Original Research Article

A Profit's Promise

Elaine Guo

The Charter School of Wilmington, 100 N. DuPont Road, Wilmington, DE 19807, USA

elaineyulan711@gmail.com

ABSTRACT

Profit-driven behavior has caused long-lasting debates. Does it serve as an impetus to unlock human potential and foster achievement, or does it treat financial gain as the sole objective, thus leading to unethical harm to society? Gaining profit is vital for enterprises to seek survival and expansion, it is undoubtedly an incentive for businesses to find ways to improve. Generating creativity, evaluating multiple alternatives, optimizing process flow, and meeting diverse customer needs, are all driven by this incentive. As a result, innovations and even revolutions occur, which raise the overall economic and technological level, enhancing human capabilities. On the other hand, the temptation for money gain compels some people to lose sight of ethical business practices. In this case, regulations are ignored, public health is put aside, and environmental sustainability is sacrificed in exchange for short-term financial rewards. However, the intention for pursuing profit is not wrong, what needs to be rectified is the path some people take to reach the goal without integrity. Cultivating ethical values and civic responsibility, selecting ethical business leaders, enforcing strong regulations, and establishing a healthy competitive environment can help shape responsible business conduct and ensure the journey of profit acquirement promotes human progress rather than causing trouble for humanity.

Keywords: Profit-driven Behavior; Innovation; Ethical; Corporate Governance; Business Conduct

PUBLIC DEBATE

Before paper currency was invented, it was difficult to imagine one simple green piece of paper could cost or save a life. Money, which this piece of paper symbolizes, frequently motivates actions that can either devastate an entire society or drive the advancement and innovation of the contemporary world. This is particularly evident now more than ever. Today, approximately 90% of all businesses worldwide are small and medium-sized enterprises and most of them are profit-driven.[1] With two-thirds of the U.S. economy driven by consumer spending,[2] the profit motive impacts everyone in society and affects virtually every product, service, and technology we depend on now.[3] This motivation is a fundamental driver in economic life because, as Kagan[4] pointed out on Investopedia, it induces people to invent, innovate, and take risks they otherwise might not pursue. The desire for profit frequently drives people to do whatever it takes to achieve their goals. Persistence in trying helps overcome obstacles, achieve continual improvement and better outcomes. However, this same drive can also cause individuals to cut corners: ignoring safety rules, lowering quality standards, overusing equipment, or overloading employees. These actions have already caused many social problems or even disasters. The Chernobyl nuclear disaster was largely caused by safety shortcuts;[5] the Deepwater Horizon oil spill would not occur if the decisions driven by cost-saving and schedule pressures were not made;[6] the Boeing 737 Max crises in the late 2010s paid 346 lives to the oversight driven by commercial pressures to compete rapidly in the aircraft market.[7] There are also catastrophic architecture collapses worldwide due to the use of unqualified inexpensive materials, and numerous traffic accidents contributed to fatigued drivers, all as the result from saving time and money. Many studies have discovered that employees are most inclined to disregard important rules and procedures when they are overworked, leading to risks in safety, quality, and compliance, all in the name of efficiency and financial gain.[8] In a world more and more defined by corporate decisions, one must determine if profit-motivated behavior benefits or damages society as a whole. With a close look at the outcomes of profit-driven actions, including contributions to Gross Domestic Product (GDP), job opportunity, tax revenue, and especially investments in Research and Development (R&D),[9] it is clear that profit incentives can promote innovation, efficiency, and economic growth when balanced by ethical supervision and effective regulation.

ADVANTAGES OF PROFIT-DRIVEN BEHAVIOR

There is broad consensus that profit drives production and creates job opportunities. As reported by the International Labor Organization (ILO), private enterprises, which are mostly for-profit businesses, create most jobs worldwide.[10] But other than economic growth, does the pursuit of profit create broader societal benefits or does it lead to greater harm? One of the

Corresponding author: Elaine Guo, E-mail: elaineyulan711@gmail.com.

