It Is Neither a Firm's Goal nor Responsibility to Increase Its Profits

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This paper is divided into two parts: a negative part and a positive part. In the negative part, I will argue that it is neither a firm's goal nor responsibility to increase its profits. In the positive part, I state and argue for what I take a firm's goals and responsibilities to be. With respect to the negative part, what one means when one says it is a firm's goal or responsibility to increase its profits is that *every* firm has a goal or responsibility to increase (sometimes "maximize") its profits.[1] With this assumption, the statement that every firm's goal or responsibility is to maximize profits is still ambiguous.[2] Is it every firm's goal or responsibility to increase its *short-term* profits or *long-term* profits? Often a firm faces a trade-off between increasing short-term and long-term profits. I will argue that it is not every firm's goal or responsibility merely to increase its short-term profits nor is it a firm's goal or responsibility merely to increase its long-term profits. Then I will consider other options: whether it is a firm's goal or responsibility just to increase profits (where increasing *either* short- or long-term profits would fulfill the goal or responsibility), whether the stockholders get to specify the term and rate of profit increase, and if so who the relevant stockholders are. I will then conclude that it is not the case that a firm's goal or responsibility is to increase its profits under any disambiguation. Last, I will undercut the main reason for thinking that profit increase is the goal or responsibility of a firm—that a firm's owners get to determine the goal or responsibility of a

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[1]The dominant view of economists is that profit maximization is the goal of private enterprises, a view that dates back to classical economists. Further, it is the finance textbook norm that the goal of a business is to maximize shareholder wealth or to maximize shareholder value. This is, in finance textbooks, different than profit maximization, but the difference is merely a time difference; maximizing shareholder wealth/value is a longer-term approach than profit maximization. For a description of the distinction, see http://www.efinancemanagement.com/financial-management/profit-maximization-vs-wealth-maximization.

[2]My strategy here is similar to the strategy used by Norman and MacDonald (2004) to argue against Triple Bottom Line accounting.

firm.

In the positive part, I will make a proposal for what a firm's goals and responsibilities are. For each proposal, I will give an analogy to make the proposal clearer, I'll give arguments for the proposal, and I will show how profit increases might relate to a firm's goals and responsibilities as I've stated in the proposals.

This paper has eight sections. I begin the negative part by addressing a firm's *goals*. In the first section, I argue that it is not a firm's goal to increase just its short-term profits or just its long-term profits. In the second, I argue that it is not a firm's goal to increase both long- and short-term profits. In the third, I argue that it is not a firm's goal to increase either long- or short-term profits. In the fourth, I continue the negative part by addressing a firm's *responsibility*, where I use similar reasoning as in the previous sections to argue that it is not a firm's responsibility to increase its profits. In the fifth, I undercut the main reason for thinking a firm's goal or responsibility is to increase its profits—the view that shareholders get to determine the goals or responsibilities of a firm. The sixth section begins the positive part. In the sixth section, I state and argue for a proposal about every firm's goal, and I show how profit increase is related to a firm's goal as stated in the proposal. In the seventh section, I state and argue for a proposal about every firm's responsibility, and I show how profit increase is related to a firm's responsibility as stated in that proposal. I summarize and conclude in section eight.

1. Just Long-Term or Just Short-Term Profits?

Goals and responsibilities are different. A firm can have a goal, the means to which are constrained by its responsibilities. This is true of individuals, too. It can be my goal to get a drink at

Starbucks quickly, but I have a responsibility not to cut in line. I will begin by discussing firms' goals, and I will later discuss firms' responsibilities.

Suppose every firm's goal is to increase its profits. Almost every firm faces a tradeoff between increasing long-term and short-term profits. Suppose a firm faces this tradeoff. Is it that firm's goal to increase its long-term profits given that doing so will come at the expense of short-term profits?

If by "long-term", we mean longer than the life of a shareholder, when firms try to increase long-term profits in exchange for short-term losses, shareholder wealth decreases. However, the primary argument for the view that a firm's goal is to increase its profits is precisely that doing so increases shareholder wealth, and shareholders, having ownership of the firm, get to direct the goals of the firm.[3] In fact, often the view that a firm's goal is to increase its profits is encapsulated in the slogan that a firm's goal is to "increase shareholder wealth".[4] Shareholders, however, cannot have their wealth increased after their death. So, the goal of a firm is not to increase just its long-term profits.

