

Business philosophy in the case of facebook



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Introduction

Philosophy is a system of motivating principles by belief and action. It is instrumental in creating and developing a business philosophy to build a productive and cohesive organization that can handle the challenges it is facing. Business philosophy is therefore defined as a set of principles and beliefs, which a firm tries working towards (Cooney, 2012). Business philosophy also involves companies vision and mission statement making it essential in a companys operational blueprint. In composing business philosophy, managers should realize the nature of their business, their important values and the overall vision and mission of the company. A good business philosophy will have a firms guiding principles, beliefs, and values that are successfully outlined.

Adam Smith and Karl Marx are the best known economic and social thinkers on the business philosophy of the economy and capitalism. Both authors wrote on capitalism, a system that industry are controlled primarily by private companies with the aim of generating profits. However, they had different conclusions in the manner in which the society and the economy functions. Adam Smith and Karl Marx are thus considered the most influential and important economic and social thinkers of all time and their work is still used in critiquing modern capitalist systems. This paper, therefore, looks into the main similarities and differences in the thinking of Adam Smith and Karl Marx on the business economy and capitalism function.

Adam Smith Vs Carl Marx

Adam Smith

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Adam Smith was born in 1723 and studied moral philosophy at Balliol College and University of Glasgow (Cooney, 2012). He became a traveling lecturer and a professor of political economy, jurisprudence, rhetoric, ethics and logic. He was instrumental in the development of economic blueprint, which defined the natural mechanisms of a free economy. He became one of the most prominent and influential economists because of his distinct theoretical contributions. Adam Smith authored the book *The Wealth of Nations* that made him be considered as the father of modern capitalism (Yearwood, 2013). His main was the invisible hand that describe how people first pursue their interest leading to the overall good of the society

Adam Smith philosophy is primarily about the manner in which the economy is interconnected. In his inquiry into the nature and causes of wealth, he posited that a free market where manufacturers and producers are free to charge consumers as much as they want would lead to the most desirable and efficient outcome for producers and consumers due to what he called the Invisible Hand (Ross, 2015). The rationale for Adam Smiths proposal was that every person would look to maximize his benefit. Through this, consumers will be able to buy based on the benefit derived from the value of the goods while producers would only sell based on the price they spend producing the goods. Thus, the idealist economy would have no deficit or surplus demand, or supply, as markets would always remain at equilibrium and the benefits of producers and consumers, would be maximized. The Invisible hand will guide and control the economy, and the government will have a limited role in such an economic system. Besides, because of motivation for personal gain, people will work hard and the society with more

competition, quality services and goods and more jobs (Yearwood, 2013).

Smith will continue to be seen as a modern hero of freedom and capitalism by modern conservatives.

Karl Marx

Karl Marx was born in Trier, Germany in 1818 (Pantland, 2014). He studied philosophy, law, and history at the University of Berlin, Jena and Bonn. Due to his revolutionary ideas and as a communist theorist, Marx became famous. He contended that common sense dictates and provide that without production will not be possible. Once capitalists set the means of production, the value of the goods is determined by the labor involved. Thus, profits made by capitalists come from exploitation. Marx was not able to abide the notion of a profit oriented company because he saw capitalism from a revolutionary and pessimistic point.

Karl Marx reasoned that employees could be exploited by capitalists or employers because the capitalist system offers an inherent disadvantage to the poor while providing an advantage to the wealthy in the society (Pantland, 2014). Thus, the capitalist system signal problem because it only benefits the rich and exploiting the poor. Marx posited the proletariat and bourgeoisie as the two classes of the society that will always remain trapped in their corresponding classes because of the nature of capitalism (Jurgenson, 2011). Marx maintained that, in any given civilized society, production need to aim at meeting the needs of the people in the community. People only produce through cooperation with one another and via cooperation comes social relations and interactions. This changes human

lives and the environment in the practical world through practical activity. Through this philosophy, Karl Marx believed in the practical activities in the actual world that meet the desire and needs of people in the society, which leads to production.

Similarities and Differences

Adam Smith maintained that capitalism is a perfect economic system. However, Carl Marx thought otherwise. Adam Smith was also against the idea of revolution in restoring justice because he valued stability and order over relief from oppression that was proposed by Marx. Karl Marx actively saw that capitalism leads to inequality and greed. Characteristic to the notion of competition is self-indulgence and greed that leads to injustice and inherent instability in the society (Pantland, 2014). According to Marx, what provided the best model is the economic and political model that comes with the cumulative production, ownership and planning facets used in distributing wealth equitably and ridding the disparity between the proletariat and bourgeoisie (Pantland, 2014). Adam Smith, unlike Marx, did not focus on the aristocracy riches. He showed how people could reap economic benefits from their efforts and add to aggregate wealth in the economy. Smith considered a free market economy where people can spend and earn freely in the market.

