DOI: 10.23977/pree.2024.050220
ISSN 2616-2253 Vol. 5 Num. 2

Successful Business Practices: The Dual Impact of Wealth Creation and Social Responsibility

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Keywords: Entrepreneurship, Economic Impact, Social Responsibility, Income Inequality, Social Welfare

Abstract: This research explores the benefits that successful businessmen bring to others in the process of wealth creation and consumption. By analyzing entrepreneurial, innovative, and business activities, we evaluate how these activities benefit society by creating jobs, increasing tax revenues, driving economic growth, and providing more products and services. At the same time, we study how the consumption behaviors of business leaders, especially their charitable donations, reflect corporate social responsibility, and how these behaviors promote social values and high-quality social development. In addition, the article discusses the possible negative effects of business success, such as widening income inequality and the gap between the rich and the poor. Through comprehensive analysis, we conclude that the overall impact of successful businessmen's business and consumption behaviors on society depends on their business practices, social responsibility, and concern for others. This study provides a new perspective for understanding the complex relationship between business success and social responsibility, and emphasizes the importance of maintaining moral and ethical standards while pursuing economic benefits.

1. Introduction

Whether successful businessmen benefit others when they make money and spend money involves many levels and angles. For example, increasing gross national income, creating new markets and new wealth, increasing employment and raising income will increase the country's tax base, create social transformation, and invest in other non-profit projects [1].

Successful business people play a vital role in the modern economic system. Their activities not only affect the accumulation of personal wealth, but also largely shape social structures and economic dynamics. A core issue is whether these business leaders have a positive impact on society while pursuing business success. This article aims to explore the impact of successful businessmen on the welfare of others in the process of making and spending money, which is a complex and multidimensional issue.

In recent years, studies have shown that successful entrepreneurs, through innovation and entrepreneurial activities, not only create jobs but also promote economic growth and social development [2]. For example, entrepreneurs' investments and business activities can significantly increase the country's tax base, thereby providing funds for public services and infrastructure construction [3]. In addition, charitable donations by business people are seen as a manifestation of corporate social responsibility, which can not only directly improve social welfare, but also promote high-quality social development [4].

However, while successful businessmen create wealth, they may also exacerbate income inequality and wealth gaps. Piketty (2020) [5] pointed out that the concentration of wealth is closely related to the growth of enterprises and market monopoly, which may lead to an increase in the cost of living for ordinary people. Therefore, the overall impact of the behavior of successful businessmen on society depends on the balance and regulation of multiple factors.

In this article, we will comprehensively analyze the multiple influences of successful businessmen in the process of wealth creation and consumption, explore their positive and negative effects on society, and put forward corresponding policy recommendations to promote the harmonious coexistence of business success and social responsibility.

2. Literature Review

Entrepreneurship is considered one of the key factors driving economic growth. Recent studies have emphasized the role of innovation and entrepreneurial activities in creating jobs and promoting regional economic development [6,7]. Fagerberg et al. (2018) [8] found that innovation driven by entrepreneurship can bring new market opportunities, thereby improving the productivity and competitiveness of the overall economy. The connection between business success and social responsibility is also a hot topic of research. Tax contributions through corporate activities are widely considered to be an important support for social welfare [9,10]. In addition, direct investment by business people in social welfare through charitable donations and social responsibility projects has also received attention [11,12].

However, business success can also lead to increased income inequality. Piketty (2014) [13] explored the impact of wealth concentration on economic and social stability in his groundbreaking research. In addition, the formation and bursting of economic bubbles have a profound impact on the cost of living for ordinary people [14], which is often related to the consumption patterns and market speculation of business leaders.

Business ethics and morality play a vital role between business success and social impact. Solomon (1992) [15] emphasized that business leaders should consider the long-term impact of their actions on society and the environment while pursuing profits. In recent years, research on corporate social responsibility (CSR) has begun to focus on the moral and ethical dimensions of business practices [16].

In the process of making money, successful entrepreneurs can provide jobs for others, contribute to tax revenues, and promote economic growth (such as gross domestic product (GDP)). In The Wealth of Nations, Adam Smith proposed the theory of the "invisible hand", arguing that individuals, by pursuing their own interests, will ultimately promote the realization of the overall interests of society [17]. According to this theory, the personal interests of successful businessmen are transmitted through market mechanisms, stimulating competition, promoting innovation, improving production efficiency, and ultimately benefiting the entire society. Joseph Schumpeter proposed the theory of innovation and the concept of "creative destruction" [18]. The entrepreneurship of successful businessmen can promote economic growth in four aspects: creating jobs, productivity, community, and innovation [19].