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strongest arguments in support of profit-driven enterprises is that profit stimulates innovation, responsiveness, and productivity that charitable or government-run institutions often lack. The promise of profit inspires individuals and organizations to operate with entrepreneurial energy, to enhance current systems, and to address the constantly changing needs of consumers. As economist Milton Friedman[11] once said, "The most important single central fact about a free market is that no exchange takes place unless both parties benefit." When businesses seek profit, they must satisfy consumers by offering certain value through a product, service, or solution. When customer needs change, profit-seeking organizations must adapt as well. This dynamic creates a competitive marketplace in which constant improvements are essential to companies' survival. Many new ideas are created with the aim of making more profit, which bring positive changes to how products are made. As a result, not only is profit generated, but advancement is achieved as well. A good example is the recycling industry. "Innovations that minimize waste can lower disposal costs and create new revenue streams from recycled materials."[12] Profit is not the only outcome of recycling. This process also lowers the consumption rate of non-renewable energy sources and reduces pollution to the environment.

In the technology industry, this dynamic is clearly demonstrated. Though often criticized for their market dominance, companies like Apple, Tesla, and Amazon became successful by focusing on consumer experience and overpowering competitors with thorough innovation. With the almost annually renewed iPhone, a device that seamlessly combines music, calling, and internet navigation, Apple revolutionized communication. Tesla accelerated clean energy adoption by making electric cars both practical and highly desirable for day-to-day life. Setting a new standard of consumer expectation for ease and rapidity, Amazon redefined e-commerce and logistics. None of these innovations were motivated by altruism; rather they were driven by the pursuit of profit. From lowering greenhouse gas emissions to increasing access to goods, they created enormous public value. Fueled by profit, new forms of business emerge, such as Uber, Airbnb, pet care, and travel companions. Beyond providing numerous employment and economic opportunities, such businesses make use of idle capacity, reduce economic waste, enhance pet well-being, and improve travel experiences.

Efficiency is another metric heavily motivated by profit. Many private businesses thrive by operating on narrow margins. They are constrained by the pressure to reduce waste, optimize processes, and boost productivity. Without a profit motive, companies don't feel the need to reduce input and tend to become complacent with stagnant output. To stay competitive, profit-driven businesses must constantly focus on productive processes, which lead to technical progress and superior goods at lower prices, because if they don't, a rival will. Profit is the stimulus to be efficient, as economist Thomas Sowell clarifies, driving companies to offer more value with less input rather than settling for "good enough."[13]

Additionally, profit can boost employee motivation by utilizing incentives such as commissions, bonuses, or stock options. Frequently used to spur employees to achieve greater financial success for the company, these various types of compensation can result in a feedback loop where company production and personal gain are directly linked. While employees at nonprofit organizations are often motivated by passion, those at private companies are frequently encouraged by personal financial gain. As noted in *American Economic Review*, the prospect of earning more money for exceptional work can boost employee engagement and drive people to go above and beyond basic job requirements.[14] The end effect is a system that incentivizes employees and organizations to continuously deliver high-quality work. Moreover, research indicates that successful pay-for-performance programs raise job satisfaction, lower absenteeism and turnover rates, and have a substantial positive influence on overall organizational performance.[15] Consequently, employees in profit-driven circumstances demonstrate a more goal-oriented, responsible, and competitive mindset.

Customers also frequently force profit-seeking businesses to maintain a high standard by providing feedback. Consumers tend to feel they deserve higher quality products or services if the providers make money from what they pay. This expectation is reflected in the reviews which influence others who have intention to purchase. This is especially true now as 71% consumers read online reviews "always" or "regularly."[16] Since negative reputations can result in lost revenue, for-profit companies try their best to please the customers. Reviews aren't the only way to inspire business accountability. Boycotts and consumer protests can result in some form of concessions from a company, as stated by Brayden King, a Kellogg School Professor.[17] A well-known example is the 2001 Toyota boycott controversy. When Reverend Jesse Jackson threatened to boycott the company due to a racially insensitive advertisement, Toyota responded with a formal apology and a $7.8 billion, 10-year diversity program to expand the number of minority-owned Toyota dealerships and employees.[18] In a system where consumers are in the driver's seat, businesses dedicated to profit are committed to improving society at a quicker pace than government-owned ones are.

