

# Corporate Profits as a Prerequisite for Employment

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## ABSTRACT

This paper analyses the relationship between entrepreneurial profits from productive activity and the long-term safeguarding and creation of employment. The starting point is the hypothesis that profits are not a mere by-product of economic activity, but act as a signal of successful coordination of labour, capital and knowledge and are therefore a necessary prerequisite for investment and stable employment. The Austrian School of Economics is used for theoretical categorisation, which understands markets as dynamic processes under uncertainty and interprets profits as the result of entrepreneurial discovery. In this understanding, profits indicate that production decisions are in line with consumer preferences and open up room for manoeuvre for investment, adaptation and expansion. Methodologically, the work follows a theory-led case analysis. The inner logic of entrepreneurial action is analysed using the example of the German family business Trigema, which has been producing entirely in Germany for decades and finances its activities from its own earning power. The analysis reconstructs the causal relationship between profit, investment and employment based on real company decisions. The results show that long-term employment does not arise independently of economic success, but as a result of repeated entrepreneurial success under competitive conditions. Profits enable investment in production capacities, qualifications and organisational stability

and at the same time act as a buffer against economic fluctuations. Employment thus proves to be a downstream result of productive value creation. The study concludes that entrepreneurial profits from productive activity are a necessary prerequisite for long-term employment. They are not a contradiction to social stability, but rather its basis, provided they result from competition and are utilised productively within the company. The study thus contributes to the understanding of entrepreneurship, competition and employment and systematically categorises the role of profits in the production process.

**Keywords:** *Entrepreneurial profits, employment, Austrian School, entrepreneurship, investment, family businesses, competition, value creation, Trigema.*

## INTRODUCTION

Entrepreneurial profits and jobs are often considered separately in public debates. Profits appear to be the result of entrepreneurial activity, while employment is seen as a socio-political goal. This separation obscures a fundamental economic connection (Hayek, 1945; Mises, 1949). Permanent jobs are not created independently of the economic performance of companies, but as a result of successful production under competitive conditions (Kirzner, 1973; Schumpeter, 1942). This paper systematically examines this relationship.

The starting point for the analysis is the hypothesis that entrepreneurial profits from productive activity are a necessary prerequisite for securing existing jobs in the long term and creating new employment (Mises, 1949; North, 1990). Profits are not interpreted as an end in themselves, but as an economic signal. They indicate that a company has used labour, capital and knowledge in such a way that the products or services it produces are in demand by customers (Hayek, 1945; Kirzner, 1973). At the same time, profits form the financial basis for investments in machinery, technologies, skills and production expansion. Without this ability to invest, long-term employment is not possible (Schumpeter, 1942; North, 1990). The Austrian School of Economics is used to explain this causal relationship. In this theoretical approach, markets are not understood as static systems that automatically lead to an optimal state. Rather, they are described as ongoing processes in which entrepreneurs make decisions under uncertainty (Hayek, 1945; Mises, 1949). Entrepreneurs do not have complete information about future demand or technical developments. They act on the basis of expectations, experience and local knowledge (Hayek, 1945). Profits arise when these decisions are subsequently confirmed as correct, while losses indicate wrong decisions (Mises, 1949; Kirzner, 1973). In this understanding, profits fulfil a learning and coordination function by making successful production methods visible and enabling their expansion (Kirzner, 1973). In this way, profits contribute to the stabilisation or expansion of employment (Schumpeter, 1942). This view is largely based on the competition and knowledge arguments of Friedrich August von Hayek, who describes prices and profits as instruments for utilising decentralised knowledge (Hayek, 1945). In order to examine this theoretical connection in detail, the analysis is based on a specific company. The focus is on the German family-owned company Trigema. Trigema was founded in 1919 and produces sports and leisure

