the public community.

Therefore, non-profit organizations are not responsible to create profit, but they must create value added. It can take a material, valuable or non-valuable form. Their outcome depends on their orientation. They may have also more expenses than revenues, if their founders compensate the shortfall.

But, in any case, these organizations are obliged to carry out their mission and thereby contribute to the social wellbeing. According to the founders, this investment must be greater than the deficit they financed. This is especially important if the state is the founder of such an organization.

### 7. Non-profit organizations' social responsibility to individuals

A cooperative is defined in the Cooperative Identity Statement (COOP, 1995) as an autonomous association of persons united voluntarily to satisfy their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Cooperatives allow members to take control of their economic future, and because they are not owned by shareholders, the economic and social benefits of their activities remain in the community where they are established. Profits generated are either reinvested in the cooperative or returned to members.

The responsibility of cooperatives towards society is the same as that of companies, but it also includes:

1. Provision of services that are otherwise unavailable or insufficient on the market;
2. Providing employment to local residents;
3. Maintenance of salary levels;
4. Keeping money in the local economy.

The responsibility of the cooperative towards its members is extremely important due to the ownership

and implementation of the mission of the cooperative. This part of the responsibility of the cooperative reflects the fundamental reasons for organizing the cooperative.

The responsibility of cooperatives to employees and other citizens is the same as the responsibility of companies, with an additional note: the behavior and responsibility of a cooperative greatly influence the fact that people understand and support cooperatives as an important way of doing business in specific ownership circumstances.

### 8. Social responsibility of an individual on social level

Fundamental starting point is the recognition that all people are connected and interdependent. Therefore, they must act socially responsible in several ways:

1. Almost all people are members of one or more legal entities. They should influence socially responsible business and behavior according to their positions and possibilities in organizations;
2. An individual should influence on socially responsible behaving and acting through voting system by preferring candidates, who are evidently committed to social wellbeing. This means active participation in democratic processes.
3. An individual should contribute to the environmental protection and lower consumption of non-renewable resources.
4. An individual should contribute to the reduction of misunderstandings and bad will between people by his own example and appropriate tolerance.
5. An individual must avoid voluntary or wilful blindness in the perception of processes that reduce or threaten social wellbeing;
6. An individual can be also the initiator of changes or new movements in his immediate and wider environment aimed at increasing social wellbeing.

An individual who contributes in any way to the value added and thus to the wellbeing of society has a sense of utility that is of utmost importance as it gives him or her the pleasure of working and acquiring knowledge in the broadest sense.

### 9. Social responsibility of the individual to others

An individual can live and act socially responsible<sup>[5]</sup> towards others in many ways, for example by:

1. Taking into account the interests of relatives, friends, acquaintances and colleagues and helping them realize them;
2. Understanding the problems of those close to him and helping them solve them;
3. Taking care of a suitable atmosphere in the family;
4. Raising children with adequate emotional intelligence and directing them to socially responsible action;
5. Emphasizing and practicing lifelong learning and

social awareness;

6. Being aware of the rights of beneficiaries to solidarity and helping them within the limits of his/her possibilities.

### 10. Sustainability triangle and sustainability pyramid

If we connect the concepts of social responsibility, sustainable society and the necessary information system, we get the triangle in Figure 1. Figure 1 shows that a condition for the realization of a sustainable society is socially responsible operation, which is not possible without an appropriate information system.

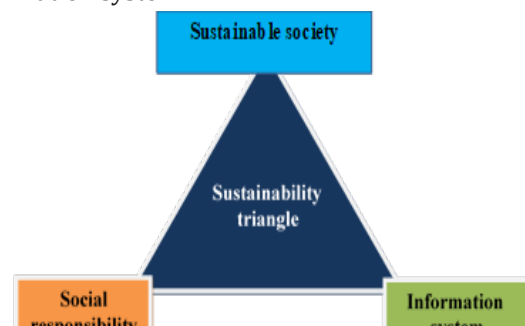


Figure 1: Sustainability triangle

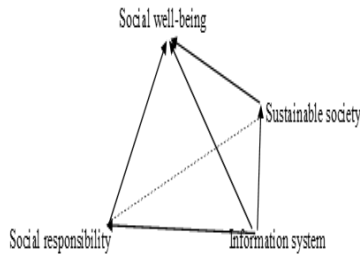
Source: Bergant (2021, 207).