3. Methodology and Results

The money and spending of successful businessmen also exacerbate income inequality and the gap between the rich and the poor. The growth of business wealth is closely related to the growth of enterprises and monopoly power [20]. Unbalanced consumption patterns may lead to asset price bubbles and affect the cost of living of ordinary people [21]

This study mainly introduces the following aspects: successful businessmen make money through entrepreneurship, innovation and business activities, create jobs [22], increase tax revenue [23], promote economic growth, improve productivity, and provide more products and services [24]. The specific framework is shown in Figure 1. When successful businessmen spend money, their charitable donations are a manifestation of corporate social responsibility and integrate their businesses into society [25]. This practice not only creates social value and promotes high-quality social development, but is also of great significance to achieving common prosperity [26]. Of course, these influences must be based on morality and ethics. Whether businessmen abide by the law, respect moral standards [27], and value social responsibility [28] will also determine their influence on others [29,30].

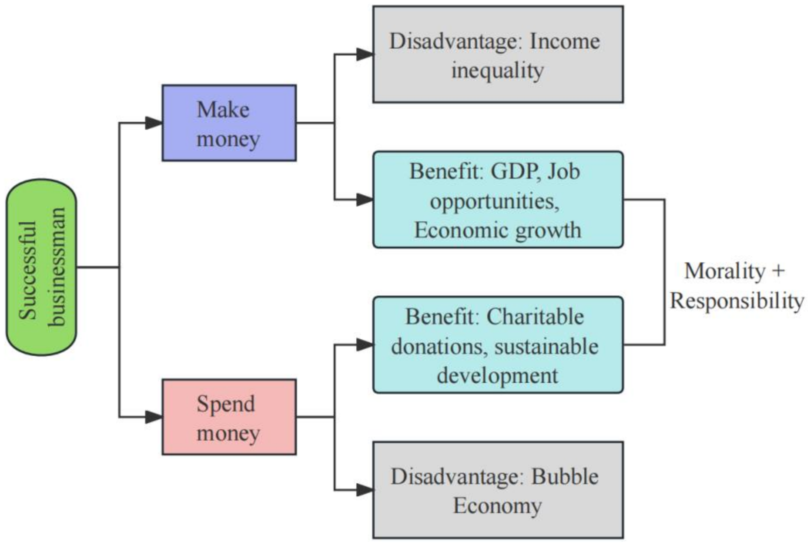

Figure 1 The impact of successful business people making and spending money on others

Supply and demand have a significant impact on economic activity, as successful entrepreneurs create more value for society by meeting consumer demand and improving production efficiency [31] . A study of Jordanian SMEs from 2009 to 2018 showed that SME financing had a statistically significant impact on Jordan's unemployment rate, indicating that SME financing and unemployment were positively correlated [32]. The study found that 95% of the changes in GDP and unemployment were attributed to SME financing, while the remaining 5% were caused by other factors. By exploring the relationship between entrepreneurship formed by SMEs and economic growth in Nigeria, the results showed that entrepreneurial enterprises had a positive impact on economic growth by creating jobs, with a p-value of less than 0.05 [33] .

There are many ways to calculate GDP, such as the expenditure approach and the income approach [32].

$$GDP = C + I + G + (X - M)$$

Among them, C: total consumption, I: investment, G: total government expenditure, (X-M): the difference between exports and imports.

Successful entrepreneurs improve the lives of disadvantaged groups by engaging in charitable giving, as evidenced by the percentage of money they donate [27]. Moreover, entrepreneurs are more likely than any other professional to make charitable donations. According to a survey of more than

160 CEOs and company founders, 89% of respondents make financial contributions (through their company and personal donations), and an additional 70% also donate their time [34]. Corporate philanthropy, the practice of companies giving back to their communities through charitable giving and social impact initiatives, is more important than ever. Not only do philanthropic companies help address pressing social and environmental issues, they can also have a positive impact on the business itself [35].

