

The term “profit” is derived from the word “profectus”, meaning “progress” in Latin. The most rudimentary explanation of profit is the amount by which total revenue exceeds total costs. In the entrepreneurial world, profit is a reward for taking risks, undergoing uncertainties, and setting aside resources for innovation. Profit is an important goal for almost every business and is used as an indicator for success, so much so that it often diminishes all other objectives. It is used as a source of finance, to attract investors, and, most importantly, as a tool for enhancing prosperity in society when shared effectively with workers, executives, and partners. It is widely accepted that a business cannot survive in the medium to long term without being able to book profits. In 2024, the most profitable company, ARAMCO, made a staggering profit of \$120 billion, followed by Apple at \$97 billion and Berkshire Hathaway at \$96.2 billion. This one data point alone speaks to the efficiencies and systems within these companies, inviting awe and respect from society at large.

This essay investigates the sorts of behaviors that the pursuit of profit engenders and whether these are optimal for society, as compared to those that emanate from governmental agencies or charities. Given current times, it is important to factor in the growth of artificial intelligence (AI) while referring to businesses and profitability because its adoption stems from the want and behavior to maximize profit, sometimes even at the cost of employee well-being. It is important to investigate whether profits, which are considered of utmost importance to businesses and essential for economies to function, are likely to be beneficial to society at large. While AI is likely to increase profits, it will be at the cost of human jobs, which will cause strife and despair. This dilemma and many others beg the question whether behaviors that chase profit are the best

for our society. Furthermore, will the world be a better place if governments and charities control all the resources in the economy, allocating resources based on long-term economic well-being and median living standards instead of the pursuit of profits?

The profit motive controls a market economic system where all resources are controlled privately and there is little to no intervention from governments. In theory, this should encourage businesses to keep costs low, provide high-quality products, and offer competitive prices. However, reality may be different, in countries like the United States, Japan, and the United Kingdom, which have little to no governmental intervention and are as close as possible to a market economy. These countries are considered far more efficient at producing goods and have high Gross Domestic Products (GDP) because the acceptance of price acts as a signal for producers to decide which goods or services they should produce more of. The behaviors thus engendered lead to more employment, a focus on employability, and higher consumption levels.

The below-set graph depicts how economic freedom correlates to the Human Development Index (HDI), which is the standard value used to measure human development in an economy. The HDI considers various factors like GDP, employment, and education – factors that are the direct result of behaviors that are engendered by profit. Figure 1 below (graph) illustrates how, as economies get more progressively free and hence, move away from socialist frameworks where resources are controlled by the government, the HDI directly increases.