If it is a firm's goal to increase its profits, then, it is that firm's goal to increase its short-term profits. I will argue, however, that it is not a firm's goal just to increase its short-term profits. As it is, it is unclear how short the term is in which a firm should increase its profits. A firm could use illegal and abusive methods to increase its profits very quickly until the methods are discovered and the company subsequently bankrupted. These kinds of profit increases clearly do not satisfy the goal of a firm even if so doing so increases its short-term profits.

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[3]See, e.g., Jensen and Meckling (1976) and Friedman (1970) with respect to responsibilities. Of course, the firm may have responsibilities or goals directed at those other than its shareholders. Even those who disagree with the aforementioned authors often agree that at least one of a firm's goals or responsibilities is to maximize its profits, e.g. Kolstad (2007).

[4]See note 1 for the difference between maximizing shareholder wealth or maximizing shareholder value and profit maximization.

Perhaps there is a length of time somewhere between the quick profit increase mentioned in the previous paragraph and the long-term profit increase mentioned in the paragraph before that. Let us call this a "middle-term" profit increase. How long is the middle term? Is this term the length of most of its shareholders' lives? This can't be. First, shareholders do not want to have their wealth maximized only at the end of their lives. Second, microtraders can hold stock for less than a second. If, at that instant, it is the firm's goal to increase its profit over the course of its shareholders' lives, the firm would have a goal that benefits none of its shareholders the next second precisely because their goal would be to increase their profit over a longer term than its shares are owned by the microtrader. In fact, even firms whose stock is not rapidly traded are frequently put in this position, as long as shareholders hold shares for a fraction of their lives. For any firm, if the term of profit increase is the average length of most of its shareholders' lives and their stock is traded prior to their shareholders' death, there is some instant at which the firm has goals that do not benefit its shareholders.

There are also cases in which it is not a firm's goal to maximize its profits even over the course of an ideal term, if there were such a term. Suppose a firm accepted two forms of currency: A's and B's, but A's and B's cannot be exchanged; no one from the A society will accept B's and vice versa. Suppose the shareholders only want A's, but the firm is currently breaking even with respect to A's. The firm does, however, have an excellent opportunity to make a windfall of B's with very little effort. The shareholders, however, do not want the firm to devote any resources toward receiving B's. In this case, the shareholders are directing the firm not to increase its profits when it could.

Further, firms in a post-scarcity society will not have the goal of increasing profits—whether short-term *or* long-term—, because no one will be making a profit; there is no monetary system at

all in a post-scarcity society. So, the responsibility of a firm is neither to increase its long-term profits nor its short-term profits.

2. Increasing Both Long-Term and Short-Term Profits

So far, we have been assuming that firms will face tradeoffs between increasing long-term and short-term profits. Suppose, however, that a firm never faced this tradeoff. It may be that it is only some firms' goal to increase their profits, viz. those that never face a tradeoff between short-term and long-term profits. Those firms will always increase both long-term and short-term profits and so can satisfy both present and future shareholders.

It may be that these kinds of firms can have as their goal increasing their profits. These firms are, however, very rare, and they may never exist. Firms almost always, and at least some time in their lives, face a tradeoff between current investment of resources (to the point of a net loss) for the sake of long-term profit that outweighs what the firm would have profited short-term and short-term profit that reduces (to the point of a net loss) long-term profit. Since firms that never face this tradeoff are so rare, it seems incorrect to even offer a generic statement that a firm's goal is to increase its profits.

3. Increasing Either Long-Term or Short-Term Profits

Perhaps the goal of each firm is to increase either their long-term or short-term profits. As long as a firm is increasing either its long-term or short-term profits in a way that is transparent to shareholders, isn't it fulfilling its goal? Suppose a firm had plans to travel to a planet whose core was made of diamonds, mine for diamonds there, and return within 1000 years. If shareholders are made aware of the losses, they may still invest, and it seems that the firm is fulfilling its goal

even when it is sustaining short-term losses. Further, the diamond-mining firm seems to be fulfilling its goal just as well as a firm that makes substantial short-term gains.

It's hard to see, however, why we would think it is a firm's goal to increase its profits at some time or other during its existence. A better view would be that some firms have as their goal increasing long-term profits while others have as their goal increasing short-term profits. If we maintained this view, however, we would need some criteria for determining whether a firm has as its goal increasing long- or short-term profits. Since the primary argument for the view that a firm's goal is to increase its profit is that the shareholders give the firm this goal, the most plausible criterion for determining whether a firm has as its goal increasing long-term profits or short-term profits is whether the shareholders approve of the goal. On this view, shareholders determine precisely how long- or short-term the firm's profits should increase. Let us call this the "shareholder-directed" view, since according to it, the shareholders direct when a firm should increase its profits.

