

Profit, purpose and society

<https://www.taxresearch.org.uk/Blog/2025/11/18/profit-purpose-and-society/>

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Profit can be good if it serves society. But when profit becomes the only goal, trust collapses, workers suffer, and the planet pays the price. In this video, I ask whether modern capitalism has lost its moral foundation and what a profit with purpose would look like.

<https://www.youtube.com/watch?v=3OY8YxqUB3I&si=DdMt3r2Fb7u8CUSc>

This is the audio version:

https://www.podbean.com/player-v2/?i=y952x-19c21c0-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

I want to start this video by making something really clear. Profit is a valuable thing. Profit is good. Profit, if it is used for social purpose, is beneficial to society. And profit in this context is a fair rate of return to people who invest in businesses created by entrepreneurs to reward them for the risk that they take by creating products and services that literally meet people's needs.

That reward is paid out in two ways: one as a rate of return, and the second is as funding for future investment, so that a company or business can continue to meet

people's needs within society. If that's what the purpose of business is, then profit as the fuel that keeps the process going is valuable, and I am not going to knock it.

But do understand what I just said. Profit is the consequence of meeting the needs of people in society. Business' job is to supply goods and services at prices that people can afford so that they can have a better life than would otherwise be possible. The goal of society is to live well, and businesses can play a part in that. And if they do succeed in doing so, then profit is the indicator we have of their success, and I'm not going to knock any of that. To me, that's a good thing. Businesses that coexist with government to achieve those goals are fundamental to the way in which we organise our society, and I've never suggested anything else.

But, and this is a massive but, that isn't the way in which most big businesses are now organised in our society. In fact, nothing could be further from the truth.

If you look at what most big businesses are now obsessed with, it is how they can extract money from people rather than how they can make things. If you attended, as a fly on the wall, a board meeting of most of our biggest companies, they won't be discussing product innovation. They won't be discussing whether or not what they're doing at present is meeting social need. They won't be considering the interest of the consumer or society. They will be discussing the director's bonuses. They will be discussing whether another buyback of their own shares using the profit that they have made could inflate the share price to trigger the next round of directors' bonuses. They could be discussing how finance could be used to increase the rates of return reported in their accounts by selling this bit, adding that bit, borrowing here, reducing the price of borrowing there, whatever it might be.

These companies have become the masters of financial speculation. They have forgotten how to be the masters of production and the masters of engineering to meet needs and not to structure a balance sheet.

Profit, as a result, no longer measures success. It simply measures, in far too many cases, the ability of a modern company to exploit. The ideology of shareholder value has licensed greed in our boardrooms. The pretence that the only thing that the boardroom should think about is the increase in the value of the shares of the enterprise, without ever having worried about how that arises, is something that has absolutely corrupted business from top to bottom.

Chief Executives chase quarterly results instead of long-term purpose.

Workers, customers, communities, and whole subsidiary companies and the structures built around them have become expendable inside these large companies whose only focus is upon financial engineering.

And businesses have forgotten that their very existence depends upon social trust and

shared prosperity, and it was that belief that they could deliver that which did in the first place, give them the structure of limited liability companies that lets them operate as they do, and that trust is failing.

Short-termism is driving pollution. It's driving low pay. It's driving tax avoidance. Private gains now depend upon public losses. And state infrastructure is treated by these companies as if it is a free good and not a shared foundation, and they have no willingness at all to recognise its value or, perhaps as importantly, pay for it. Profit has become totally detached from responsibility. The social cost of profit isn't being counted, but that social cost is now rising because profit is no indication of value.

All of this is wrong. True enterprise serves society before shareholders. I know this from my own experience. When I ran a firm of accountants, we put the client first, and the more we put the client first, the more profitable we were because we made our clients happy, and therefore they were willing to pay us. Accountability, participation, and responsibility were all key to that success. Everybody understood what we were trying to do from top to bottom in the organisation. Everybody played their part. And fair pay, and safe work, and sustainability are not costs in this context. They are about continuity, and they should be at the core of a sustainable business. Business must once again be a partner in the public good, and I believe it can be.

And governments must encourage this, but they've also forgotten how to do so because they, like the business community, have been taken over by the neoliberal dogma, which believes "Market's good, government bad. Profit, as high as possible, taxes as low as possible, and let's not care about the consequences."

The truth is, none of that works. The fact is that regulation and taxation must now reward productive investment and not speculation, but we've got that wrong.

The fact is that government should be controlling monopoly power and secrecy jurisdictions, but it isn't.

And public procurement, the government's own spending power as the biggest single consumer there is within our society, should be used to drive ethical standards throughout supply chains, but at present, price is the sole determinant of who gets a contract.

Civilised markets depend upon civic values, but our government isn't reflecting that fact.

So we need a new understanding of profit — that which I outlined at the start of this video — understanding that profits should be evidence of good stewardship, not a substitute for it.

There's nothing wrong with making money; I reiterate that point. But how it's made

does matter. Extraction must give way to the creation of value if capitalism is to survive. Profit that destroys trust is the most expensive kind of all, and is why capitalism is in such deep trouble at present.

When profit becomes the purpose, society becomes the cost, and business must rediscover that not only is that wrong, but business must have moral foundations.

Markets depend upon morality as much as on mathematics. They can't survive without doing fair, honest bargains with their customers, their employees, and society at large.

When enterprise learns again that serving the public good is the basis for its prosperity and our prosperity, then we can restore the faith in a new form of capitalism for social purpose, but at present, we are a horribly long way from that.

What do you think? Do you think business has lost its way? Do you think that it's time the business rediscovered its social purpose? Do you think that you, as a consumer, should be the centre of the concern of a company and that if they meet your needs, you would reward them? Or do you think businesses should only be interested in making a profit, whatever the cost? Let us know.

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