

# Analysis of the reading

Literature, Russian Literature



## 06 Aug An Analysis of the Article: The Social Responsibility of Business is to Increase its Profits By Milton Friedman

In his article titled, “ The Social Responsibility of Business is to Increase its Profit,” Milton Friedman challenges the notion that businesses have a social responsibility and, on the other hand, upholds the view that the only responsibility of the business is to increase its profitability. To illustrate this hypothesis, he makes a distinction between single proprietary businesses and corporate. He further uses the concept that executives, who take the spending decisions in corporate entities, have no social responsibilities other than on a personal level and that their main purpose should be to increase the profit their employers, who are the shareholders.

Thus, he believes that if an executive spends money for any purpose purported to be for a social cause, he is in fact spending the shareholders’ money which he is not morally permitted to do. However, in this case, the author’s contention does not seem to be really valid as most of the decisions to spend come from the board of directors that represents the shareholders and not the executives in a corporate, in the light of the fact that all executives in such an entity need not necessarily be shareholders or directors. Yet, it is logical in terms of the concept it postulates. Similarly, he also mentions instances where shareholders coerce other shareholders, who may not be willing, to contribute to a specific cause. In this case his argument is quite reasonable and it definitely is not an appropriate action to utilize another person’s money for a purpose he or she does not intend to spend on.

He further claims that in most cases, the term social responsibility is a guise

to serve the purpose of some vested interests and this argument is quite reasonable because politicians on most occasions use this for political mileage, by making the corporate entities bear the cost. He also criticizes the businessmen who propagate social responsibility to gain cheap popularity as this will only lead the business entities being influenced by external forces in the long run. The author firmly upholds the view that social responsibility is a matter of individual concern. He, thus, concludes the article by contending that all individuals should work for the betterment of the community and business people, like other members of the society, will also share values and partake in such endeavors.