The shareholder-directed view, however, faces a problem akin to a problem posed by Socrates in the *Euthyphro* when Euthyphro maintained that what is pious is what the gods love. Socrates says that the gods sometimes disagree about what is pious. Which gods determine what is pious? Certainly not all of them, since then we would get contradictory results or no determination at all. Euthyphro maintained that sometimes the gods all agreed about whether an action was pious, and only in those cases was an action pious. If we maintain something similar about a firm's goal—that a firm has as its goal increasing profits over N seconds or more just in case all shareholders agree that the firm should increase its profits over N seconds or more—then almost no firms have a goal; shareholders do not agree.

Nor do shareholders agree about how much profit the firm should try to make over a certain amount of time. Microtraders want a quick profit even if it means the firm takes a loss soon after they have sold the firm's stock, but other shareholders would rather the company steadily make a greater profit over a longer period of time.

In short, some stockholders will be more or less satisfied with the decisions a firm makes as long as the firm faces tradeoffs between satisfying the desires of some shareholders but not others. One may capture the desire of all a firm's shareholders with a slogan like "a firm's goal is to increase its profits", but this slogan is too general to capture what exactly a firms' goal is, and once the slogan is made more specific, we cannot at all capture the wishes of all the shareholders.

4. A Similar Argument for a Firm's Responsibility

The same reasoning as above shows that it is not a firm's responsibility to increase its profits. When the articulation of the responsibility—it is a firm's responsibility to increase its profits—is made more precise, it is not a plausible articulation of a firm's responsibility. You cannot just increase profits; you can only increase short-term profits, long-term profits, both, or either. It is not a firm's responsibility to increase just long-term profits, because by increasing long-term profits despite short-term loss, shareholder wealth decreases. However, the primary argument for the view that a firm's responsibility is to increase its profits is precisely that doing so increases shareholder wealth, because a firm's responsibility is set by its owners, or shareholders, and shareholders want the firm to increase their wealth.

Is it a firm's responsibility to increase its short-term profits? Here again, it is unclear how short the term is in which a firm should increase its profits. This term cannot be the length of most of its shareholders' lives, because, first, shareholders do not want to have their wealth maximized

only at the end of their lives. Second, microtraders hold stock for a second, and if, at that second, it is the firm's responsibility to increase its profits over the course of its' shareholders' lives, the firm's fulfillment of its responsibility would benefit none of its shareholders the next second. There are also cases in which shareholders do not wish a firm's profits to be increased, and post-scarcity firms will not have any profits to increase. There are hardly any firms that can consistently increase both long-term *and* short-term profit, since (almost) every firm faces that tradeoff, and it's hard to see why one would think it is a firm's goal to increase its profits at some time or other during its existence.

A better view would be that some firms are responsible for increasing long-term profits while others are responsible for increasing short-term profits. Arguably, the firm's shareholders determine the term over which a firm is responsible for increasing its profits. This view, however, faces a problem: stockholders often disagree, and some stockholders will be more or less satisfied with the decisions a firm makes as long as the firm faces tradeoffs between satisfying the desires of some shareholders but not others.

5. Shareholder Desire

Given that the more precise formulations all fall short of articulating what a firm's goal or responsibility is, one might wonder why one would think that increasing its profits is even an adequate *general* formulation of what a firm's goal or responsibility is. Here's why someone might think so: the general formulation (It is a firm's goal or responsibility to increase profits) captures what all shareholders want, and shareholders are able to set a firm's goals or responsibilities. After all, shareholders do own the firm, and if you own something, you get to set its goals and responsibilities.

Shareholders, however, do not get to determine a firm's goals or responsibilities. To begin to show this, I'll start with a case in which an owner wants the thing owned to perform an action that the thing owned does not have as its goal or responsibility. For example, suppose it becomes fashionable for one's house to be littered with dog hair. I may buy and own a dog, wanting the dog to litter my house with dog hair and declaring to the dog that it is the dog's goal or responsibility to litter the house with dog hair. Although the dog does in fact litter my home with dog hair, it is neither the dog's goal nor responsibility to do so. It just happens (sometimes more than others, and sometimes not at all, depending on the season) that the dog, by being a dog, sheds hair. Something similar could be the case with respect to firms. Shareholders want firms to increase their profits and declare that it is the firm's goal or responsibility to increase profits, but it is neither the goal nor responsibility of a firm to increase its profits. Rather, increasing profits is just something that firms happen to do (sometimes more than others, and sometimes not at all, depending on the situation).