The ethical behavior and social responsibility of successful entrepreneurs play a vital role in the long-term development of enterprises and their impact on others [36]. Establishing business ethics within a company helps to promote employee integrity and win the trust of key stakeholders such as investors and consumers [37]. By adhering to ethical business principles and practices, entrepreneurs can ensure the success of their enterprises and have a positive impact on society [38]. Strategic growth based on the principles of social responsibility not only helps to maintain economic harmony, but also promotes harmony in society as a whole [39]. Business development aims to meet the various needs of different individuals. In a free society, a company can only maintain its own development if it pleases a sufficient number of individual customers. Therefore, businessmen can only make money and serve themselves if they first address the well-being of others; the activities of businessmen are morally correct and worth pursuing [40].

The high income and high consumption of successful businessmen can also lead to income inequality, a wide gap between the rich and the poor, and a bubble economy. Adam Smith proposed in The Wealth of Nations that the nature of labor itself leads to inequality [41]. In economic activities, businessmen and workers bear different responsibilities, skills, and knowledge levels, which leads to their different social status in the economic structure. Kevin Phillips believes that with the rapid expansion of finance, the proportion of workers' labor income has dropped significantly, leading to the continuous concentration of private wealth, and the distribution of wealth and income has tilted towards the wealthy elite, thus exacerbating the gap between the rich and the poor within the country [42]. Joseph Eugene Stiglitz also pointed out that the financial industry creates wealth for the upper class and creates poverty for the lower class [43]. The surge in capital inflows has disproportionately raised the income of entrepreneurs and exacerbated inequality [44]. From the perspective of economic development, the high income of successful businessmen often weakens the economic growth advantage of the poor [45]. Bubbles are caused by excessive market activity that causes asset prices to soar. Economic bubbles occur when successful businessmen spend lavishly, causing the prices of goods to far exceed their actual value [46]. The knock-on effects of bubbles do affect ordinary people, who face difficulties such as soaring gasoline prices, unemployment, and underinvestment in public services [47].

3.2 Results

The statistical results of different economic indicators reflect the viewpoints of this study. Successful entrepreneurs contribute to the GDP of a country (region) through entrepreneurship, capital investment, attracting foreign investment, and contributing taxes, which is reflected in the market value fluctuations of listed companies in the United States and Hong Kong.

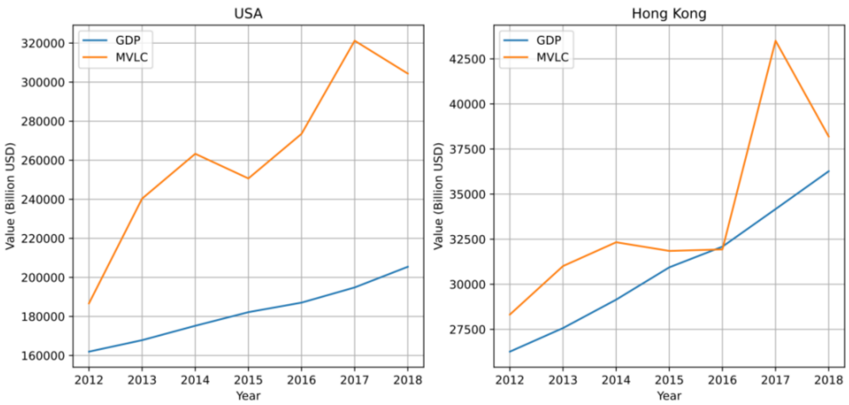

Figure 2: Statistics of GDP and market capitalization of listed companies in the United States and Hong Kong from 2012 to 2018 [48].

According to the correlation analysis results in Figure 2, the correlation coefficient between the gross domestic product (GDP) and the Market Value of Listed Companies (MVLC) in the United States is 0.897, while the correlation coefficient in Hong Kong is 0.814. Both values are very close to 1, indicating a high positive correlation between the two. This means that in the United States and Hong Kong, the market value of listed companies is significantly correlated with the GDP of their respective countries or regions. In other words, as GDP grows, the market value of listed companies generally increases, and vice versa. This positive correlation reflects the role of listed companies as an important part of the economy, and their financial performance and market value are closely related to the overall economic environment. The correlation coefficient in the United States is slightly higher than that in Hong Kong, which may reflect that in large economies such as the United States, the market value of listed companies is more dependent on GDP. Overall, this analysis emphasizes the key role of enterprises in national or regional economic growth, indicating that financial market performance is inseparable from macroeconomic development.