A sustainable society as the ultimate goal means social consensus on people's fundamental interests and their realization. Its characteristic is that it represents a horizon goal that should suit the vast majority of people. At the same time, this is a goal we strive for at the same time as all the changes in society.

Social responsibility also means a judge for the proper functioning of all members of society. It requires proper planning, decision-making and behavior. It reflects the fundamental definition and contribution of organizations and individuals to the welfare of society.

The information system is of decisive importance for the design and implementation of strategies for achieving goals and deviations from the planned. Every information system is a "source of power" and plays a key role in all decisions, activities and development of a democratic society. Therefore, it also includes non-financial information (e.g. Baumüller, Schaffhauser, 2018).

The fundamental goal of a sustainable society is to achieve the desired welfare of society as a whole. This ultimate goal of society can be imagined as the top of a pyramid, the base of which is the sustainability triangle from Figure 1. We can talk about the sustainability pyramid shown in Figure 2.



**Figure 2: Sustainability pyramid**

Source: Own research

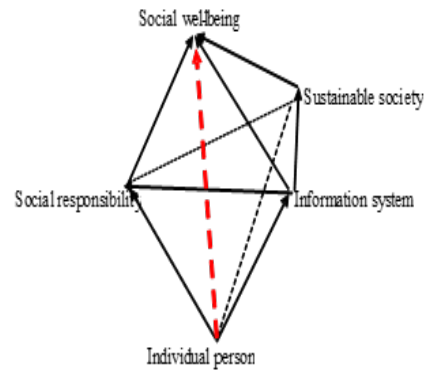
Each of the three elements on the corners of the lower face of the pyramid represents the fundamental conditions for achieving social wellbeing. That is why the corresponding arrows point to it. The lower surface (sustainability triangle) means the area of connection and coordination of the socially responsible operation of all stakeholders based on relevant information to achieve a sustainable society.

The front panel (between Social Responsibility and the Information System) illustrates the area of support and information creation for appropriate decision-making to achieve social welfare. The right plot (between the Information System and the Sustainable Society) illustrates the orientation of the information system for the needs of a sustainable society and measuring the achievement of social wellbeing. The last plot (between Social Responsibility and Sustainable Society) illustrates the area of socially responsible operation of all stakeholders with the goal of a sustainable society and contributing to social wellbeing.

All the mentioned areas are connected and require appropriate mutual coordination (harmony). The area of coordination therefore represents the interior of the pyramid. Events outside the pyramid are inappropriate and also socially irresponsible, as they increase disharmony and impair the achievement of harmony to ensure prosperity.

The role of the individual in achieving social wellbeing can be imagined with a new pyramid whose face is the same sustainable triangle as shown in Figure 1. Thus, we get two pyramids that have one face in common (triangular bipyramid) and is shown in Figure 3.

The upper pyramid (with thicker sides, with the invisible side crossed out) illustrates the social responsibility of all types of organizations, while the lower one shows the social responsibility of individuals. For an individual, his wellbeing is important. It is shown with the top of the lower pyramid in Figure 3.



**Figure 3: A complete representation of the path to social prosperity**

Source: Own research

Socially responsible behavior and functioning of an individual means contributing to added value and thus to a sustainable society and its wellbeing. Such an example is shown by the left arrow (from Individual Wellbeing to Social Responsibility) in Figure 3. The information system is also important for the individual, but it should monitor its added value [6]. It is shown by the right arrow (from the Wellbeing of the individual to the Information System) in Figure 3.

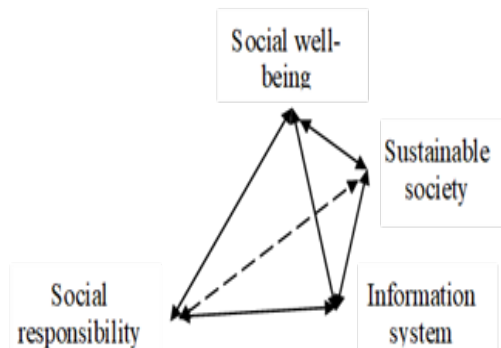
The dashed line (from the Wellbeing of the individual to the Sustainable Society) in Figure 3 represents the result of the individual's contribution to social responsibility and his information support. This arrow connects the apex of the lower pyramid to the apex of the upper pyramid. It shows a tendency towards a state where the wellbeing of the individual is equated with the wellbeing of society.

