

The Social Responsibility to Make a Profit!

I consider that the social responsibility of all business entities is to make a profit, and that is where the discussion should end. For all the issues subsumed under the subject of Social Responsibility either form part of the issues that amount to profit, or else they are not needed to be taken into consideration. The traditional idea of social responsibility is an idea concocted by the social democrats, who consider businesses as a necessary evil, and the marketing departments of major American firms, willingly utilizing the idea to make virtue out of a necessity. The social democrats developed an idea, now embraced by virtually all European politicians from left to right, of devising a new rule for every problem or goal they could only think of. Thus they have turned Europe into a huge machine churning out rules after rules so that now even the air is polluted by the rules and people are literally suffocating. All responsibility of everybody – save the politicians themselves – is laid down in the minutest details in one or another rule. While responsibility, obligation, liability, is growing, the other side of the equation is forgotten: the right to freedom has disappeared.

The problem is that nobody questions this direction, as soon as one European country comes up with a nutty idea for a new rule, the other 30 or so countries immediately proceed to import the rule to their respective countries. In order to breathe freely I have taken refuge in Russia from the country which wants to be the primus in the class among European countries in inventing rules, namely Finland. But, alas, there is a growing tendency in Russia to admire (at least secretly) the European Union, and is now busy in considering how fast all the European rules can be imported.

We have to stop this tendency. It can be done by speaking up against ideas laying at the foundation of this ill; one such idea is the concept Social Responsibility. I said the social responsibility of a firm is to make a profit. Sounds scary to a eurobureaucrat, but we just have to take a look at the elements that add up to profit in order to understand that here I am only opposing nonsense with sense. For clarity we have we have to enlarge the concept profit with two other considerations: **Shareholder value**, that is, the idea that we are to make a profit not only now but in the long-term, and **risk**, that is, not forgetting that profit is a function of the risk. Through considering these three concepts: profit, shareholder value, and risk, we have all that is needed to understand what the real social responsibility is, because through considering risk and long-term shareholder value we automatically include questions of ethical values. I remind that the fact that a firm has to follow the laws of the country can scarcely be assigned under the concept of Social Responsibility, it goes without saying. Risk management and the long-term approach, proper business management, mean that you might take a cost today planning for a future profit. You care about brand image and reputation as part of the quest for long-term success. The need to consider the interest of all its stakeholders follows from the principle of making a profit. The government, the local community and workers are some of the stakeholders. Now the economic crisis shows what happens when proper business management for profit fail. Some firms laid their hands for a fraction of the true value on major plants in towns which live solely of that one entity. In a misconceived show of “social responsibility” the management does not proceed with necessary restructuring, all inefficiencies are kept in order to look good in the eyes of the public. Everybody is induced in a wrong kind of sense of status quo and make plans for the future on a shaky platform that only looks good. Come crisis and the show is over, now want it or not, restructuring has to be done, all the problems that have

accumulated have to be dealt with at once and with force. The truly socially responsible firms would have cared about long-term profit 10 years ago and would thus have contributed to adjusting the economy little by little over the years, without these cataclysms.

And besides, if there is no profit, then there is no tax. And really isn't it through taxes that the governments get the chance to fulfill their obligations, which really is the one social responsibility it makes sense to discuss - besides the social responsibility of one human in regards to another.