The US unemployment rate has fallen below 4%, the economy continues to grow strongly, and the well-being of Americans continues to improve [49]. According to the US Bureau of Labor Statistics [50], the statistics of new jobs created by various industries from 2013 to 2022 are shown in Figure 3.

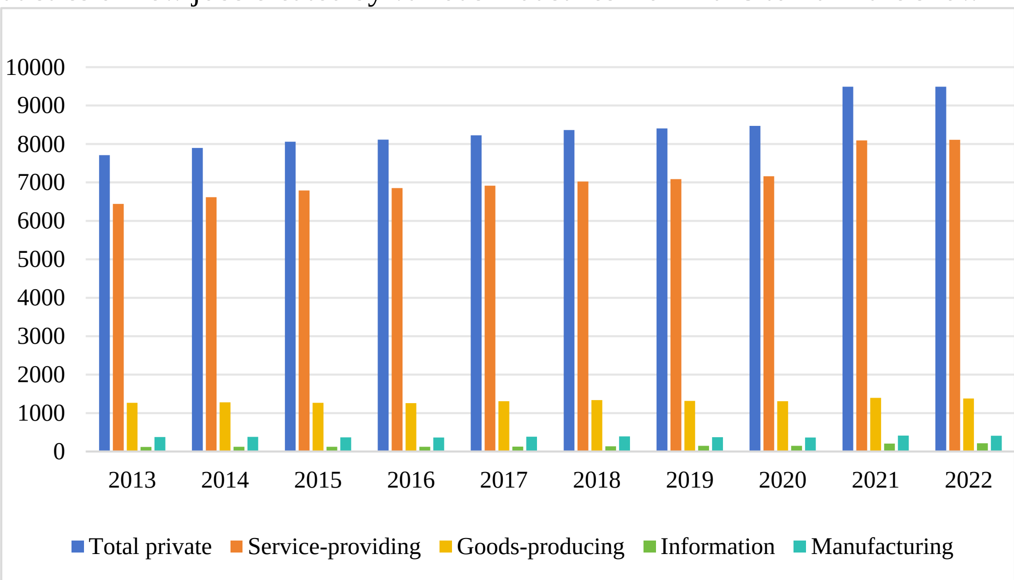

Figure 3: Number of new jobs created by industry from 2013 to 2022.

Figure 3 further shows the number of new jobs in various industries between 2013 and 2023. From the overall trend, the number of new jobs in 2022 increased by 23.17% compared with 2013. In 2013, the number of new jobs in American companies was 58,988, and by 2022, this number increased to 70,426. This represents a significant growth rate of 19.39%. In addition, this growth not only reflects the vitality of the labor market, but also reflects the healthy expansion of the economy and the increase in demand for human resources in various industries.

This employment growth trend benefits from many factors, including the continued strong economic recovery, the support of government economic policies, and the rapid development of some industries driven by changing market demand. The increase of these new jobs not only provides more employment opportunities for the labor force, but also promotes the overall social welfare and stable economic growth to a certain extent.

It is important to note that while job opportunities are increasing, different industries may face their own unique challenges and changes, and future job growth may continue to be affected by multiple factors such as the global economic environment, policy changes, and technological advances. Therefore, it is extremely important for both companies and job seekers to maintain flexibility and adaptability.

