

A critique of friedmans essay argumentative essay examples

[Business](#), [Company](#)



The legal concept of incorporation in Britain and in Europe was originally to service the needs of their people. They have established it long before it was copied by the United States. (Jennings, 2011) As a civil society, the United States modified corporations to fit their needs.

The alterations made by the American corporations in the rules of incorporation enabled commercial interests to be incorporated and the original format of a social service organization to an agency of self or vested interests of private individuals. (Jennings, 2011) This specific modification changed the concept of a corporation to a modern one that is adoptive to capitalist economies.

Dr. Friedman's notion of a corporation is without any sense of social responsibility. For him, a corporation is directly involved in making profits and it is actually conceived to do so. He also believes that its stakeholder is pivotal to the success of a corporation. Their success is relative to the success or failure of a corporation. Friedman believes that the original notion of a stakeholder is a stake in the business and he was not seeing it in the form of a "stake" in community or service efforts. He sees stakeholders as the main benefactors in the success of the corporate entity will be benefitted by the people working behind it or for it.

Dr. Friedman also defends the stakeholders as they dispense of the wealth they have accumulated in their corporations. People do not like private individuals to have wealth all for themselves. Hence, they criticize the capitalist system. They have an old notion that wealth must be disposed of by the government or a central agency for the public good. Dr. Friedman

said the term socialism or its concept has just been translated into “corporate social responsibility” to give it more apolitical meaning. Thus, corporations are now being called to share their profits by doing public good. This is what he meant by saying that “the stakeholder theory is socialism.” However, he contradicts this notion.

I strongly disagree with Dr. Friedman’s defense of commercialism in incorporation. I think that there is a deeper and worthy purpose for the life of a business. For one, a corporation is still a social institution. It is a greater part of the community. I also believe that it is imbued with higher and lofty goals than just mere profits. I also think that corporations are historically conceived to do good for others and to help or assist their community or states. They must not be devoid of their responsibility to their societies.

Corporations should be catalyst for change. They have other goals and functions aside from corporate income. They do not exist in a vacuum. They extensively use the environment where other people can also make use of for commercial means. Helping others and the community must be the heart and soul of every business. This means that they have to share the outcomes of their enterprises with those who do not utilize the same environment for commercial purposes.

This is because there are also economic costs involved in their exclusive use of these resources. Their commercial activities have a solid and deep impact in the environment and this is also detrimental for others. The ethics of this utility for profit must be given back in other forms such as helping the people

get educated, assisting in their health needs or simply making their surrounding more ecologically balance and sound. Corporations must take efforts to apply one's moral beliefs into his business activities.

CSR or corporate social responsibility means that companies, especially global ones, should not only exist for profit terms. They must also practice ethical functions and responsibilities since they are integral parts of the society where their companies operate. Thus, they are being extolled to ethically conduct their business and they are also called to contribute to society by sharing a portion of their income to the development of their employees, the communities where they operate their businesses and in the whole society in general. Their corporate activities and practices must also heed the imminent call of the ecological balance of nature and the conservation of the natural resources for the next generation.

Demonstrating their social responsibility also entails being transparent, open and having integrity such that they have the respect and trust of their stakeholders (its investors, stockholders, management and staff). This means that they operate in ethical manner, they try their best to make their organization a better working environment especially for their work force, and they show their deep respect for the environment, and their other efforts in showing that they work towards a better world.

Companies must not only show that they are compliant with the laws, regulations and standards set such as corporate governance and accounting principles, environmental management systems, among others. They must be seen participating in community development programs, charitable works and donations, and supporting in other socially relevant causes.