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R. Edward Freeman, Kirsten E. Martin, and Bishan L. Parmar, The Power of And: Responsible Business Without Trade-Offs

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R. Edward Freeman, Kirsten E. Martin, and Bishan L. Parmar, *The Power of And: Responsible Business Without Trade-Offs* (Columbia U. Press, 2020), 208 pages, \$24.95

Plato wrote “The object of education is to teach us to love beauty”, and one might apply this to business and say the purpose of business education should be to help our students to love beautiful, and even ethical business. This book tells a story about business which runs counter to the simple notions that the purpose of business is simply to make as much money as possible. It provides a story which might help any student of business, and any businessperson in general, to realize this new narrative of business. While it is not a business-ethics book per se, it is a book which certainly makes an argument that socially responsible businesses often do well, and it provides a wide range of practical contemporary examples of businesses who do just that.

This book promotes the idea that businesses can frequently find win-win choices which both make profit and achieve other worthwhile ends at the same time. The authors argue that a focus on shareholder-profit-maximization above all else is an outdated view which is rarely held today (despite what is frequently taught in the classroom). This book is useful for professionals (it is a quick read), MBA students, and undergrads as well. It is non-technical and focused on how we think about business beyond mere profit. The authors are noteworthy—Ed Freeman has been the leading champion of stakeholder theory for 40 years, Kirsten Martin (Notre Dame) is previous President of the Society of Business Ethics, and Bidhan Parmar teaches at Wharton (one of the top 5 business schools) with Ed Freeman.

Freeman, Martin and Parmar's book provides some historical perspective on the current conception of business and recent new developments. Chapter 1 highlights causes of some of the new thinking about business, including the global financial crisis of 2008, globalization, the effects of information technology on society, as well as resulting changes in law and public policy around the world. The emerging models of business are more aware of CSR, sustainability, stakeholder theory, and also varieties of capitalism such as conscious capitalism and inclusive capitalism movements. Even Wall Street has given its nod to this phenomenon developing impact investing, socially responsible investing, and focus on ESG. Measuring these new business goals has spawned new goals and aims such as JUST capital, Triple Bottom Line and Integrated reporting, as well as the United Nations Sustainable Development Goals. These shifts can be traced to 5 key ideas which are core to the story of business today: 1. The importance of purpose, values and ethics in addition to profits, 2. the centrality of creating value of stakeholders and shareholders (not either or) 3. seeing business as embedded both in societal institutions and markets, 4 recognizing the full humanity of people as well as their economic interests, and 5. integrating business and ethics in more holistic business models (pp.3-4).

In chapter 2 Freeman *et al* highlight what they think is wrong with the traditional story of business, explaining 5 myths: 1. business is only about making a profit, 2. business is only to serve interests of shareholders and financiers, 3. business thrives best in completely free unregulated markets, 4. people are purely economic creatures, and 5. business ethics is an oxymoron. These 5 myths provide the old storyline, while the five ideas from chapter one provide the new storyline.

Chapters 3 through 7 explicate each of the five ‘new’ business ideas.

Chapter 3 on purpose and profits provides some recent examples of businesses emphasizing ethics as well as profits. Black Rock, Toyota, Barry-Wehmiller, and FIFCO are just a few of the companies highlighted. A brief history about debates regarding the purpose of business from the stock market crash of 1929 until present is also interesting.

Chapter 4 provides many concrete examples of companies who have adopted a stakeholder approach to their management methods. Chapter 5 makes a strong argument based on Patagonia and even Adam Smith that business is embedded in society and cannot be thought of as though in a vacuum. Chapter 6 provides a critique of homo economicus-- arguing that emotions, values and identity are at least as important as rationality when we make our economic decisions. Chapter 7 argues that business ethics is not an oxymoron but in fact the two are integrally intertwined-- our business decisions display our virtues and values, involve social norms and rules, and certainly can benefit or harm others. Chapter 8 rounds out the book tying that these ideas back together and suggesting questions businesses should ask such as how does this issue affect our purpose? What relationships are most important? What kind of company will we become if we make this decision, etc.

Whether you think their story is too idyllic, or that it is only telling part of the story, this book will generate thought and discussion. Of course not every business decision has a silver lined win-win situation available, but it is helpful for students and managers to realize that in many cases business can be quite profitable while also being concerned about ethical and societal issues. This book is especially strong in its many examples from contemporary companies to illustrate the five key ideas that the author suggest are the core of this new dominating narrative of business. It's a fairly quick read and would be a nice resource for a general Business course to help generate discussion about the purpose of business.

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