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The Purpose Of Business

Jim Mathis

In 1968, at the start of a class on financial management at Kansas State University, my professor entered the room and wrote on the board, "The purpose of every business organization is to increase the wealth of the owners." This statement appeared on every exam. Owners of a publicly traded corporation are the stockholders, the professor explained, so the purpose of a publicly traded corporation is to increase the value of stocks or dividends to benefit them.

This assertion did not ring true for me, however, because I knew a lot of business owners and few of them were in business solely to increase wealth. Most of them worked to achieve a desired standard of living or to use a specific skill. Like my classmates, I had grown up in the "superficial 50's," an era that was emotionally stunted in the wake of the Great Depression and World War II. During those years few people were ready for soul-searching about their "purpose"; but by 1968 a revolution was underway. People my age wanted to do something important, something with significance beyond themselves.

I started my first business in 1973 to solve a specific problem - creating high-quality black-and-white photos. I have spent the rest of life developing other skills to help others. For a number of years I had employees, so another purpose was to provide jobs and empower them to help our customers. Contrary to the professor's declaration, increasing wealth has never been my priority or purpose in business.

There remain corporations whose purpose is to "increase the wealth of the owners," but many like that exist only in history books today. Some of their executives have served time in prison for ethical and criminal violations. The idea of "shareholders" has been replaced with "stakeholders" - shareholders, employees, clients, creditors, and anyone else with a vested interest in the organization. I would hope colleges have stopped trying to convince students that the only purpose of a business is to increase stock value, but it would be hard to know that based on some of the disastrous decisions being made.

When I speak to entrepreneurial students, I emphasize most successful businesses start with a skilled person having a sincere desire to serve others. Many passages of the Bible advise that for those who follow Jesus Christ, this should be a primary purpose. For example:

Serving, rather than being served. Many in ownership and top executive roles may act as if others are there to serve them, but Jesus - God in the flesh - did not hold that attitude at all. *"For even the Son of Man did not come to be served, but to serve, and to give his life as a ransom for many"* (Mark 10:45).

Resolving to put others first. If we determine to focus on the needs and interests of others, we will receive a good return not only financially but also in good reputation. *"Do nothing out of selfish ambition or vain conceit, but in humility consider others better than yourselves. Each of you should look not only to your own interests, but also to the interests of others"*(Philippians 2:3-4).

Reaping everlasting dividends. Concentrating only on wealth and profits reflects short-term thinking. It fails to consider the long-term health of the organization - or the eternal benefits gained by focusing on others. *"For what does it profit a man to gain the whole world, and forfeit his soul?"* (Mark 8:36).

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Reflection/Discussion Questions

1. Prior to reading this "Monday Manna," how would you have defined "the purpose of business"?

2. Have you seen the consensus about the purpose and priorities of business change over the years? If so, in what ways?

3. Do you agree with Mr. Mathis's view that most businesses are established and operated to perform certain skills or services - and to help and serve others in the process? Why or why not?

4. How do you think a self-centered, profit-only attitude in a company can be overcome? What are some of the benefits of maintaining personal and corporate missions and philosophies that are others-centered?

NOTE: If you have a Bible and would like to read more about this subject, consider the following passages: Proverbs 3:27-28, 11:24, 27:20; Ecclesiastes 1:3-11, 6:7-9; Matthew 16:26, Mark 8:35-37

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