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Stakeholder theory and spirituality

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INTRODUCTION

Stakeholder theory and spirituality

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There are a host of reasons to do a special issue. Sometimes they are to create a change of pace, to shake things up, and even to fill space during a slow stretch for a journal. However, sometimes an idea comes across your desk that just “clicks.” For me, as Bob approached me about this special issue, it didn’t take long to appreciate the potential richness of the topic – and it spoke to me in a very personal way. My graduate work was in religious studies and I have long been interested in the role of religion and spirituality in organizations, even as I pursued a career in applied ethics in a business school. At the same time, much of my research has been shaped by stakeholder theory. What hadn’t clicked for me was something that Bob’s email brought to the fore – that there was a huge opportunity to talk about the intersection of these worlds, there was little current work doing so, and that a compelling special issue could open up important new conversations. Once I had the chance to think it through and see the possibilities – I jumped at the chance to edit this special issue.

The papers in this issue represent a start in the effort to bring stakeholder theory and religion and spirituality into closer (and more intentional) conversation. They also represent a great chance for me to invest in connecting topics/conversations about which I have great interest and passion, yet where I have little work thus far in my career. My hope, and that of the *JMSR* staff, is that this special issue will generate some of the same passion in you – and enable you to get excited about the possibilities for future work that links these two fields.

Ethics focuses our attention on what it means to live a good life. Spirituality and religion share this emphasis on human striving in communities serving larger purposes. Human flourishing, finding ways to live well with one’s peers, building strong and vibrant communities, and doing so as part of a larger narrative that we embrace as inherently good – these are the kinds of things that philosophers and scholars of religion have written about for millennia (e.g. Aristotle, Plato, and St Augustine). Trying to better understand what these

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ideas mean, how they relate to our current context, and what they mean for us in our particular circumstances remain critical issues for scholars.

What has proven far more challenging is to make connections between these conversations, grounded in the humanities – particularly in religion and philosophy – to the discourse about business. Much of the conversation about business starts from very different premises and holds that it is antithetical to the concerns of ethics and spirituality. Business is about making money, serving shareholders, and the instrumental logic of markets. If it doesn't pay, don't do it – if it does pay and doesn't break the law, then by all means do it (e.g. Friedman 1970, Jones 1995). While this perspective might make intuitive sense from business scholars trying to keep a laser-like focus on financial matters and distance themselves from any responsibility to “do good,” what is striking is how quickly those writing in ethics and religion seemed to embrace these same assumptions about business. Scholars have noted the prevalence of the “separation thesis” – the idea that ethics (or religion) and business are fundamentally different realms that have little connection (see Freeman 1994) – as a widespread phenomenon that infused much of the existing literature in management. Recent work notes the importance of rethinking how we construe business, including core assumptions, so that it becomes possible to see a more human dimension to what goes on in organizations (Nelson 2006, Freeman *et al.* 2010, Stout 2012). Such rethinking may be essential, not only for our thinking about business, but what it means for us to find meaningful ways to connect the wisdom of the humanities (both ethics and spirituality) with business activity.

This special issue is a call to reflect on how the conversations on stakeholder theory and spirituality may have far more in common than most people have held to be the case. The stakes are high. People are spending vast quantities of their time at work and in work-related activities; more and more people are working later in their lives than was previously true (e.g. see <http://www.gallup.com/poll/162560/average-retirement-age.aspx>). If we want to live well, then finding a way to connect what we do at work to some larger moral and spiritual meanings becomes a vital topic of conversation. If we can't be authentic, see what we do as good or serve larger goods we all agree are important through our work, then it will become extremely hard for the vast majority of humanity to live a “good life.” As scholars, we need to reclaim the idea that we can be a fully human being, living in ways that promote human flourishing, through what we do with others in business organizations. Religion and spirituality are fundamental to the identity of large portions of the global community – both individually and collectively – and we need to do a better job of clarifying how business and religion (or spirituality) are things that go together. We need ways of framing that conversation such that we aren't trying to “smuggle” in religious/spiritual considerations, but to see them as an integral part of how business organizations (and business people) operate.