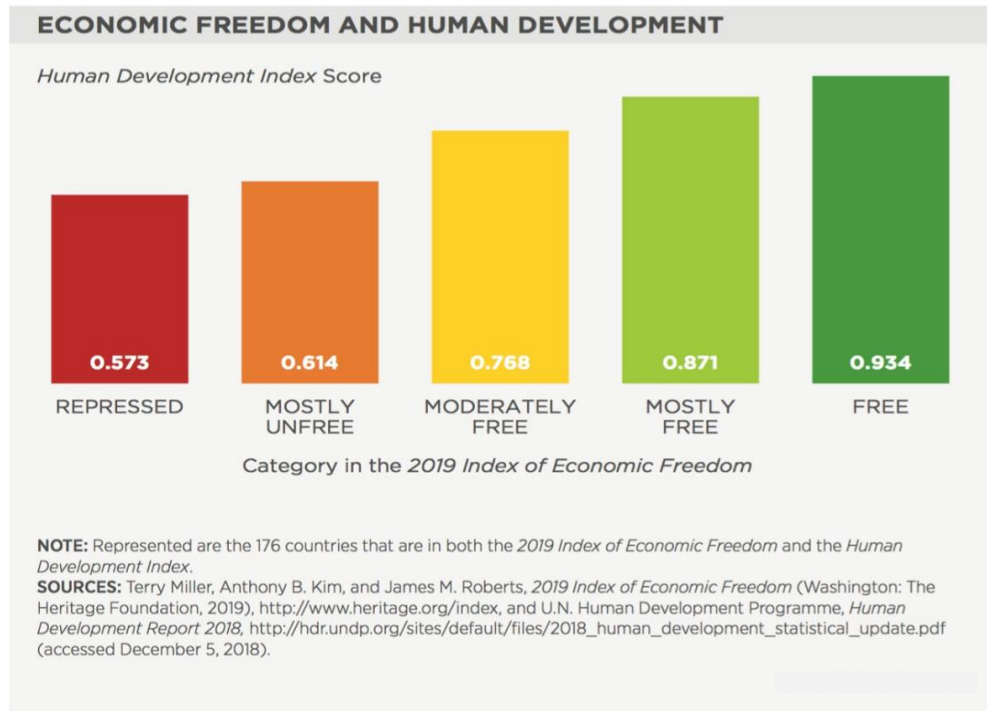


Figure 1 - Correlation between Economic Freedom in Countries and Human Development

While the need for profit is established, what's more important is that every worker requires a salary to satisfy their basic needs. We need to examine just how far businesses and entrepreneurs are willing to chase profit, and is profit often prioritized over the environment, employee well-being, ethical obligations, and moralities? As observed by a study on the Ontology of Profit, "The hope of profit is an ontologically potent force, an animating principle that conditions human behavior within the structures of economic existence." This study goes on to elaborate that the aspiration of profit leads to behaviors of relentless growth and optimization. This leads one to ponder what such single-minded perspective on profit may actually condone as reasonable behaviors, in the pursuit of profit. Obsessive entrepreneurs may solely think from the perspective of numbers, taking only quantitative factors into effect, thereby taking decisions with profits as the sole factor in view. Decisions are likely to be allocated only on the basis of numerical

efficiency, possibly leading to a variety of other concerns such as damage to the environment, and in extreme cases, blatant non-compliance with the extant legal and regulatory landscape, which may be perceived simply as constraints on profits. Further, basic human rights may often be compromised or overlooked, instances of which are far more prevalent than one would like to admit. Figure 2 (graph) below, for instance, shows how businesses are replacing human labor with AI in a bid to reduce costs and increase quality relentlessly. While it is likely to increase profits, it will be at the cost of human jobs , as there are potentially hundreds of millions of jobs that could be wiped out by AI by 2030. McKinsey predicts anywhere from 400 to 800 million jobs are at risk by 2030 because of AI.

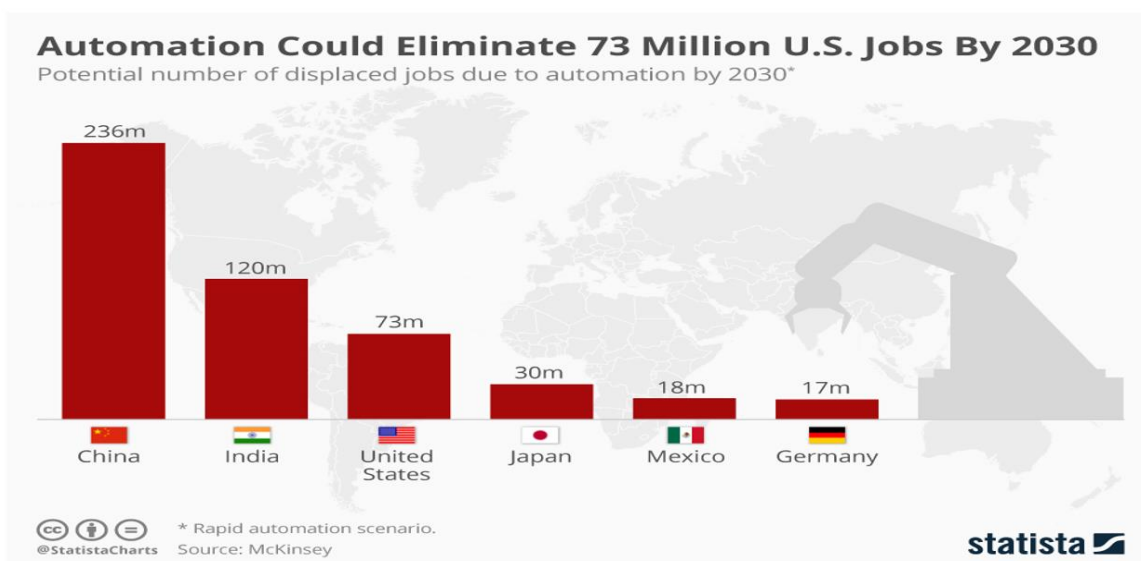


Figure 2 - Elimination of jobs by AI

Further, a study conducted by the Harvard Business Review indicates that propping up revenue figures and engaging in unethical practices has almost become passé as an integral part of start-up culture. Moreover, several instances of major record companies fabricating details regarding

their locations and WeWork greatly overestimating figures in order to lure investors, in collaboration with Masayoshi Son, have come to light. These behaviors greatly dent and diminish the value of fair practice and ethics.