Further, even if all of a firm's employees wanted the firm to increase profits in the next six months, that would not make it a firm's goal or responsibility to increase profits over that term. To extend the above analogy, even if a dog's internal mechanisms have as a goal to shed all of its hair in the next six months, the dog does not thereby have as its goal or responsibility to shed hair.[5] Similarly, if I have internal mechanisms that have as their goal or responsibility to grow hair, that does not thereby make it my goal or responsibility to grow hair; it just means that if my internal mechanisms meet their goal or satisfy their responsibility, then I have, in fact, grown hair.

I don't see any more reason to think that a firm's goal or responsibility is set by its shareholders or employees than that a dog's goals or responsibilities are set by its owners or

[5] Denning (2011) argues against the idea that shareholder value maximization is the goal of an organization by giving football teams as an example. I have used the example in the text because it is more likely that dogs have responsibilities than that football teams (not just the players) have them, and I am not using the example to argue that shareholder value maximization is not the goal of a firm; I am instead using it to show that owners' desire does not determine the goal of the thing owned.

internal mechanisms. It may in fact be true that a firm does increase profits if the goals of its employees or shareholders are met, but that does not entail that the firms' goal or responsibility is to increase its profits.

6. A Proposal about Every Firm's Goal

In this section, I'll make a proposal about what a firm's goal is and the role profit increase or maximization plays with respect to this goal. Then, in the next section, I will make a proposal about what a firm's responsibilities are and the role profit increase or maximization plays with respect to those responsibilities. In this section, I'll state the proposal, an analogy to illustrate the proposal, and two arguments for the proposal.

The proposal: the primary goal of each firm is to satisfy its mission statement. This may seem simple, but it is often overshadowed by the view that each firm's goal is to increase its profits. Profit increase is often required for a firm to meet its goals; after all, profit increase is often required for a firm to continue to operate, and if a firm does not operate, it cannot satisfy its mission statement. Profit increase is not, however, the goal of each firm.

For an analogy to illustrate the view I've proposed, profit increase is for a firm what health is for a human. Humans often need to be healthy to meet their goals, and humans sometimes focus on becoming healthier. It is not, however, the goal of every human to be healthy. You can judge a human's health by a physical exam, but you cannot judge whether a human is meeting his or her goals by a physical exam. Similarly, a firm's health can be judged by its financial statements, but whether the firm is meeting its goals cannot. (Exception: according to a firm's mission statement, the goal of that firm is to increase its own profits.) In fact, a firm may take a substantial financial loss in order to satisfy its mission statement. A firm that does this is likely to be judged by

many as having met its goal even if it goes bankrupt by doing so. Similarly, a human who sacrifices his or her life for another may be accomplishing its goal even at the expense of his or her health.

To begin the first argument for the proposal above, if something can satisfy a goal but doesn't, that thing is underachieving. "Underachieving" is a word that helps us to isolate what something's goals are rather than the conditions that are required to meet the goal. For example, someone who is perfectly capable of finishing a project but who doesn't is underachieving; we don't, however, use the adjective "underachieving" to describe someone who fails to complete a project due to, say, bad health or poor environmental conditions. To discover what something's goal is, we can think of cases in which we would describe that thing as underachieving. In the cases in which it is underachieving, we can ask what it could do in order not to be underachieving. By so doing, we will discover what its goals are.

A firm that is in a healthy financial position but does not satisfy its mission statement is underachieving. Even if a firm is in a healthy financial position but focuses its resources on further profit increase instead of satisfying its mission statement, that firm is underachieving. However, if it focused its resources on satisfying its mission statement, it would not be underachieving. It is a firm's goal, then, to satisfy its mission statement. (Further, if a firm fails to satisfy its mission statement because it is failing financially or because of a poor macroeconomic situation, we don't take that firm to be underachieving by not satisfying its mission statement.)

Let's apply the test to determine whether it is a firm's goal to increase its profits. If a financially healthy firm can further increase its profits but instead allocates its resources to satisfying its mission statement, we don't think that firm is underachieving. If the goal of a firm were to increase its profits, we would think the firm is underachieving. Profit increase, then, is not the goal of a firm.