clothing entirely in Germany. The company has a high vertical range of manufacture and combines almost all stages of production at a single location, which is unusual in a highly internationalised industry (Felden et al., 2019; Trigema, 2024). Trigema finances its activities from its own earnings and does not receive any government subsidies. Profits are mainly retained within the company and reinvested. They are used to modernise production facilities, secure know-how, train skilled workers and stabilise the location in the long term (Trigema, 2024; Tänzler & Hauer, 2025). The company has employed around 1,200 people for many years and does not resort to redundancies for operational reasons. Employment here is not the result of short-term personnel policy, but the consequence of continuous entrepreneurial performance (Felden et al., 2019). Against this background, Trigema is a suitable empirical reference for analysing the relationship between profit and employment in the sense of the Austrian School. Profits arise from marketable production and are used productively, which means that investments, production expansions and employment effects can be directly attributed to entrepreneurial decisions (Mises, 1949; Kirzner, 1973; North, 1990). The company case allows abstract theoretical relationships to be presented in a concrete and comprehensible manner.

The research question of this thesis is whether and under what institutional conditions entrepreneurial profits from productive activity lead to the long-term preservation of existing jobs and the creation of new employment. The focus is on the functional role of profit as a coordination signal and as a prerequisite for entrepreneurial action (Hayek, 1945; Mises, 1949). Profits are not evaluated morally, but analysed as an integral part of a competitive production process. The aim of the thesis is to theoretically clarify the causal relationship between profit, investment and employment and to present it in a comprehensible manner using the example of the Trigema company.

It will be shown that long-term employment does not arise independently of entrepreneurial success, but is the result of successful market processes under stable institutional conditions (Schumpeter, 1942; North, 1990).

## **THEORETICAL BACKGROUND AND RESEARCH FRAMEWORK**

The theoretical basis of this work is based on the Austrian School of Economics and its understanding of market processes, entrepreneurship and profit generation (Hayek, 1945; Mises, 1949; Kirzner, 1973). The aim is to explain the relationship between corporate profits and employment not as a static result, but as the outcome of ongoing adjustment processes in which entrepreneurial decisions under uncertainty play a decisive role (Mises, 1949; Moch, 2026). In the Austrian School, the market is not interpreted as a state of equilibrium, but as an open process (Hayek, 1945; Kirzner, 1973). Entrepreneurs act under conditions of incomplete information, as future demand, technological developments and price relations are not fully known. Decisions are therefore based on expectations, experience and locally available knowledge (Hayek, 1945).

Profits arise when these expectations prove to be accurate in retrospect, while losses signal misalignments (Mises, 1949). In this context, profits and losses fulfil a selection function by distinguishing successful from less successful modes of production (Kirzner, 1973). This process logic is systematically substantiated in the work of Ludwig von Mises. Mises emphasises that entrepreneurial activity always takes place under genuine uncertainty that cannot be fully calculated. Profits do not arise as a technically calculable result, but as an expression of entrepreneurial judgement. They are inextricably linked to responsibility and liability (Mises, 1949). Where profits are consistently lacking, there is a lack of funds for investment and employment. Where profits are generated, scope for action opens up for the expansion of productive activity

(Mises, 1949; North, 1990). Employment follows this process downstream and is linked to continued economic performance under competitive conditions (Schumpeter, 1942). Israel Kirzner provides a dynamic addition to this perspective with his concept of entrepreneurial discovery. Here, entrepreneurship is understood as alertness to previously untapped opportunities. Profits arise when entrepreneurs recognise such opportunities and exploit them productively (Kirzner, 1973). In this process, production structures are adapted, new combinations are tried out and additional labour is integrated. Employment does not arise through central planning, but as a result of continuous adaptation to market opportunities (Kirzner, 1973; Schumpeter, 1942).

