

# [What are the fundamental purposes of business and the responsibilities of strateg...](https://assignbuster.com/what-are-the-fundamental-purposes-of-business-and-the-responsibilities-of-strategic-leaders/)

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School: Topic: WHAT ARE THE FUNDAMENTAL PURPOSES OF BUSINESS AND THE RESPONSIBILITIES OF STRATEGIC Lecturer: Businesses have become part of us as people since time immemorial. It can also be expected that we will continue to have businesses operating around us till as long as there are people to use the services and products that businesses offer. Reading through different schools of thought about the purpose of business however, one clear indication that is drawn is that the purpose of businesses and responsibility of strategic leaders will not always be the same (Wolfe, 2011). Rather, these will change with changing times and needs of the consuming public. By the consuming public, reference will not only be made to those who patronise the products and services of particular businesses but all other people who in a way may be affected by what a business entity does. It is not surprising that in the 1970s, Milton Friedman saw the sole purpose of business as making profits but with time, this changed to a much holistic responsibility of creating and keeping customers by Peter Drucker.
Based on the dynamic needs of society by the years, it will strongly be accepted that today, the primary purpose of business is to solve peoples problems. This is certainly an all-in-all purpose that comes with a lot of implications for doing business. First, it implies that people are the real focus for doing business. With people being the real focus of doing business also, it is not just about creating business around people and taking opportunity of them but then engaging in a shared-responsibility that ensures that the people also benefit from the business (Porter & Kramer, 2006). There are a number of theories and concepts that have been used in literature to explain the form of shared-responsibility between businesses and the people. One of these is the concept of sustainability. Under the sustainability framework, businesses are expected to be functional from three major perspectives which are economic, social, and environmental (Porter & Kramer, 2006). As far as economic sustainability is concerned, the old school of thought on the purpose of making profit can be said to be applicable. In the remaining two which are social and environmental however, businesses are deemed to operate in a way that makes them useful to the larger society and the environment surrounding them (Wolfe, 2011).
Because of the change with the purpose of businesses, the responsibility of the people behind the wheels of any typical business has also changed very significantly. Today, it can be said that the primary responsibility of senior leaders is to create and maintain an environment of meaning and purpose so that the organizations people can create value for a broad range of stakeholders. To create value for a broad range of stakeholders is a responsibility for senior leaders that is directly reflected in the sustainability framework earlier referred to. This is because as part of the sustainability framework, businesses are seen to operate in an environment that has several internal and external stakeholders including customers, government, creditors, suppliers, and shareholders. Once the senior leaders are able to meet the needs of all these different people, they will indirectly be living the overall purpose of the business. But this responsibility cannot be achieved alone and so the senior leaders are expected to have what it takes to groom effective workforce with whom they can achieve this all important purpose.
References
Porter, M., & Kramer, M. (2006). Strategy & society: The link between competitive advantage and corporate social responsibility. Harvard Business Review, 84(12), 7892.
Wolfe, N. (2011). The living organization: Transforming business to create extraordinary results. Irvine, CA: Quantum Leaders Publishing.