**Theme:** 5.

**Reading:** What’s a Business For?

**Author:** C. Handy.

Could capitalists bring down capitalism? Or will the markets solve all the problems.

No: -Reduce trust,

-Conceal truth.

Then;

-Markets fail by self-fulfilling panic.

-Governments must then create wealth and restore confidence in markets.

-Trust is fragile.

Today:

-Executives manage companies for their own ambition and gain.

***Stock-Market Capitalism***

-Drive to increase share price.

-Organic growth is the slowest means of doing so.

-Actions that endanger the firms future are the best ways of increasing share value quickly. e.g. delaying long-term investments, buying and selling other businesses.

-Short-sightedness caused by share price obsession.

**Causes:**

-Stock options: CEOs want to get returns sooner.

Why should one person be rewarded far more financially than others?

-Fuels distrust.

**Hindsight:**

-Boom years: created ‘artificial’ value.

-Consumer debt may be unsustainable.

-Lending system may collapse.

***Characterising Business***

-Ownership? → Investments: Only motivated by money and take no responsibility.

-Share price must be kept at a sufficient level to keep stockholders/predators happy/away.

-Purpose of life is not just to eat, but it is necessary to survive.

-A business should exist only if it does something better or more useful than anyone else.

**Hangover effects:**

-Stockholders are the owners of companies and not just financiers.

-Companies are pieces of property, subject to ownership laws.

-Companies assets are now mostly the Talent (People), intellectual property, branding, etc not physical/structural assets.

A Business is a community with a purpose **not** property.

Democratic irony: Democratic nations derive most wealth from undemocratic organisations.

**Remedies:**

-Retain ideology.

-Better and tougher regulation.

-Separation of auditing from consulting.

-Attest to accuracy of financial statements.

-Share of profits for employees and management.

-Lead the way in best practice and not be pushed onto the defensive constantly.

-Sustainable planet for business’ own survival.

-Protect people from the demands their jobs create: (Gender inequality: women unable to have children if they want to climb corporate ladder/immigrant child-carers: sociology notes).

Drive to create value for people, innovate and provide something no one else can is what business should be about. Serve all, not just the rich.