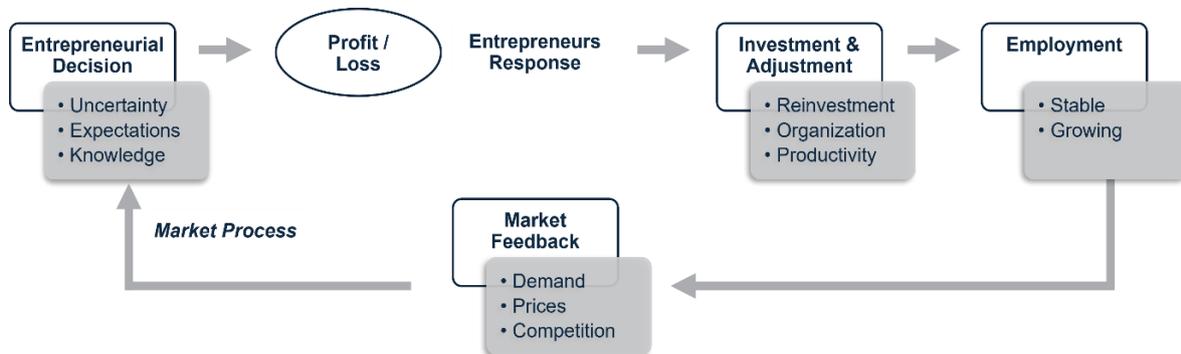
These entrepreneurial decisions are embedded in an institutional framework analysed by Friedrich August von Hayek. Hayek emphasises that knowledge in society is distributed decentrally and cannot be bundled centrally. Prices and profits act as coordination mechanisms that make use of this distributed knowledge (Hayek, 1945). Profits signal that entrepreneurial decisions are in line with the actual preferences of consumers and enable successful production methods to be continued and expanded (Hayek, 1945; Kirzner, 1973). More recent developments in this perspective emphasise that profits should be understood not only as the result of successful coordination, but also as indispensable selection signals in open market processes. In this understanding, markets do not appear as systems moving towards equilibrium, but as ongoing adjustment processes in which entrepreneurial decisions are gradually reviewed (Moch, 2026; Turowski & Machaj, 2022). Employment does not arise as an independent target variable, but as a downstream result of repeated entrepreneurial performance in productive value creation processes (Moch, 2025; North, 1990). At the same time, it is emphasised that entrepreneurial decisions should not be interpreted as isolated acts of optimisation. Rather, they are sequential

decision-making processes under uncertainty, in which profits serve as feedback on the viability of previous decisions and structure future investment and production steps (Moch, 2025). Investments and employment are therefore path-dependent and do not respond in the short term to isolated signals, but rather to cumulative experiences of entrepreneurial activity (Moch, 2025; North, 1990). This theoretical perspective can be understood particularly clearly using the example of a real company.

The Trigema case study allows us to analyse the abstract relationship between entrepreneurial decision-making, profit and employment in concrete terms. The company operates under competitive conditions, manufactures entirely in Germany and finances its activities from its own earnings (Trigema, 2024). Profits are generated from marketable production and are predominantly retained within the company. They are invested in machinery, production facilities, training and organisational stability (Trigema, 2024; Tänzler & Hauer, 2025). From a theoretical perspective, this

behaviour corresponds to the logic of the Austrian School. Entrepreneurial decisions are made under uncertainty, profits confirm successful adjustments, and investments enable the continuation of productive processes (Mises, 1949; Kirzner, 1973). Employment arises as a result of these decisions and remains stable as long as entrepreneurial coordination is successful (Schumpeter, 1942). Jobs are thus not created independently of economic development, but where production can be expanded and organised in a sustainable manner (North, 1990).

The research framework of this work combines this theoretical explanation with a business-related analysis. It examines the internal logic of entrepreneurial activity and its significance for investment and employment. The Austrian School provides the conceptual framework for interpreting corporate profits as a necessary prerequisite for entrepreneurial action and long-term employment (Hayek, 1945; Mises, 1949). This perspective forms the basis for further analysis and empirical investigation in the following chapters.



**Source:** Authors' own illustration based on Hayek (1945), Mises (1949) and Kirzner (1973).

The illustration shows the entrepreneurial decision-making process under uncertainty. Profits and losses act as selection and learning signals that structure investment and adjustment decisions. These decisions influence productivity and organisation and lead to stable or growing employment with a time lag. Market feedback acts as a continuous feedback mechanism.