In sum, the profit promise provides a chain of admirable behaviors—risk-taking, innovation, efficiency, responsiveness, and accountability. While profit may not be the only motive, the system as a whole generates behaviors that benefit people and society.

UNETHICAL CONDUCT DRIVEN BY PROFIT

While profit drives innovation and efficiency in the economy, it could also lead to unethical conduct, a speculative gambling mindset, and exploitation. In short, revenue is put over responsibility. As a report from the University of Utah puts it, the word "money" is often associated with negative connotations such as corruption, greed, and power.[19] These behaviors depict how the desire for profit can drive people and businesses toward choices that disregard ethics and long-term effects.

One of the notorious examples comes from the pharmaceutical industry. The production line of OxyContin by Purdue Pharma perfectly illustrates the devastating consequences when companies prioritize profit above public health. *The New York Times* investigation of internal business records revealed that Purdue Pharma still chose to aggressively market OxyContin, a prescription pain medication, for financial gain and hide the potential dangers from medical professionals even after the company executives became fully aware of its addictive nature. Despite this, Purdue Pharma continued selling this addictive drug until numerous lawsuits and boycotts finally drove the company to bankruptcy. More than 500,000 people in the United States alone have died as a result of this opioid epidemic, a catastrophic consequence that could have been avoided by ethical business operations.[20]

When accompanied by fear, desperation, and greed, the desire for profit can also result in deeply emotional and irrational behaviors. Investors, for instance, often hang on to losing stocks not because it is financially wise but rather because they cannot give up the profit. Many of them, as Le Roy Gross, author of *The Art of Selling Intangibles* and CEO of InoMedic, pointed out, "will not sell anything at a loss.... The 'get-even-itis' disease has probably wrought more destruction on investment portfolios than anything else."[21] Rather than acting logically, people frequently act out of emotional desperation, picking riskier routes to prevent losses and regain profit, even if this action makes their circumstances worse. Similarly, a study on financial decision-making led by Professor Martin Reimann at the University of Arizona found people "gravitated to riskier financial choices" when they highly hoped for a financial outcome but felt threatened in achieving it.[22] This finding highlighted a pattern of impulsive action: hope combined with risk causes reckless financial decisions. It demonstrated how the profit motive twists rational judgment and fosters gambling-like behavior. People consequently take greater risks in the hopes of rebounding even if their decisions go against long-term goals. Left uncontrolled, these behaviors can weaken the entire financial stability. Effective management of the influence of the profit motive requires knowledge of these emotional traps rather than rejection of it.

The relentless pursuit of profit has also frequently resulted in labor abuse and exploitation, transforming factories into sweatshops with low pay and weak regulations. As indicated in business ethics studies, some employers capture a disproportionally large share of benefits while leaving workers in desperate economic circumstances.[23] This imbalance displays a common profit-driven behavior: prioritizing cheap labor over fair treatment. Many businesses focus on reducing expenses to maximize profits instead of investing in fair compensation or safe working conditions, even if that means incorporating illegal or unethical labor practices. Many famous brands, like Adidas, Nike, Victoria's Secret, have previously been discovered using sweatshop labor to make their products.[24,25] This reveals how businesses could conduct unethical employment actions under profit influence.

GUIDING PROFIT PURSUIT THROUGH CORPORATE GOVERNANCE

Although profit motives are often blamed for encouraging harmful behaviors, including greed, irrational risk-taking, and exploitation, it is worth keeping in mind that these actions are results of how people behave when benefits are the only focus, with ignorance of the downsides. They come from neglecting others, avoiding responsibility, and wishful thinking that one can evade legal sanctions, not from the profit itself. In fact, these negative behaviors expose the need for higher standards of business conduct, stronger regulatory oversight, greater transparency, and a healthier competitive environment.