It is equally critical to evaluate that the profit motive may cause “short-termism” which means that suppliers may only think about their own profit in the short run, causing them to pursue unsustainable practices such as using non-renewable/depletable resources. Hence, in the long run, the economy may run out of important resources, potentially leading to an acute shortage and eventual reduction in profits. Moreover, in an attempt to lower costs and compete effectively, a firm may try to exploit workers or engage in unethical practices such as using child labor to gain a competitive advantage. For example, according to The Guardian, Nestle, one of the largest companies in the world, was found indulging in child labor in West Africa, using children under the age of 15 years to work on farms. There was even evidence of forced labor, where some children were not paid for over a year. In 2013 to 2014 about 7% of Nestle’s farms, out of 260 that were inspected, had child labor. Furthermore, by 2016 the same behaviors persisted, with an estimate of 2.1 million children working as labor on West African slave farms. Additionally, in 2021, Nestle faced multiple lawsuits from former child slaves who alleged they were trafficked and forced to work as labor on Ivorian farms that supplied Nestle. Having said that, will the world be a better place if governments and charities control all resources in the economy, allocating resources based on long-term economic well-being and median living standards instead of the pursuit of profits?

Historically, only a handful of economies have been controlled by charities or the government, most notably the Soviet Union and China in the past and North Korea in the present. North Korea, an economy controlled strictly by the government, is known to be incredibly inefficient and has struggled in innovation and production. The nominal GDP per capita in North Korea is estimated to be \$1217 as of 2023, while the global average GDP per capita in the same year was \$13,920. The most conservative estimate of the GDP per capita of a developed country is \$30,000. This evidence clearly establishes that North Korea's GDP per capita is a mere 9% of the global average. While not documented clearly due to the isolation of North Korea from the world, the United Nations states that North Korean citizens suffer from “chronic poverty” sometimes without access to basic human needs such as food, medicine, and fuel. An estimate by the World Food Program estimates that about 40% of North Koreans are undernourished with millions relying on international aid. Furthermore, following the fall of the Soviet Union, North Korea plunged into a devastating famine, the “Arduous March”, which lasted four years from 1994 to 1998. Estimates say that anywhere from 600,000 to 3,000,000 people died because of hunger in the four-year period. The cause for North Korea’s poor economic state and hunger is largely attributed to the absence of the profit motive. The government owned corporations, such as farms that provide food, do not have any other competition; there is really no reason to increase efficiency or invest in research and development. This leads to misallocation and underutilization of resources, which are not utilized to the fullest extent. This is the key problem with socialism, as goods and services, which are essential for humans, may not be produced efficiently, leading to shortages and a low GDP.

In my own personal experience as a volunteer at a non-profit organization (NGO), I concluded that the motivation of the workers here was largely non-material and related to the benefit of society. While this seems ideal, the lack of a profit motive makes their functioning dependent on fundraising, which engenders behaviors that are not dissimilar to profit-making companies. Therefore, having a majority of employment at charities and governments is likely to lead to operational inefficiencies and lack of accountability due to a deficient rewards system. Social enterprises, which are a prominent part of modern capitalism, focus on making profits while being sustainable and causing positive external benefits. Hence, even in a capitalist economy, there are indeed organizations that demonstrate beneficial behavior with a focus on improving the living standards in a profit-driven economy.

Over the last 15-20 years, a new and progressive version of capitalism has evolved known as “sustainable capitalism.” This economic philosophy focuses not merely on maximizing profit in the short run but also on ensuring sustainable profits in the long run. It focuses on reducing environmental damage, adopting sustainable practices, and factoring in social and governance indicators. This form of capitalism, at its core, still focuses on the profit motive over a much longer time span and hence produces positive externalities. A study conducted by McKinsey in collaboration with NielsenIQ shows that companies that have higher Environmental, Social, and Governance (ESG) - related parameters (the leading metric to measure a company's benefit/damage to the environment and society,) have a 8% higher annual growth rate than companies that do not have material ESG-related priorities.