## METHODOLOGY

The methodological design of this work is aimed at analysing the relationship between corporate profits and job creation as a temporal and procedural causal relationship (Mises, 1949; North, 1990). The object of investigation is not a market in the aggregate

sense, but rather the entrepreneurial decision-making level at which profits are generated, investments are triggered and employment emerges as a result of productive value creation (Kirzner, 1973; Schumpeter, 1942). Accordingly, a qualitative-analytical research design is chosen that combines

theoretical explanation and empirical plausibility (Felden et al., 2019). The starting point for the methodology is a theory-driven case analysis. The theoretical basis is provided by the Austrian School of Economics with its understanding of market processes as open adjustment mechanisms under uncertainty (Hayek, 1945; Mises, 1949). This perspective allows profits to be interpreted not as a static indicator, but as feedback on the viability of entrepreneurial decisions (Kirzner, 1973; Moch, 2026). The theory does not serve as a formal hypothesis test, but rather as an analytical framework for structuring real decision-making contexts (Turowski & Machaj, 2022). The unit of analysis in this work is a single company. The study examines the internal logic of entrepreneurial activity, in particular the generation of profits from productive activity, their use within the company, and their effect on investment decisions and employment (Mises, 1949; North, 1990). The choice of a single case study allows for an in-depth reconstruction of decision-making processes and avoids the simplifications that occur in purely aggregated analyses (Felden et al., 2019). Entrepreneurial decisions are not methodologically understood as isolated acts of optimisation. Rather, a sequential decision-making logic is assumed, in which earlier decisions structure the framework for later courses of action (Moch, 2025). In this process, profits serve as feedback on the viability of past decisions and influence the direction of future investment and production steps (Mises, 1949; Moch, 2025). This perspective allows investments and employment to be analysed as path-dependent variables that do not adapt to changing conditions in the short term, but are based on cumulative experience (North, 1990; Moch, 2025). The empirical basis of the study consists of publicly available company information, historical accounts, statements on corporate strategy, and data on production structure and employment trends (Trigema, 2024). This information is not evaluated in isolation, but systematically

correlated. In particular, the study analyses how profits are used over time, what investment decisions result from this, and how these decisions affect the stability and development of employment (Trigema, 2024; Tänzler & Hauer, 2025). Profits are not treated methodologically as an accounting residual, but as an expression of marketable production (Hayek, 1945; Kirzner, 1973). What is decisive is not the absolute amount of profit, but its function in the entrepreneurial decision-making process (Mises, 1949). The analysis examines whether profits remain in the company, whether they are used productively and whether they enable long-term planning (North, 1990). Employment is therefore not regarded as a short-term adjustment variable, but as the result of repeated investment decisions and stable production processes (Schumpeter, 1942). The analysis follows a causal line of argument without using formal causal models. The relationship between profit, investment and employment is reconstructed step by step (Kirzner, 1973; Moch, 2026). First, the generation of profits from successful production is analysed. Next, the analysis examines how these profits enable investment and structure future decision-making (Mises, 1949; North, 1990). Finally, the way in which investments contribute to securing existing jobs and creating new employment is analysed (Schumpeter, 1942). This sequence corresponds to the theoretical logic according to which economic development is understood as a temporal process (Hayek, 1945; Moch, 2026). The study deliberately refrains from quantitative hypothesis testing in the statistical sense. Such an approach would require that profit, investment and employment be independently measurable and isolatable. This assumption contradicts the reality of business, in which decisions, expectations and institutional conditions are closely intertwined (Mises, 1949; North, 1990). Instead, an argumentative proof is provided that combines theoretical consistency and empirical plausibility (Turowski & Machaj, 2022). The

methodology is designed to make the subject matter comprehensible even to readers who are not familiar with the field. Terms are explained functionally, theoretical assumptions are disclosed, and analytical steps are presented transparently (Beck, 2021).