A second argument for the proposal above begins by maintaining that something is admirable for making large sacrifices to achieve its goals. For example, we admire a teacher who works tirelessly to help her uneducated students learn basic skills, and we admire Kerri Strug for completing a vault on a sprained ankle in the 1996 Summer Olympics. On the other hand, something is not admirable for failing to achieve its goals due to large sacrifices. To be sure, we may not blame someone for failing to achieve their goals when they have to make large sacrifices to do so, but nevertheless that person is not admirable for failing to meet their goals. To determine whether something is meeting or failing to meet its goals, we can ask whether it is admirable in situations in which it would have to make large sacrifices to perform an action. If it is admirable for performing an action when it has to make large sacrifices to do so, that's reason to think that by performing the action it is meeting a goal. If it is not, that's reason to think that it is not meeting a goal.

A firm is admirable for satisfying its mission statement even if it has to take on large financial losses. Zappos and Amazon are examples of companies that take on losses in order to satisfy their mission statements, both of which involve customer satisfaction, and we admire them for it. If, on the other hand, neither Zappos nor Amazon satisfied their mission statement due to the financial loss they would have to undergo in order to satisfy it, they would not thereby be admirable.

Let's apply this test to determine whether it is a firm's goal to increase its profits. Is a firm admirable for increasing its profits if it thereby fails to satisfy its mission statement, or if it has to decrease the quality of its products or services? I expect that the answer is no. That is reason to think, then, that it is not a firm's goal to increase its profits.

In short, then, the goal of a firm is (at least) to satisfy its mission statement, and it is not a firm's goal to increase its profits. By taking on large financial losses to satisfy its mission statement, a firm is not underachieving; it is admirable. A firm usually needs to increase its profits over time to continue to satisfy its goals, just as a human needs to stay healthy to accomplish his or her goals, but profit increase is not itself the goal of a firm.

7. A Proposal about Every Firm's Responsibility

In this section, I will make a proposal about what a firm's primary responsibility is and the role profit increase or maximization plays with respect to that responsibility. I'll first state the proposal, giving an analogy throughout to illustrate the proposal, and I'll provide reasons for the proposal.

The proposal: a firm's primary responsibility is to have a good character. Firms have characters that are distinct from the characters of their members. A firm may be stingy with its money even if its members are very generous with theirs, and a firm may be caring even if none of its members are. We get a sense of what a firm's character is like by interacting with it—making transactions, seeing advertisements, getting a sense of its brand, and sometimes visiting their locations (e.g. store, website, workplace, or warehouse) just as we get a sense of what individuals are like by engaging in personal transactions with them, seeing how they present themselves, and, sometimes, visiting their homes or workplaces. We get a deeper understanding of what an individual is like by learning more about that individual's inner life, history, and personal information. Similarly, we get a deeper understanding of what a firm is like by seeing that corporation's inner structure, history, financial statements, and hidden files.

Firms' characters are similar to those we see in individuals.[6] Firms can be generous, prodigal, stingy, conscientious, meddling, aloof, friendly, overly-playful, dull, mean, considerate, open-minded, stubborn, sharing, self-aggrandizing, shy, helpful, doting, or selfish, for some examples. Potential employees often try to discern the character of the company with which they have received an offer in part by getting a feel of the company's culture. It is clear to many who work inside a company that the company has a character, even if this character is highly influenced by the individuals in its community.

Not only do firms have characters; we as individuals can learn from firms about what to do and what not to do by using a firm's actions as an example. For example, we can admire what Tylenol did when it recalled all of its products even though doing so would be very costly. (Mitchell 1989) We, too, may have to make costly decisions to prevent risk or harm to others, and in those cases we can say, "I want to be like the Tylenol company." For a contrary example, we can be disgusted at Velsicol's failure to cease disposing toxic chemicals in a way that harmed local residents because it would be costly.[7] When I am faced with a personal decision whether to prevent risk to others in a costly way or to save the money and put others at risk, I can think, "I don't want to be like Velsicol." So firms, like individuals, can be moral exemplars or negative moral examples. Further, some corporations acknowledge that their character matters, and they advertise this way. Southwest Airlines advertises itself as a friendly company, some hospital systems advertise themselves as caring, and service companies often advertise themselves as punctual or dependable.