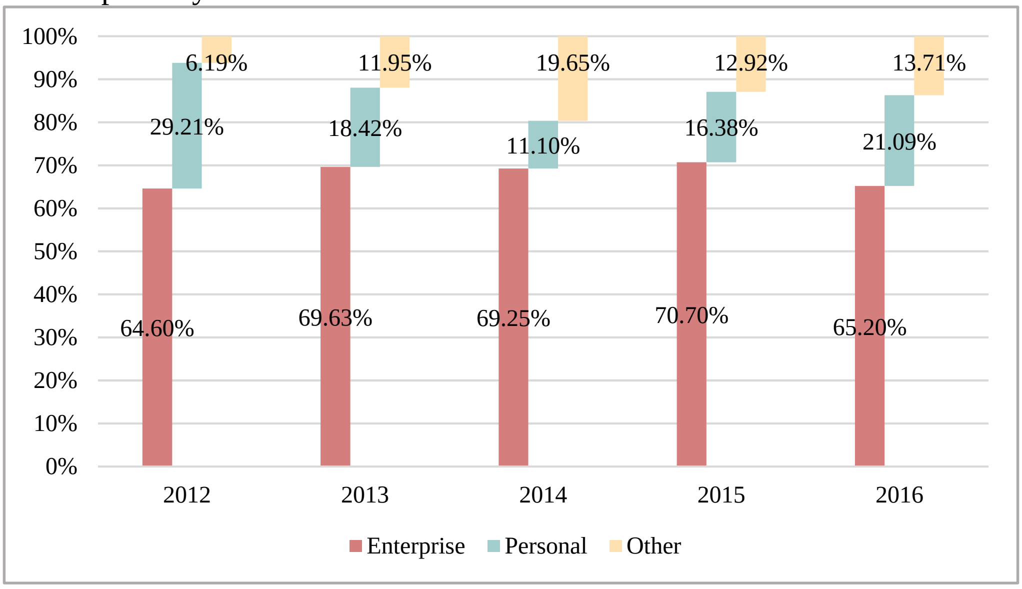

Figure 4: Statistics on sources of national social donation funds from 2012 to 2016.

As an important redistribution mechanism, charitable donations can play a key role in improving income and wealth distribution [51]. Figure 4 shows that from 2012 to 2016, enterprises have always been the main source of social charitable donation funds in China, accounting for more than 60%. This trend is of great significance in promoting the redistribution of social resources and supporting public welfare.

Further analysis of the data from 2017 to 2019 shows that the dominant position of enterprises in charitable donations continues. In these three years, corporate charitable donations accounted for 64.23%, 61.89% and 61.71% of the total donations respectively. This proportion has not only exceeded 50% for many consecutive years, but also shows the stability of the responsibility and influence of enterprises in social welfare activities.

These data reflect the positive role of enterprises in promoting sustainable social development. They are not only the promoters of economic growth, but also important supporters of charity and public welfare. Through donations, enterprises have made significant contributions in areas such as education, medical care, poverty alleviation and environmental protection. It can be seen that the practice of corporate social responsibility has not only improved its own social image, but also made important contributions to improving the overall public welfare and resource allocation of society. This trend may also encourage more companies to participate in charity, thereby further promoting the development of public welfare and the realization of social equity.

Charitable donations are an important means of tertiary redistribution and can improve the distribution of income and wealth. In China, from 2012 to 2016, enterprises accounted for more than 60% of social donation sources [52]. Figure 4 shows the China Charity Donation Report from 2017 to 2019, which shows that corporate charitable donations accounted for 64.23%, 61.89% and 61.71% of the total donations, respectively, all exceeding the 50% mark of annual charitable donations [53] .

4. Conclusion

This study explores the impact of successful business people's behaviors on social welfare by comprehensively analyzing the behaviors of successful business people in the process of wealth creation and consumption. The results show that successful business people play a positive role in promoting economic growth, creating jobs, increasing tax revenue, improving productivity, and providing more products and services. These activities not only strengthen the country's fiscal foundation, but also bring direct benefits to society through charitable donations and corporate social responsibility practices.

However, successful business practices may also bring some negative effects, especially in terms of exacerbating income inequality and widening the gap between the rich and the poor. The consumption patterns and market behaviors of business leaders may sometimes lead to asset price bubbles, which in turn affect the cost of living for ordinary people. In addition, the connection between business success and social responsibility emphasizes the importance of morality and ethics in business activities.

In summary, the overall impact of successful businessmen on others when making and spending money is complex and involves many factors. In order to ensure that business activities can have a positive impact on society, it is necessary to balance social responsibility and moral ethics while pursuing economic interests. Policymakers and business leaders should work together to formulate and implement policies that promote social equity and economic stability, while encouraging companies to adopt responsible business practices.

Future research can further explore the specific impacts of the behaviors of successful business people in different industries and regions on social welfare, and how to maximize positive effects and minimize potential negative effects through policy interventions. Through these efforts, we can better understand the complex relationship between business success and social welfare and provide guidance for achieving more equitable and sustainable economic development.

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