Despite the linkage to negative behaviors, profit motives can produce significant benefits when companies restrain immoral excesses and operate within a framework of regulation and accountability. Unlike government agencies, which can be sluggish and inefficient, or charities, which frequently lack financing and reward systems to innovate, profit-driven firms must adapt to survive. From faster services to lower-cost products, this pressure drives effective solutions to issues and customer needs, sparking innovations that improve our daily lives. Though unethical actions like sweatshop labor and dishonesty do occur, they are not the norm and can be limited through effective governance.

Public education is a fundamental step in developing ethical business standards. We need to foster a widespread rejection of unethical business practices, making such behavior socially unacceptable. We should also cultivate the expectation that private businesses bear public responsibilities in addition to pursuing profit. Our society should show a clear preference for ethical business leaders, as these decision-makers are more likely to prioritize long-term value creation over short-term financial gains. Financial education and ethical culture can help lower reckless investor activity and encourage long-run results. Corporate governance is critical in deterring misconduct. Governments should direct businesses with laws that promote respect and dignity, not suppress the profit motive. The United Nations (UN) emphasizes the State duty to prevent, investigate, punish, and redress corporate human-rights abuse.[26] The Organisation for Economic Co-operation and Development (OECD) recommends governments take responsibility to support and enforce standards for responsible business conduct.[27] Likewise, to limit irrational risk-taking in finance, economists advise regular reassessment on portfolio and consulting with financial experts for impartial perspectives.[28] Rather than outlawing profit-driven companies, the government should take the responsibility to improve the setting in which business entities function. Regulations need to be set not only to identify harmful activities to prohibit, but also to allocate responsibility for businesses and have them directly address more distant consequences. Under smart and effective supervision, the aspiration for profit may generate innovation, efficiency, and economic growth while complementing the roles of governments and nonprofit organizations.

However, corporate governance doesn't eliminate risks associated with profit incentives. Regulatory gaps, difficulty enforcing laws, information asymmetry, and negative externalities are conditions that allow harm to arise from profit-driven behaviors. Regulations are usually reactive, often unable to anticipate harm. Before regulations catch up, firms may engage in misconduct legally but unethically. Markets may be inefficient where some actors have information that others do not, skewing their transactions.[29] This information inequality may also make it difficult for either consumers or regulators to identify dangers that are known better by business owners. Without timely detection, regulations cannot be enforced until a harmful consequence becomes apparent. Additionally, in situations where the social cost of an action is not reflected in a firm's private costs, the firm has an incentive to engage in more of that activity than is socially desirable. For example, OECD pointed out that pollution resulting from economic activities can impose significant costs on human health and the environment.[30] But since business owners do not pay for the full cost, excessive pollution continues to be a problem.

Although harm cannot be eliminated entirely, most harmful outcomes stem from market imperfections and can be substantially mitigated. In addition to government intervention, we should allow natural market forces such as reputational effects to play their role. Companies may be forced to avoid unethical behavior because reputational damage can be costly. Competitive markets also discourage firms from exploiting customers or becoming complacent.

Theodore Roosevelt once said, "We draw the line against misconduct, not against wealth."[31] This essay explains that profit-driven businesses, when properly regulated, are successful in providing scalable, fast, and high-quality social outcomes. This essay also recognizes that while the hope of profit sparks various advancements that others can't, it can also lead to many drawbacks that shouldn't be ignored. The ideal approach is to improve profit motive through ethical supervision, corporate governance, and professional financial control rather than resorting to charities or government enterprises. The profit motive will continue to produce significant social benefits that our developing society can't afford to lose, and they can be achieved without jeopardizing human dignity or public trust only if incentives and rules are properly balanced. Profit isn't everything, but everything we need comes from profit.

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