Through deep research into motivational theories, businesses have realized the best way to ensure employees are motivated, and labor turnover is low, is by prioritizing employee satisfaction and well-being. Prominent theories such as Herzberg's Two-Factor Theory demonstrate that employees should be satisfied with their job and should be given opportunities for promotion and recognition to maximize their efficiencies. Hence, modern capitalism may lead to better behaviors towards employees if only in a bid to reduce employee induction costs and to increase the efficiency of their employees. A notable example of how treating your employees well may be a method of increasing productivity is evident when Henry Ford doubled the pay of his workers in 1914, which increased their productivity and loyalty, a practical outcome of this theory.

In conclusion, given both sides of the discussion, the behaviors that are most conducive to society will be those that are engendered by organizations that pursue profit in an environment that is regulated by governments that are ultimately accountable to the population. It is imperative that laws are enforced to protect human rights and welfare, to ensure employee motivation and satisfaction. These behaviors lead to long-term economic prosperity, higher standards of living, and the ability of the citizens to elect more accountable leaders.

BIBLIOGRAPHY:

- Associated Press. 2024. "Labor Department Spotlight on Child Labor in Slaughterhouses." *AP News*, December.
<https://apnews.com/article/46d0193545ed2a5aad8ea7643edbc8a>
- Associated Press. 2024. "North Korean Defectors Urge the UN to Hold the Country's Leader Accountable for Rights Abuses." *AP News*, September 28.
<https://apnews.com/article/06be9bdcfa9da3f741879469a5ab9d45>.
- Associated Press. 2024. "Smithfield Agrees to Pay \$2 Million for Child Labor Violations." *AP News*, December.
<https://apnews.com/article/37331398891881f762c49db751ef52de>.
- Dorman, Jack. 2024. "Eleven Children Worked on Iowa Pork Plant's 'Kill Floor,' U.S. Labor Officials Say." *The Guardian*, December 18. <https://theguardian.com/us-news/2024/dec/03/child-labor-iowa-pork-plant>.
- Fair Labor Association. 2014. "Assessing Child Labor in Nestlé's Cocoa Supply Chain." Fair Labor Association. <https://fairlabor.org/reports?year=2014>.
- Fifield, Anna. 2020. "Kim Yo-Jong's Links to the Secretive Office Keeping North Korea's Elites in Luxury." *TIME*, May 4. <https://time.com/5829508/kim-yo-jong-money-office-39/>.
- George, Shijo. "The Ontology of Profit: Metaphysical Considerations on Economic Behavior." *reflections.live*, reflections.live/articles/17623/the-ontology-of-profit-metaphysical-considerations-on-economic-behavior-article-by-shijo-george-21142-m8mox7jz.html.

- Gladstone, Rick. 2025. "Rights Abuses Continue in North Korea a Decade after Probe, Says UN Investigator." *Reuters*, June 20. <https://reuters.com/world/asia-pacific/rights-abuses-continue-north-korea-decade-after-probe-says-un-investigator-2025-06-20/>.
- Harlan, Carter. 2021. "The Incredible Rise of North Korea's Hacking Army." *The New Yorker*, April 26. <https://newyorker.com/magazine/2021/04/26/the-incredible-rise-of-north-koreas-hacking-army>.
- History.com Editors. 2009. "Great Depression History." *History.com*, October 29. <https://history.com/topics/great-depression/great-depression-history>.
- Instituto de Libertad Económica. n.d. "GDP per Capita Is Eight Times Higher in Liberal Countries than in Socialist Countries." *Instituto de Libertad Económica*. <https://institutodelibertadeconomica.org/en/publications/gdp-per-capita-is-eight-times-higher-in-liberal-countries-than-in-socialist-countries/>.
- Instituto de Libertad Económica. n.d. "Liberal vs. Socialist Countries: Human Development Indicators." *Instituto de Libertad Económica*. <https://institutodelibertadeconomica.org/en/publications/liberal-countries-have-higher-human-development-than-socialist-ones/>.
- Investopedia. n.d. "Efficiency Wage Theory." *Investopedia*. <https://investopedia.com/efficiency-wages-5206757>.
- Kelly, Mike. 2024. "Dozens of North Korean Defectors Caught by Secret Police 'Vanish,' Says Rights Group." *Reuters*, October 31. <https://reuters.com/world/asia-pacific/dozens-north-koreans-defectors-caught-by-secret-police-vanish-says-rights-group-2024-10-31/>.