The aim is not formal accuracy, but rather a well-founded understanding of the entrepreneurial interrelationships between profit generation and employment development (Felden et al., 2019). With this methodological approach, the work lays the foundation for the subsequent analysis. It allows corporate profits to be assessed not in isolation, but as part of an ongoing decision-making process in which investment and employment are systematically linked (Moch, 2025; Moch, 2026).

## **ANALYSIS AND RESULTS**

The analysis follows the sequence of entrepreneurial decision-making, profit generation, investment and employment developed in the methodology (Mises, 1949; Moch, 2025). The focus is on the question of how profits arise from productive activity, how they are used in the company and what effects this has on long-term employment development (Kirzner, 1973; North, 1990). The Trigema case study serves as a consistent reference for reconstructing this causal relationship (Trigema, 2024; Felden et al., 2019). The starting point is the generation of profit from real production. Trigema generates income exclusively through the sale of sports and leisure clothing that is in demand on the market under competitive conditions (Trigema, 2024). Manufacturing entirely in Germany means higher costs compared to international competitors, but at the same time a high degree of control over quality, delivery times and production processes (Felden et al., 2019; Tänzler & Hauer, 2025). Profits here are not generated by reducing costs through wage relocation, but through marketable products, stable customer relationships and organisational efficiency (Trigema, 2024). In the logic of the Austrian School, these profits are an

expression of successful entrepreneurial expectations. They indicate that production decisions are in line with the actual preferences of consumers (Hayek, 1945; Kirzner, 1973). The profits remain predominantly within the company.

Trigema refrains from credit-financed expansion and the distribution of short-term returns. Instead, profits are used to invest in machinery, production facilities, automation and process improvements (Trigema, 2024). These investments serve to secure competitiveness under German cost structures. They increase labour productivity, stabilise quality and reduce long-term risks (Schumpeter, 1942; North, 1990). This analytically illustrates the functional relationship between profit and investment. Without previously generated profits, these investments would not be possible. Profits give entrepreneurs room for manoeuvre and allow them to make decisions with a long-term time horizon (Mises, 1949; North, 1990). The investments have a direct impact on employment. Modern production facilities require skilled workers, long-term planning and continuous capacity utilisation (Schumpeter, 1942). Trigema trains its own staff, retains employees for the long term and does not make redundancies for operational reasons. Employment is not adjusted in the short term to fluctuations in demand, but is considered part of a stable production strategy (Felden et al., 2019; Tänzler & Hauer, 2025). The analysis shows that this employment policy is only possible because the company has sufficient earning power. Profits act as a buffer against economic fluctuations and make it possible to maintain employment even in difficult economic times (North, 1990). From the perspective of the Austrian School, this relationship can be interpreted as an ongoing process of adjustment. Entrepreneurial decisions are made under uncertainty. Profits confirm in retrospect that these decisions were viable. They make it possible to expand successful production methods (Mises, 1949; Kirzner, 1973). Employment grows or remains stable because production is expanded or secured.

Losses would reverse this process and restrict investment and employment (Mises, 1949). The Trigema case shows that long-term profits from productive activity are a prerequisite not only for maintaining employment, but also for making it predictable (Trigema, 2024; North, 1990). At the same time, the analysis makes it clear that employment does not exist independently of market developments. Trigema can only secure jobs because customers are willing to buy its products. Profits act as an intermediary between consumer preferences and employment.

They link demand with production and production with labour (Hayek, 1945; Kirzner, 1973). Without this mediating function, employment would be either random or politically determined (Hayek, 1945). In the case study, it is the result of repeated entrepreneurial trials (Mises, 1949). Another finding of the analysis concerns the temporal dimension. The relationship between profit and employment is not short-term. Investments have a delayed effect. Qualifying and retaining workers are long-term processes (Schumpeter, 1942; Felden et al., 2019). Profits enable this time lag. They allow entrepreneurs to make decisions whose returns will only be realised in the future (Mises, 1949; North, 1990). Employment follows this time path. It is stable because it is based on repeated economic probation (Moch, 2025). In summary, the results show that entrepreneurial profits from productive activity are a necessary prerequisite for long-term employment. In the case studied, employment is not created despite profit orientation, but because of it. Profits signal successful coordination, enable investment and create the basis for stable employment relationships (Hayek, 1945; Mises, 1949; Kirzner, 1973). The analysis thus confirms the guiding hypothesis of the study and supports the explanatory power of the Austrian School for the relationship between entrepreneurship, profit and employment (Turowski & Machaj, 2022).