In contrast Marx, philosophy on capitalism is connected to a society that is not equal and its segmentation is based on class. An individual born in a class of proletariat would forever remain in that class, and those born in the bourgeoisie will forever enjoy at the expense of the proletariat (Pantland,

2014). He also thought that the proletariat would always want to maximize their profit by keeping the working class wages as low as possible, therefore trapping the working class in a vicious cycle of destitution or abject poverty that they cannot escape.

Though Carl Marx and Adam Smith had diverged political ideologies, their economic theories were the same. Both held firmly the labor theory of value as they believed that when labor hours are put into a product, it created value that caused the worth of the object. However, the theory was later refuted because a product can only have a value when the valuer exists. The product must be valuable to the customer as it is the feeling of the customer that gives a product value.

Facebook Inc.

Facebook is one of the most popular Social Networking sites in the world today. Social Networking Sites are referred to as applications of web 2.0, which are web-based platforms integrating various communication, information and media technology (Phillips, 2007). They allow profile generation to display data and connections between users shown in the connection list. Chris Hughes, Dustin Moskovitz, Eduardo Saverin and Mark Zuckerberg were students at Harvard University when they founded Facebook in 2004 (Carlson, 2010). Mr. Zuckerberg, a keen computer programmer, had other social-networking websites like Coursematch, for fellow students that allowed people to rate attractiveness. The membership of Facebook site was limited to students in Harvard University by its founders but later expanded to other Universities and colleges in Boston, United States and Canada.

(Carlson, 2010). The website Facebook . com became functional in 2005, and began spreading across the world to reach UK universities. By 2006, the network extended past educational institutions to every person with an email address (Phillips, 2007). The Facebook site remains free to join today and makes profits through advertisements. The features of the site continue developing as users are today able to give gifts to friends, develop their applications like scrabble and graffiti and post free classified advertisements.

Facebook is today the most common Social Networking Site that is accessed globally. Approximately 37. 5% of all users of the internet have access to Facebook every day (Phillips, 2007). This show that about 754 million people across the globe are Facebook users. Statistics indicate that the companys revenues were about \$US 1000 million in 2014 (Phillips, 2007). It is also estimated that the firm is likely to increase its revenues above 1 Billion US Dollars by 2020. Facebook is very popular, making it able to support its position in the social networking industry and as an online advertising market. The companys popularity is influenced by its strong brand image that makes it the largest customer base that brings beneficial externalities. Facebook, therefore is competing favorable in the market by maintaining its attractiveness and its competitive advantage in the online advertising market.

The company continues growing every day because of opportunities that are available in growing social media business globally. Facebook Inc. continue diversifying outside its core advertising and social media services by taking steps, for example; the purchase of Oculus VR that is a virtual technology that supports the social networking services in the company (Jurgenson, <https://assignbuster.com/business-philosophy-in-the-case-of-facebook/>

2011). As the company continues to diversify, it boosts its business risk reduction, while at the same time exploiting additional sources of revenue that keep the company growing. Facebook Inc. also continues with the research and development to increase the possibility of counteracting cyber crimes, which victimize users through research and development (R&D) (Phillips, 2007).

Facebook Analysis based on Karl Marx Philosophy

Carl Marx labor theory provides the economic and political model that comes with the cumulative production, ownership and planning facets used in distributing wealth equitably and rubbishes the disparity between the proletariat and bourgeoisie. Thus, Marx, philosophy on capitalism is connected to a society that is not equal, and its segmentation is based on class.

Once capitalists set the means of production, the value of the goods is determined by the labor involved. Thus, profits made by capitalists come from exploitation. People can be exploited by capitalists because the capitalist system offers an inherent disadvantage to the proletariat while providing an advantage to the bourgeoisie in the society. Thus, the capitalist system signal problem because it only benefits the rich and exploiting the poor.

, The norms surrounding privacy and services are changing through the introduction of new Apps in Facebook Inc. Thus, as time passes, Facebook users will share new and more types of information as time passes. Since Facebook need its users to share information, it uses the personal

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information of its users in attracting advisers looking to target their advertisements better to us. For example, try changing your relationship status to engaged, you will be quickly targeted with ads on weddings (Jurgenson, 2011). Therefore, Facebook considers the data of its users as commodity making them feel manipulated. Its like Facebook is trying to sell its users something to monetize their connections. It is also like a parasite that use its users relationship status to sell them things and map their ideas and connections on the society through the pages they like.

Certainly as one of the biggest databases ever created, people add their personal information willingly. Since the spies in GCHQ and NSA have access to our personal information means its users do spooks jobs for the company by reporting back and monitoring themselves together with their friends (Pantland, 2014). Since Carl Marx said that people are exploited when they are not paid the full value of their labor, our sharing makes Facebook Inc. valuable, and it is our energy and work that makes it a goldmine (Facebook is today valued at \$84 billion) (Daniels, 2016). Facebook strive to reduce the value of the commodity to increase its profits. Thus, we as Facebook users are not paid at all.

