Businesses should do anything they can to make a profit?

[Business]

Modern businesses are facing stiff competition not from their local competitors but from international players too. The removal of trade barriers and de-regulatedenvironmenthas made it more difficult to compete on traditional variables of competition such as pricing. In such situation, it becomes often difficult for firms to avoid the temptation of being engaged into activities which may be considered as unethical and against the accepted norms and behaviors.

The issue of whether a business should anything they can do to make a profit shall be viewed from a larger perspective. Since the basic and primary objective of the management is to create value for its shareholders therefore one of the basic means through which this value is created is profit. Profitability is therefore an essential element of creating value for the shareholders of the firm and as such businesses have to engage themselves into activities which can make them profit. It is however; also important to note that success of a business is not dependent only on the profitability of the firm because other factors such as competition, government regulations, industry dynamics etc are equally important for creating further value for the firm. Further, being an artificial person, an organization also has to maintain a certain level of corporate citizenship and its actions shall reflect its true relationship with the society within which it is working.

Thus the question of whether businesses shall do anything to make a profit is a real dilemma and need to be considered from a perspective which allows a balancing act between profitability andresponsibility. The consumers have become more informed now and base their decisions not only the traditional factor of pricing only therefore organizations often have to be very cautious in their efforts to earn excessive profits at the cost of losing their customers. Thus those acts which may reflect negatively on the reputation of the company despite the fact that they earned profits may cause firms to face extinction in longer run. This is also because of the fact that regulatory environment is becoming more robust and organizations are now faced with very difficult choices of reporting their affairs in various reports published by them. Legislations such as Sarbanes Oxley have made it more difficult for organizations to hide information and provide more transparency in reporting. In such an environment where regulatory reporting has become a necessity, organizations may not be able to do whatever they want to earn profit.

Corporate social responsibility is another aspect which needs to be taken into consideration while arguing the question of whether the organizations shall do anything to earn profits. Though earning profits is the primary goal of a commercial organization however, corporate social responsibility- an act of doing different acts with an aim to improve the community through discretionary business practices must also be taken care of. (Kotler & Lee, 2004). A commitment towards corporate social responsibility therefore may restrict firms to enter into activities which can generate profits for the firm but may reflect negatively on the society within which firm is working.

Thus it is concluded that businesses may not afford to do anything to earn profits and have to consider other factors which are equally important for the long term surival of the firms.

Bibliography

1. Kotler, P., & Lee, N. (2004). *Corporate social responsibility.* New York: John Wiley and Sons.