## DISCUSSION

The results of the analysis show that the relationship between corporate profits and job creation should not be interpreted as a random correlation, but rather as a logical causal relationship within market-based production processes (Hayek, 1945; Mises, 1949; North, 1990). The example of the Trigema company clearly shows that profits from productive activity enable investment, stabilise production structures and thus create the conditions for long-term employment (Trigema, 2024; Schumpeter, 1942). In this context, employment does not appear to be an independent goal, but rather the result of successful entrepreneurial adaptation under competitive conditions (Kirzner, 1973; Turowski & Machaj, 2022). From the perspective of the Austrian School, this finding can be explained conclusively. Prices and profits function as coordination mechanisms that make use of decentralised knowledge (Hayek, 1945). Profits signal that entrepreneurial decisions are in line with the actual preferences of consumers (Kirzner, 1973). In the case studied, sustained profits confirm that the decision to pursue a high degree of vertical integration and production in Germany is compatible with real demand (Trigema, 2024; Felden et al., 2019). Employment arises here as a result of this successful coordination and not as an independent variable (Mises, 1949). The analysis gains additional depth when entrepreneurial activity is viewed as a decision-making process under genuine uncertainty. Profits do not arise as a calculable result, but as feedback on the viability of previous decisions (Mises, 1949). They give entrepreneurs room for manoeuvre, allowing them to make investments, take risks and further develop production structures (North, 1990; Moch, 2025). Employment follows this process downstream in time. It remains stable as long as entrepreneurial decisions are repeatedly confirmed, and comes under pressure when this confirmation is lacking (Mises, 1949). An essential explanation for the stability of employment arises from the dynamic

structure of entrepreneurial decisions. Investments and production expansions do not take place in isolation, but build on previous experience (Moch, 2025). Profits structure future decision-making spaces by enabling certain courses of action and excluding others (Kirzner, 1973; Moch, 2026). This path dependency explains why employment in successful companies reacts sluggishly and is not adjusted to changing market conditions in the short term (North, 1990).

Employment is thus less the result of current market prices than the result of cumulative entrepreneurial learning processes (Moch, 2025). The results also illustrate that employment cannot be generated solely through planning or political control. New jobs are created where entrepreneurial vigilance recognises previously untapped opportunities and implements them productively (Kirzner, 1973). Profits indicate such opportunities and create incentives to expand economic activity (Schumpeter, 1942). In the case of companies, it becomes apparent that investment and employment do not result from abstract targets, but from continuous adaptation to market opportunities (Trigema, 2024; Felden et al., 2019). Employment grows or remains stable because business decisions are successful, not because they are externally imposed (Mises, 1949). Compared to neoclassical models, it is clear that the observed correlation cannot be adequately explained by static efficiency assumptions. The company's employment policy cannot be described as a short-term response to costs or demand. Rather, it is the result of intertemporal decisions based on repeated proven performance (Hayek, 1945; Schumpeter, 1942). Profits fulfil an enabling function here by opening up financial scope and cushioning uncertainty over time (North, 1990). This temporal dimension proves to be crucial for understanding real employment trends (Moch, 2026). In terms of regulatory policy, the results suggest that employment should not be viewed in isolation. It is linked to productive value creation and thus to the

conditions under which companies can generate and use profits (North, 1990; Ateljevic & Trivić, 2016). Where profits result from competition and remain within the company, investment and employment are created (Schumpeter, 1942; Felden et al., 2019). Where this relationship is disrupted by institutional distortions, employment loses its basis (North, 1990). The corporate case shows that long-term employment cannot be directly controlled, but can only be enabled indirectly through productive framework conditions (Hayek, 1945). In summary, the discussion confirms the guiding hypothesis of the paper. Corporate profits from productive activity are a necessary prerequisite for securing existing jobs and creating new employment (Mises, 1949; North, 1990). They link consumer preferences with entrepreneurial decisions, structure investment processes and create planning security (Hayek, 1945; Kirzner, 1973). Employment thus proves to be the result of an ongoing market and decision-making process. The theoretical classification shows that this relationship is neither coincidental nor normative, but is based on the functioning of market-based production processes (Turowski & Machaj, 2022; Moch, 2026).