Facebook also ask its users to translate the site into different languages without pay. The company crowdsource translation to its users because Facebook wants to see everyone on the globe on Facebook. For example, Valentin Macias, a 29-year-old lady in Californian volunteered to translate the non-profit Internet encyclopedia but refused to do it for Facebook (Daniels, 2016). People, therefore, need not be tricked in donating energy and time to a multimillion dollar firm without compensation. Thus, based on <https://assignbuster.com/business-philosophy-in-the-case-of-facebook/>

Carl Marx the proletariat would always want to maximize their profit by keeping the working class wages as low as possible, therefore trapping the working class in a vicious cycle of destitution or abject poverty that they cannot escape. Marxism, therefore, maintained that everyone is equal and the most capitalist the world become, the more change will take place.

Therefore, Facebook users are usually exploited as they do not get any monetary reward from the use of the site, for example socializing and self-expression. Perhaps, social attention and personal connection is another firm of currency, one that Carl Marx did not fully account for. There are however arguments that Marx theory analysis does not apply to Facebook Inc. because Marx did not argue that workers were not compensated at all, but the monetary value of the compensation was not equal to the value they fetched to the employer.

Facebook Analysis based on Adam Smith Philosophy

Adam Smith came up with the Invisible hand that designates the unintentional social benefits that result from individual actions. This idea comes in when a person is in pursuit of interest or passion that may affect the entire community. In today's society, a person's actions on Facebook are part of the actions contributing to the improved and new outcomes that are intended to benefit every person. The more people use, interact and share through Facebook the better it gets. Looking back at Adam Smith's philosophy, the focus is primarily on the manner in which the economy is interconnected. The rationale for Adam Smith's proposal was that every person would look to maximize his benefit. Through this, consumers will be able to buy based on

the benefit derived from the value of the goods while producers would only sell based on the price they spend producing the goods. Thus, the idealist economy would have no deficit or surplus demand, or supply, as markets would always remain at equilibrium and the benefits of producers and consumers, would be maximized (Ross, 2015). The Invisible hand will guide and control the economy, and the government will have a limited role in such an economic system.

Therefore according to the idea of the Invisible Hand Facebook users function without a hand controlling whom people connect to or what people share. There is also no visible hand telling the company to what apps to make to boost its business risk reduction and exploit additional sources of revenue that keep the company growing. Everyone, the company and its users are in a more command style economy. Facebook try to get rich by improving the services they offer through the development and creation of new apps and advertisements. The users then determine what the company offers based on services and products to continue buying and using the site or stop using the site. Facebook users also affect and are affected by the invisible hand through competitive bidding of various services offered by the company. This happens through decisions on what personal information to include and what not to include. The company then competes with its competitors to organize its services to its users for a profit. The economy then becomes redeployed and rearranged to maximize efficiency. Thus, there is an invisible hand that that determines who uses the site. No government decides who use and what happens to the site. The invisible hand of users is the one that attracted advertisers to start using Facebook,

making Facebook Inc. more viable globally without any person ordering it to be so (Daniels, 2016). Facebook allows people to communicate, consume and connect, the most important attribute of the invisible hand. Facebook is thus important in doing everyday tasks. Through the invisible hand, Facebook drives technology, and as it continues advancing technologically, its users are also self-aware of its hidden forces and impact, which control the manner in which people interact across the world.

Conclusion

The current economy was primarily affected by the ideas of Karl Marx and Adam Smith. Marks had insights on the workings of the economy and looked into the mathematical economics. His philosophy on violent communists placed a dark cloud on his study and belief. Marx suggested the revolution by the proletariat against bourgeoisie bring equality in the society. Smith, however, suggested peace and stability in the ideal society that would bring equality to different classes. The perfect economy by Marx is the one that distributes resources based on the needs of the society. Marx considers elimination of class distinction as the best valuation of the effort of any worker that is not possible in a capitalistic society. The teachings of Marxs and Smith on economic theories are employed and respected in analysis, application, and teachings in the modern economic systems.

Based on Carl Marx philosophy, Facebook Inc., its users share new and more types of information that attract advisers looking to target their advertisements better. Since Facebook consider the data of its users as a commodity by selling them things, they end up being exploited as they are

not paid the full value of their labor because their sharing makes Facebook Inc. valuable. Facebook users are exploited as they do not get any monetary reward from the use of the site. Marxism, therefore, maintained that everyone is equal and the most capitalist the world become, the more change will take place. Adam Smith philosophy of the Invisible hand that comes in when a person is in pursuit of interest or passion contribute to improved and new outcomes that are intended to benefit every person. The company and its users are in a more command style economy. Facebook allows people to communicate, consume and connect, the most important attribute of the invisible hand.

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