Corporate Social Responsibility and Milton Friedman

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Introduction:

In business platforms, the 'conduct' must be understood as a universal entity that directly builds a linkage between society and business units. Such a covert agreement usually lacks among the affected organizations concerning business communities around the globe. In 1962, Milton Friedman spotlighted corporate social responsibility (CSR) in alliance with his strong belief in free market capitalism. In fact, the concept of the broad view of CSR among stakeholders is antagonistic to making immense money and profits. Friedman's position regarding his thesis about organization revolves around the maximizing of profits (Lynn, 2021). Other than profit increment, another assertion is ethical parameters by which organizations need to stay firmly. According to business stakeholders' desires, the enacted rules embedded in societal customs and laws must be focused on costs and budgets. Companies in the 1970s tried to build company cultures by undertaking that they may implement the corporate social responsibility concept in alliance with profit desires. Contrarily, modern countries have evolved to include the public in decision-making procedures as an obligation of corporate social responsibility. However, this paper will revolve around the analysis of Friedman's assertion concerning the implementation of CSR in organizations. In addition, it will also focus on the organizational effect on the societal populace in the context of Friedman's claim about the narrow view.

Analysis:

Friedman's thesis mainly advocates a narrow view of corporate social responsibility, which is solely the maximization of profit. But in the present day, such an assertion is accompanied by a moral and ethical code of conduct. Additionally, consideration of CSR needs an in-time decision-making strategy in the case of numerous stakeholders. However, such consideration may leave grim impacts on decision-making as well as the firm's efficiency (Schwartz & Saiia, 2012). An organization's CSR must be in line to boost clarity and focus on primary aims instead of unnecessary objectives and the inclusion of extra stakeholders, i.e., the societal populace. Organizations need to utilize all the resources, including time, very wisely to increase the wealth of all the stockholders. On the other side, CSR may have the ability to enhance firms' efficiency level in the context of profits and the organization's reputation as a responsible business organization (Friedman, 1962). Such a privileged perception can improvise and affect the habits of customer slots. Similarly, the organization may refuse to relieve any employee when he is needed and save money by refusing new hiring. Most profoundly, the firm may pay back to society in the form of social, economic, and environmental perspectives to cast a positive impact.

However, the two organizations can be analyzed based on under-discussion ideologies for more clarity. The first is the Ford Company, which introduced the Ford Pinto in the 1970s. The competitor pressure concerning financial needs amplified manifold, and to meet this crisis, Ford Company designed an installment plan for the coming two years. Strictly abiding by the concept of profit maximization, the company's total earnings ranged to $137.5 million, with $12.5 million being earned from the Ford Pinto project only. The installment policy charged $11 per vehicle for the given period of one installment, and the company's profit increased massively. Contrarily, the second one is the Starbucks Company which implemented a broad view of CSR and faced about 800 store closures around the country due to racial discrimination (Avila et al. 2018). In Philadelphia, some black men were waiting for some common friends, and one of Starbucks' employees forced them to leave the store and wait outside. On their refusal, the police were called, and Black men were arrested. Resultantly, based on racial discrimination, the company had to face massive losses.

Moreover, analyzing and judging Friedman's thesis on an ethical and legislative basis will result in literally unethical and inapplicable behaviors. When the maximization of profit becomes the firm's focused priority, the customer and user interest will linger back (Orlitzky, 2015). For example, firm 'A' runs a cultural platform for its customers in the country. It is obvious that users must be part and parcel of the decision-making process as main stakeholders but the profit maximization ideology will bind the policymakers to discourage such participation. Similarly, the legislative process cannot be provoked to align the firms to build a moral and ethical environment even within the firm. For example, the welfare of employees cannot be a priority of a firm that is strictly practicing profit maximization ideology.

As far as my subscription regarding Friedman's thesis in alliance with CSR is concerned, I believe that a narrow view should be preferred for making things aligned. However the CSR attributes must be embedded within the organization with taking sufficient time. So that it becomes second nature along with profit earning. However, the broader view may prolong more confusion, and things would result in collapse.

Conclusion:

From the above discussion, it can be concluded that the primary thesis of Milton Friedman provokes the need for a maximum increase in an organization's profit. However, putting this thesis on the verge of comprehensive analysis to understand the type and application of corporate social responsibility, it asserts that implementation of CSR may have several risks. The business ideology to raise the profit to the maximum level has a direct hit as an ideology and may be reverted. However, the firm taking sufficient time to proceed with the implementation of CSR would be able to enhance its profits and repute accordingly. In present times, the narrow view associated with Friedman may be applied in alliance with the above-mentioned precautions. So that the business organizations and business community achieve their targeted profits along with a moral capacity for a better future.

References

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