The specific focus of the special issue is on stakeholder theory and spirituality at work. I am pleased with the focus of this issue and the papers it

elicited. However, I see this call as part of a larger trend that deserves more exploration and sustained attention. Reclaiming a role for the humanities, for spirituality, for seeing business as a human institution in the service of human aspirations – this is a much bigger project that extends far beyond this issue. My sincere hope is that the papers in this volume inspire interest in this conversation and to pushing the boundaries of knowledge. Given what is at stake, I can think of little that is more pressing for academics and the general public.

In his paper, Carlo Carrascoso draws on both Catholic Social Thought (CST) and stakeholder theory to develop a new “normative core” that provides both novel theoretical contributions and practical guidance for managers. Carlo notes the richness of CST as an extension of the Catholic faith for people operating in business, yet this work provides little guidance to managers or key stakeholders in their roles. The intuition that grounds his paper is the idea that stakeholder theory provides a way to extend the wisdom of CST, which speaks more to macro-level issues (e.g. how an economy should function and how it should care for the poor), and connect it to the more circumscribed meso-level issues that managers in a firm face (e.g. how responsible am I, as a single firm or manager, for caring for the poor). While grounded in CST and resonant for people within that tradition, the author notes that this normative core is based on values that apply widely – to all people of good will. He also develops a set of “priority rules” to help sort out competing claims of stakeholders.

A second paper also takes on the task of drawing from religious tradition to formulate a particular account of stakeholder theory in the form of a normative core. Ray, Berman, Johnson-Cramer, and Van Buren focus on three different religious traditions – Judaism, Christianity, and Islam – to find overlapping sources of wisdom to ground their approach to stakeholder theory. They identify four specific elements to form their normative core that help reframe traditional views of business: put community back into the center of human life (including business), generate suspicion about the status of money and power, highlight the importance of human dignity, and soften the focus on the individual to note the importance of individual flourishing in a communal context. These authors, along with Carrascoso, underscore that while stakeholder theory has rich philosophical resources to generate insight, that to date there has been a glaring absence of religious belief systems. Both papers attempt to begin to fill this void and encourage other authors to do the same.

Finally, Kluver and Wicks focus on “decoration” as a phenomenon that is noteworthy and casts a different perspective on both workplace spirituality and stakeholder theory. They note that acts of decoration are usually not random acts to be dismissed, but important cues to understanding individuals and their connections to organizations. Kluver and Wicks claim that acts of decoration can be understood as spiritual acts that are not only significant for the individuals who “decorate,” they may also reveal shared values, shared stories and larger links within a community that deserve closer study. Indeed, acts of decoration may well enable researchers to better understand the value stakeholders

(especially employees) seek in organizations, as well as the kinds of things managers seek to cultivate to generate a strong culture that can deliver outstanding performance. Given that many firms seek to do more than pay people to perform specific acts at work, decoration may be one way to understand how workers internalize being part of a community and come to view their work as having inherent value. The paper explores some of the existing empirical work, makes connections back to both management and stakeholder theory, and argues for the need to better understand this phenomenon and how it may be a powerful resource in understanding (healthy organizations – and how they can be created).

It is no accident that the particular theme of this special issue is stakeholder theory and spirituality in the workplace. If we want to cultivate a conversation about business in which human beings matter, stakeholder theory offers perhaps the most promising entrée we have at present. Though it has roots in the writings and ideas of many people, R. Edward Freeman (an academic who is a philosopher and strategy scholar) wrote the treatise that kicked off the current discussion of stakeholder theory (1984). Stakeholder theory gives us a way of describing the enterprise of business in ways that start with “names and faces” rather than spreadsheets and numbers (Freeman 1984, McVea and Freeman 2005).

Stakeholder theory begins with a simple premise that may sound anything but radical: managers should attend to any individual or group who can affect, or who is affected by, the activities of the firm (Freeman 1984). Part of what Freeman wanted to draw the reader to appreciate was the growing complexity around what firms were doing – their pervasive influence, how many different groups were involved, and the fact that many managers weren’t attentive to groups outside the value chain of their activities. To avoid being blindsided, managers needed to at least consider those groups, what they wanted, and how they might impact what the firm does.

