

# WHY COMPANIES SHOULD NOT DO CSR

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# WHAT IS ARGUED

- 👎 Doing CSR does not meet Shareholders expectation of Profit return.
- 👎 Companies Reputation in danger.
- 👎 It increases Costs.
- 👎 Competitive Advantage and Disadvantages.

# NOT MEETING SHAREHOLDERS EXPECTATIONS

- Why do businesses Exist?

*“a corporation’s responsibility is to make as much money for the stockholders as possible.”*

*“Milton Friedman”*



# COMPANIES REPUTATION IN DANGER

- Disclose shortcomings of own products
- Customers lose trust
- Decrease in sales
- Market Share lost
- Even Penalties

*Terrible!*   
GOOD   
AVERAGE   
EXCELLENT





# COMPETITIVE ADVANTAGE AND DISADVANTAGE

- Unfair competition
- Higher Expenses = Higher Prices
- Higher Price = Less competitive

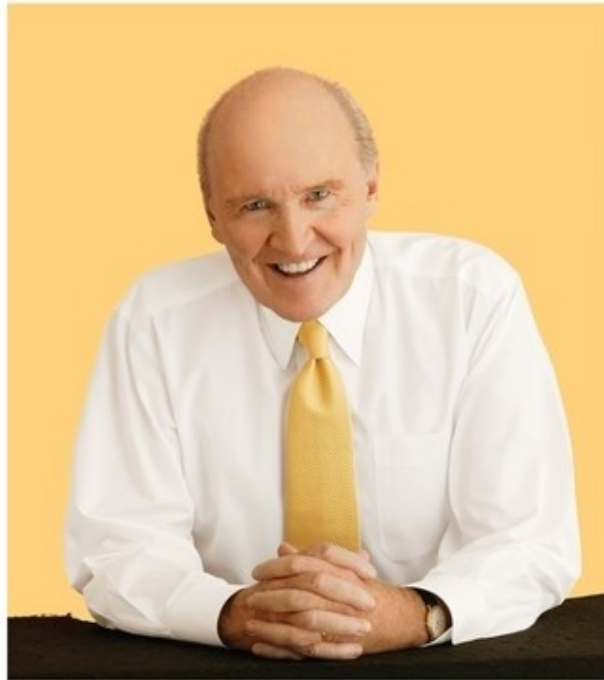


# Real man don't do CSR

- Bill Gates of Microsoft
- Jack Welch of GE

**A leader's job is to look into the future and see the organization, not as it is, but as it should be.**

*Jack Welch,  
former Chairman and CEO  
of General Electric*





# IT'S NOT THE RESPONSIBILITY OF THE COMPANIES TO DEAL WITH ALL THIS STUFF

- It's the responsibility of the politicians to deal with all this stuff
- Milton Friedman claimed that free markets, rather than companies, should decide what is best for the world
- Adam Smith's "invisible hand" will do all the work
- companies are meant to create products or provide services
- Companies do not have the expertise to do CSR
- The increased cost will be passed on to the consumer
- Hard to measure

# PROBLEMS WITH STAKEHOLDER THEORY

- Responsibility to shareholders
- Social problems are more complex than stakeholder theorist's claim
- Overregulation
- disagreement among shareholders





# SHAREHOLDER THEORY

- maximize long-term shareholder wealth
- Shareholders do not hire CEOs to act like a charity
- Steve Milloy, Adam Smith and Milton Friedman (the business of business is to make money)
- CSR promotes incompetence
- for every five CSR actions a firm takes, you can expect it to commit one-act of CSiR





T h a w k

y o u



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