Can the company achieve the common good?

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What exactly is the common good? Can it be achieved within the company? And is it beneficial for an organization to seek the common good?

The concept of common good holds a prominent place in political and social philosophy, but has had little resonance in the theory of the business. This could lead to economists misunderstanding the criticism directed at them by the theory of the common good, since it uses categories that are unfamiliar or difficult for them to translate into those that traditionally draw on economic, sociological or psychological models.

In "The Common Good of the Company and the Theory of the Organization," Antonio Argandoña, IESE professor and Head of the "la Caixa" Chair of Corporate Social Responsibility and Corporate Governance, performs that task of translation, reviewing the most habitual concepts of the common good while searching for their equivalents in the economic sciences.

Argandoña explains that the concept of "good" lies at the very foundation of economics, where it refers to that which people use to satisfy their needs. In moral philosophy, it is what Aristotle defined as "that at which all things [or all people] aim."

For that which is able to satisfy needs, the author suggests classifying goods into:

- **Extrinsic**: can be instrumental, such as wages; or immaterial, such as recognition and approval.
- **Intrinsic**: satisfaction of work carried out, learning, the development of capabilities or interaction with other people.

- **Transcendent**: what the agent seeks for others, not for him or herself. These are the final goods par excellence, changing the person's capabilities, making him/her a better person and helping them to reach their goal.

The common good: The supply side and the demand side

Although the theory of the common good is not often distinguished from demand and supply, in economics this distinction is very important.

From the demand perspective, economics distinguishes between the following goods based on rivalry criteria (use by one person impedes use by another: if I eat a fish, no one else can eat it) and exclusion (it is possible to prevent another person from enjoying it: the proprietor of a toll highway could prevent someone from using it without paying):

- **Private Goods**: rival and excludable, such as the fish.
- **Club Goods**: nonrival and excludable, such as cable TV.
- **Common Goods**: rival and nonexcludable, such as ocean fishing.
- **Public Goods**: nonrival and nonexcludable, such as a mathematical theorem.

According to the author, the extrinsic goods would be private, whereas the intrinsic and transcendent goods would be common.

With respect to the supply or production of goods, according to economic theory, it could be private, individual or personal; either a public, social or common good. In other words, I could either catch a fish by myself or in community.
The theory of the common good, meanwhile, focuses solely on the social dimension of the process, and considers that, even when fishing alone, a person is part of a tightly woven network of social relations: someone taught them to fish, manufactured the fishing rod, sold the bait, etc.

Based on these considerations, the author says that presenting the company as a community does not invalidate the view that economics holds toward it, which refers to a community of persons. The main difference is that it limits the human element of a company to contractual relationships and criteria such as profitability, efficiency and competitiveness.

The theory of the common good also takes into in account unity and consistency, which are necessary for people to develop and thus for the company to survive and flourish.

Goods in the organization

To summarize, people who become part of an organization do so because they seek certain goods: extrinsic (i.e., financial means); intrinsic (i.e., knowledge); and transcendent (i.e., development of virtues).

The organization uses these goods to obtain others with which to satisfy its needs. First, the extrinsic needs of its customers, to whom it provides produced goods and services, in exchange for the financial resources that it, in turn, uses to satisfy the extrinsic needs of its owners, executives and employees.

The company should also satisfy the intrinsic needs of its members, as well as the transcendent ones.

Although everyone in the organization carries out their activity for very different reasons -the goods that each individual seeks to obtain - those actions all share a common purpose. Hence, the author points out that on top of people's needs and actions, the organization adds a common goal.

And it is the pursuit of that common goal that generates the common good and perfects the people participating in the organization. Furthermore, what makes a company excellent is the ability to improve its people in their task of producing and selling goods and services to satisfy customers' needs.

Thus, material goods are important components in the process of producing the common good, though not as material goods, but rather in terms of the giving, the attitude or the relationships that they entail.

Consequently, Argandoña concludes by defining the common good in the company as the set of transcendent goods (virtues) and intrinsic (knowledge and capabilities), generated by the company's activity (the production and distribution of goods and services), through the cooperation of everyone in the production process according to the conditions (economic, social and moral) of that process.