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[6]Here I'm making an analogy, as Plato does, between an individual and a larger group or entity. The same analogy is made in Goodpaster (1991).

[7]The details are given in the 1988 District court case, "Woodrow Sterling, et al. v. Velsicol Chemical Corporation".

To begin the first argument that the primary responsibility of each firm is to have a good character begins by maintaining that when something doesn't fulfill its responsibility, it's bad. And as long as something is fulfilling its responsibilities, it's not bad. To discover whether a firm is fulfilling its responsibilities, we can think of situations in which we would call the firm bad.

When a firm has a bad character—it's mean or selfish, for example—that firm is bad. As long as a firm is fulfilling its responsibility, however, it's not bad. The firm might be failing, but a failing firm isn't necessarily a bad one. For example, a firm may be on the verge of bankruptcy but still serve its customers until it can no longer operate. That firm is not bad; in fact, they're admirable. Or a firm could satisfy its mission statement but fail to fulfill its responsibilities. For example, a firm could cheat in order to satisfy its mission statement, and if it does, that firm is bad even if they're not underachieving.

A firm is not bad for failing financially or for failing to increase its profits. That firm may be negligent, or it may have been ignorant of a certain economic catastrophe, but it is not thereby bad. If increasing its profits were the responsibility of a firm, a firm would be bad for failing to do so. Since a firm is not bad for failing to increase profits, increasing profits is not a firm's primary responsibility. Further, if a firm maximizes its profits but cheats to do so, that firm is bad for cheating (or for being the kind of firm that cheats). If profit increase were a firm's primary responsibility, the firm would not be bad for cheating to do so. Since a firm is bad for cheating even though by doing so it increases its profits, profit increase is not a firm's primary responsibility.

For the second argument, something that fulfills all its responsibilities is morally non-blameworthy no matter what else happens. If something fulfills all its responsibilities, there is nothing to blame that thing for. To determine whether something is the primary or only

responsibility of firms, we can ask whether a firm is morally non-blameworthy no matter what else happens. If the answer is yes, then that thing is that firm's primary responsibility, otherwise it's not.

Clearly, a firm is not morally blameworthy for increasing its profits no matter what. There are a lot of blameworthy ways a firm can increase its profits.

If a firm has a good character, is that firm morally non-blameworthy no matter what? If the firm has a good character, it's hard to see what there is to blame the firm for. The firm may be ignorant, the environment may have been non-conducive to good decision-making, or something could have prevented the firm's action from having its intended effect, but the firm itself doesn't seem to be blameworthy—the firm had all the morally relevant dispositions involved in making the decision. I'll assume here that there is no other feature for which the firm can be blamed, and I'll leave it up to commentators to identify them if they are present. Since firms are morally non-blameworthy for having good characters no matter what, by having a good character a firm has fulfilled its primary responsibility.

8. Conclusion

In this paper, I've argued that a firm's goal is to satisfy its mission statement, and a firm's primary responsibility is to have a good character. I've also argued that it is neither a firm's goal nor responsibility to increase its profits. It is a firm's goal to satisfy its mission statement, because by failing to do so (even while increasing its profits) a firm is underachieving, and we admire a firm that satisfies its mission statement despite great losses. It is a firm's responsibility to have a good character, because failing to do so is bad, and a firm is not blameworthy for having a good character, no matter what else happens.

It is neither a firm's goal nor responsibility to increase its profits, because such a goal is insufficiently vague, and when it is made precise, it is difficult to see why it is even a plausible articulation of a firm's goal. You cannot just increase profits; you can only increase short-term profits, long-term profits, or both. Precisions of the general slogan "a firm's goal is to increase its profits" each often conflict with a firm's owners' desires for the firm given that the firm faces tradeoffs between short-term and long-term profits, between very short-term and longer-but-still-short-term profits, and between increasing profit more or less over certain spans of time. Shareholders are certain to disagree about how much and over what time a firm should increase its profits. And even if a firm were to increase its profits in a way that satisfied all of its shareholders, that does not show that a firm's goal or responsibility is to increase its profits, as the dog analogy was meant to illustrate—owners do not, by default, get to set the goals or responsibilities of the things owned. Rather, profit increase is to a firm as health is to a human. As I have argued here, even if a firm needs to increase its profits in the long run to meet its goals (to satisfy its mission statement) and fulfill its responsibilities (to have good character), it is neither the goal nor responsibility of a firm to increase its profits.

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