Figure 3 also shows the following:

1. Despite the separation between the upper (organizations) and the lower pyramid (individuals), there is an understandable connection between the two, because in organizations individuals operate with all their characteristics.
2. The picture shows the path of an individual's movement to the top of the upper pyramid, namely through socially responsible action both as an individual and as a colleague in companies, other organizations and state institutions. This means that the individual becomes a member of a sustainable society with the goal of co-creating the welfare of society as a whole.
3. We can assume that the sum or synergy of the wellbeing of all individuals also means the wellbeing of society as a whole. In the final, ideal phase, the upper pyramid completely absorbs the lower one, which would illustrate the ideal state of wellbeing for all members of society. This means that the lower pyramid is fully integrated into the upper one. This upward direction is illustrated by the thick dashed arrow.
4. The length of this arrow indicates the distance of

people's wellbeing from the ultimate goal, general social welfare. This distance can also be monitored empirically, which is particularly important [7]. This is also a mandatory component of an adequate information system.

By equating the wellbeing of the individual with the wellbeing of the entire society, the final (ideal) sustainable pyramid is created, illustrated by Figure 4.



**Figure 4: The ideal sustainability pyramid**

Source: Own research

Figure 4 is similar to Figure 2, but it differs significantly with the arrows pointing to the need for the continuous cooperation of all social responsibility bearers both in socially responsible decision-making and in the design of an information system for the transition to a sustainable society and the achievement of social wellbeing. The arrows are double-sided, which illustrates the cybernetic and interactive connection of the processes that take place inside the pyramid.

It should be emphasized that many processes today take place outside the pyramid shown. This means that they do not contribute to general social welfare, or even worsen it. Such processes can be characterized as socially irresponsible. Social irresponsibility therefore means any reduction or threat to social wellbeing.

The pyramid therefore makes it possible to define the criteria for the adequacy of individual processes from the point of view of individual goals within the sustainability triangle or from the point of view of the welfare of society as a whole, both at all levels of people's organization and all their activities. Information based on deviations of the actual state or processes from these judgments is important in directing the actions of all participants.

In addition to the judgments, the pyramid in Figure 3 also allows defining four fundamental paths to social wellbeing, namely with the following classification of relevant processes:

1. Processes within the upper pyramid for achieving social welfare, which could be briefly called: processes in the entrepreneurial field;
2. The processes of moving from the top of the lower pyramid to the top of the upper pyramid can be called: individual-level processes.

3. Processes of preventing external influences on the sustainable pyramid; they can be called prevention processes;
4. Processes affecting the reduction of processes of social irresponsibility outside the pyramid; they can be called global social responsibility processes.

#### 4. Conclusion

The paper proposes four principled ethical paths to social wellbeing. Of course, these paths require detailed consideration and more discussions, but especially more political and professional will. The most important bearer of these processes should be the state with all its institutions. Of course, the academic sphere also plays an important role in this, both at the theoretical level and in the educational system.

The problems are here and some of us are aware that it is necessary to tackle them and not give up when we encounter problems. Such a belief is based on the fact that the alternative is only harmful to people in the long run. This, of course, means a big problem when we look and work in the service of short-term interests.

Importantly, this problem also represents a sufficient challenge to a critical mass of people. Otherwise, talk about social responsibility is really just talk. This means that the conclusions and measures that humanity decided on at the UN conferences on climate change, which are actually calls for socially responsible action by people to prevent the collapse of humanity, which otherwise threatens not in the distant future, are not being implemented.

Therefore, it is impossible to make a step towards a sustainable society by neglecting the fundamental criterion of social responsibility. It is about creating value added in its broader sense. Such neglect means intentional and voluntary blindness in both the academic and political spheres, which prevent any movement towards social wellbeing.

This is especially important because we live in times of crisis (climate, war, health, political crises, etc.). There is no end or solution to the crises in sight. The biggest mistake would be to leave solutions to politicians. Therefore, it is necessary to reach a critical mass in the academic sphere, which can prevent further deterioration and influence the redirection of negative trends.

The Proposed Paths Seem Idealistic, But They Are Necessary For The Preservation Of Humanity, Which Is More And More Interconnected And Interdependent.

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