## **LIMITATIONS OF THE WORK**

This paper is deliberately designed as a theory-based case analysis. This results in methodological and content-related limitations that must be disclosed for the classification of the results (Felden et al., 2019). The focus on a single company enables an in-depth reconstruction of entrepreneurial decision-making contexts, but limits statistical generalisability. The findings should not be understood as representative evidence for all companies or industries, but rather as an analytically sound plausibility check of a causal relationship (North, 1990). A further limitation arises from the data basis. The analysis is based on publicly available company information, historical accounts and qualitative information on company practices. Detailed

internal data on cost structures, returns on investment or individual personnel decisions are not available (Trigema, 2024). The work therefore reconstructs causal relationships in an argumentative and theory-driven manner, rather than using formal causal models (Turowski & Machaj, 2022). Theoretically, the work is clearly anchored in the tradition of the Austrian School. This perspective allows for an explanation of profit, investment and employment as a temporal process, but deliberately refrains from quantifying forecasts (Hayek, 1945; Mises, 1949). Readers expecting statistical hypothesis testing or model-based simulation will not find it here.

The decision to take this approach is justified, but it limits the comparison with formalised neoclassical results (Jacobsen & Coyne, 2022). Finally, it should be noted that the company case is characterised by specific institutional and personnel conditions. Ownership, responsibility and decision-making power are closely linked at Trigema. This constellation is not found in all forms of companies (Felden et al., 2019; Tänzler & Hauer, 2025). The transferability of the results therefore depends on the extent to which similar liability and decision-making structures exist.

## CONCLUSION

This paper has systematically examined the relationship between corporate profits from productive activity and long-term employment. The starting point was the hypothesis that profits are not merely a by-product of economic activity, but rather a necessary prerequisite for investment, entrepreneurial capacity and thus for stable and new jobs (Mises, 1949; North, 1990). The analysis of the Trigema case study shows that employment does not arise independently of economic success. Profits act as a signal of successful coordination, enable investment in production capacities and skills, and create planning security over longer periods (Hayek, 1945; Schumpeter, 1942; Trigema, 2024). Employment follows this process at a later stage. It is the result of

repeated entrepreneurial success under competitive conditions (Kirzner, 1973; Moch, 2025). The theoretical classification in the Austrian School proves to be viable. Profits are interpreted as the result of entrepreneurial discovery, not as an expression of power or chance (Kirzner, 1973; Mises, 1949). They fulfil a learning and selection function and link consumer preferences with production decisions (Hayek, 1945; Moch, 2026).

The corporate case illustrates this logic in a clear manner and makes the abstract connection between market processes and employment concretely comprehensible (Felden et al., 2019; Trigema, 2024). In terms of regulatory policy, the work suggests that sustainable employment policy should not start with the direct control of employment relationships. Rather, the decisive factor is the framework conditions under which companies can produce successfully, generate profits and use these profits productively (North, 1990; Ateljevic & Trivić, 2016). Where profits result from competition and remain within the company, investment and employment are created (Schumpeter, 1942; Felden et al., 2019). Where this relationship is disrupted by distortions, employment loses its basis (North, 1990). The hypothesis is confirmed throughout. Entrepreneurial profits from productive activity are a necessary prerequisite for long-term employment (Mises, 1949; Kirzner, 1973). They are not contrary to social stability, but rather a prerequisite for it. Employment is created not despite, but because of successful entrepreneurship under functioning market conditions (Hayek, 1945; Turowski & Machaj, 2022).

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