At the same time, stakeholder theory started a more subversive and deeper set of conversations. Freeman highlighted the significance of two core questions that have been at the heart of stakeholder theory: (a) the purpose of the firm (i.e. why does this firm exist?); (b) to whom is management responsible (i.e. which groups “count” and whose interests should managers try to advance)? These two questions could be viewed as radical for a few reasons. First, many in business and law took both questions to be settled and unequivocal: the purpose of the firm is to maximize profits and management is to prioritize shareholders solely (see, e.g. Friedman 1970). Stakeholder theory made explicit the idea that there might be different answers – that there could be a whole array of legitimate answers for firm purpose and that a whole range of groups may deserve the same level of consideration as shareholders. Understandably, the emergence of stakeholder theory prompted a strong set of responses from scholars who were tied to the orthodoxy of the shareholder view (e.g. Jensen 2002). Second, Freeman’s work provided a way of framing the core foundations of business in terms that had clear and profound links

back to ethics. Noting the possibility of a multitude of answers, and the need to provide good reasons for them, Freeman helped scholars see that ethics wasn't "optional."¹ Rather, ethics is at the core of how we talk about and "live out" business.

While stakeholder theory has been a boon for scholars trying to reveal a connection between ethics and business, it creates a powerful platform for scholars interested in spirituality and religion (SR Scholars). Indeed, given the focus on purpose, that such purpose should extend beyond simply making money, and that there are a multitude of such answers – stakeholder theory provides an ideal setting for SR Scholars to push the conversation and help managers and firms think through such "why?" questions. And, to work in tandem with business ethicists, SR Scholars can enrich the dialog about what kind of work we seek, the terms on which we can cooperate to make each others' lives better, and how organizations can play a constructive role in that endeavor. In short, when one steps back to think through the core of both stakeholder theory and research in SR, there is a basic synergy and complementarity that is powerful – yet remains largely untapped to date.

Much of the dialog that ensued over stakeholder theory dove into the details of the stakeholder view and the shareholder view, how similar or different they were, and which one proved a more compelling approach to business. Some scholars argued that taking care of your core stakeholders – particularly "value-chain" stakeholder groups like employees, customers, suppliers, local community, and shareholders (i.e. groups who are essential to the function of the firm) – is critical to the ongoing success of the enterprise. Indeed, many argued that looking after core stakeholders was the key to driving sustained financial success. A whole array of theoretical and empirical papers emerged to try to establish a clear connection between positive stakeholder treatment and positive financial returns over time (Freeman *et al.* 2010 – see Chapter 4 for a detailed discussion; also Margolis and Walsh 2003). To date, such efforts have proven a mixed bag at best, often with more questions raised than answers given (Ullmann 1985). While significant questions remain whether compelling evidence can be found to support these claims, or if this is the right question, such work has enriched the dialog about human flourishing that is central to stakeholder theory.

Some important developments have helped re-frame and re-direct the conversation about stakeholder theory. First, while some scholars continue to see stakeholder theory and shareholder theory as opposing and incompatible theories, others have cast them in different and less antagonistic terms. Freeman claims that it is a mistake to see them as opposing views, particularly with one being seen as tied to "ethics" (stakeholder theory) and the other being tied to "business" (shareholder theory) (Freeman 1994). Instead, stakeholder theory is an innovation that highlights the importance of two core questions that every firm must answer: why do we exist? And, for whom do we create value? As such, shareholder theory simply provides one set of answers – answers that appear to be fairly limited and not especially compelling – to these questions.

His point is that there are a whole array of possible answers, far more complex and diverse than those offered by stereotypical views of shareholder and stakeholder theory; views that look much closer to real companies and how they operate (e.g. Collins and Porras 1994). It is also notable that many of the staunchest advocates of shareholder theory have reversed course. Michael Jensen, Jack Welch, and Alan Greenspan, some of the most iconic figures spanning the academy, the C-Suite, and government – have all come forward with very public pronouncements claiming that shareholder theory is either flawed, a stupid idea, or a dangerous orthodoxy that was proven false.² Their comments all push the conversation in a significantly different direction and suggest that traditional shareholder theory, which pits shareholders against stakeholders, is an idea that has outlived its usefulness. At the same time, it is critical to note that stakeholder theory does not discount the importance of shareholders, or the financial viability and competitiveness of firms, as a critical part of how firms operate. Concern with profits and financial sustainability is vital and a core part of the moral responsibility managers have to stakeholders, yet it is appropriate to introduce other considerations as key to the identity and objectives of a firm.