- Lund, Susan, et al. 2017. Jobs Lost, Jobs Gained: Workforce Transitions in a Time of Automation. McKinsey & Company, December.
<https://mckinsey.com/~media/McKinsey/Industries/Public%20and%20Social%20Sector/MGI-Jobs-Lost-Jobs-Gained-Executive-summary-December-6-2017.pdf>.
- Maslow, A., Herzberg, F., Vroom, V., & McGregor, D. Referenced conceptually; no single source cited.
- McKinsey & Company. 2023. “Consumers Care about Sustainability—and Back It up with Their Wallets.” *McKinsey*. <https://mckinsey.com/industries/consumer-packaged-goods/our-insights/consumers-care-about-sustainability-and-back-it-up-with-their-wallets>.
- McKinsey Global Institute. 2017. “Between 400 and 800 Million Jobs Lost to Automation by 2030.” *GlobalSpec*, November 30.
<https://insights.globalspec.com/article/7278/between-400-and-800-million-jobs-lost-to-automation-by-2030-mckinsey>.
- Miller, T., Kim, A. B. & Roberts, J. M., *2019 Index of Economic Freedom: 25th Anniversary Edition*, Heritage Foundation & Wall Street Journal, Heritage Publishing, 1 January 2019. (Figure 1)
- Nestlé SA. 2020. *Sustainable Cocoa Report 2018–2020*. Nestlé.
- NielsenIQ. 2023. *Green Is the New Black: ESG’s Impact on Consumer Preference*. <https://nielseniq.com>.
- OpenStax. n.d. *Principles of Economics*. OpenStax.
<https://openstax.org/books/principles-economics>.

- PwC Ireland. 2025. *AI Jobs Barometer — Report*. PwC Ireland.
<https://pwc.ie/services/consulting/insights/ai-jobs-barometer.html>.
- PwC UK. 2018. *Will Robots Really Steal Our Jobs?* PwC UK, February.
<https://pwc.co.uk/economic-services/assets/international-impact-of-automation-feb-2018.pdf>.
- Statista. 2023. “Estimated Number of Jobs at Risk of Automation in the United States by 2030.” *Statista*. <https://statista.com/chart/12082/jobs-at-risk-of-automation-in-the-us/>.
(Figure 2)
- “The Dark Side of Entrepreneurship.” *Harvard Business Review*, 1 Nov. 1985,
hbr.org/1985/11/the-dark-side-of-entrepreneurship.
- The Guardian. 2015. “Child Labor on Nestlé Farms: Chocolate Giant’s Problems Continue.” *The Guardian*, September 2. <https://theguardian.com/global-development-professionals-network/2015/sep/02/child-labour-on-nestle-farms-chocolate-giants-problems-continue>.
- ThoughtCo. n.d. “The Evolution from Mercantilism to Capitalism.” *ThoughtCo*.
<https://thoughtco.com/historic-phases-of-capitalism-3026093>.
- UBS. 2022. “Why ESG Is Reshaping Corporate Strategy.” *UBS*.
<https://ubs.com/global/en/our-insights/esg.html>.
- United States Supreme Court. 2021. *Nestlé USA, Inc. v. Doe I*, 593 U.S..
- Unknown. 2025. “Perdue Farms, Labor Department Ink \$4 Million Deal in Child Labor Investigation.” *Reuters*, January 15. <https://reuters.com/legal/government/perdue-farms-labor-department-ink-4-million-deal-child-labor-investigation-2025-01-15/>.

- Vogue Business. 2023. “How Gen Z Drives Sustainable Capitalism.” *Vogue Business*.
<https://voguebusiness.com/story/beauty/battling-beautys-waste-crisis-the-ordinary-hits-esg-top-spot>.