A second innovation has been to question core assumptions about how we “keep score” on firm performance and how firms generate outstanding value over time. In a recent paper, Harrison and Wicks (2013) note that most of the stakeholder literature is premised on the idea that if firms take care of stakeholders, then good financial returns will follow. While this sounds like a sensible and persuasive idea, embedded within it is a set of assumptions tied to shareholder theory: that what really counts as success is defined by financial returns to shareholders. If the stakeholder “revolution” is truly to change the conversation, then we have to let go of that core assumption and consider another possibility – that what really matters is the value that a firm creates for all its core stakeholders. Their paper in turns notes the variety of value that stakeholders seek by participating in the firm, including goods/services/money, fairness, alignment with the mission and values of the firm, and opportunity costs. Firms ought to spend more time thinking about the array of kinds of value that stakeholders want, how they can provide it in cooperation with stakeholders, and how doing so may develop capabilities that unleash even greater potential for joint value creation.

These are some of the important themes from the stakeholder literature. Let me take a moment to dive into the details of the argument, to clarify what Freeman and others provide as a case for why stakeholders matter and deserve consideration like that given to shareholders. First, there is the argument tied to rights, a branch of deontological ethical theory (Wicks *et al.* 2010). A variety of arguments have been made claiming that if one looks at how property rights actually work, the claims of shareholders are far weaker than traditional shareholder theorists assert (i.e. a shareholder owns a piece of paper, not an actual “piece” of the company) and that other stakeholders have more of a basis for standing from a rights perspective (e.g. Donaldson and Preston 1995,

Freeman *et al.* 2007). Indeed, in the context of the investments that core stakeholders make in deciding to tie their futures to those of the firm, stakeholders appear to be doing the same kinds of things that shareholders do. Others note the recognition of stakeholders and their interests within the legal system, including stakeholder statutes, as further evidence that rights arguments can be used to make the case for stakeholders as being “like” shareholders rather than categorically different from them. Finally, in looking at how the law operates, others note the wide discretion given to managers to look out for the interests of the firm over time, including the legitimacy of considering stakeholder interests, under the business judgment rule (e.g. Marens and Wicks 1999, Stout 2012).

Second, one can appeal to consequences, a second branch of ethical theory, to make the case for stakeholders (Wicks *et al.* 2010). If one takes a short-term focus, it becomes easy to see tensions between the interests of stakeholders and the importance of prioritizing certain stakeholders – or what they want – in order to keep the company going. However, if one takes a longer-term view, such differences seem to be far less important and may belie the more important truth – that firms exist because stakeholder interests are fundamentally connected and reinforcing (Freeman *et al.* 2007). To be sustainable over time, all core stakeholders need to be made better off by participating in the firm – not just incrementally, but also in terms of opportunity costs and their own sense of fairness. While the invisible hand of Adam Smith is often invoked to highlight the importance of attending to customers (i.e. if the customer won’t pay for what we provide, we have no business), stakeholder theorists note that the same logic applies to value chain stakeholders (Harrison and Wicks 2013). If you don’t attend to these groups, look out for their interests over time, and treat them as “ends,” then the firm becomes unsustainable – stakeholders will withdraw support, whether through under-performing, sabotage, or outright defection. Following the same logic in the other direction, many note that to generate outstanding performance one needs core stakeholders to invest in the firm, to give more than performance for pay, to truly give of themselves to the larger collective enterprise.

Third, one can make the case that character is important here (Wicks *et al.* 2010). From this standpoint it may be important for managers to invest in others, to commit to relationships, and to generate the trust needed to sustain strong social bonds and cooperation needed to make firms work well (e.g. especially in supply chains where information sharing, knowledge creation, flexibility, and complex coordination are involved) (see Wicks *et al.* 1999). If stakeholders believe that managers only care about shareholders and financial returns, it may be harder for them to trust management or to invest in the activities of the firm. In contrast, if stakeholders can trust managers and others in the value chain, if they see them as the kind of people who will follow through on their word and look out for their interests, they may be far more likely to respond in kind. At the very least, the focus on character highlights the significance of “what management (and the firm) stands for” in terms of

shaping the kinds of stakeholder investments, commitment, and relationships that unfold in the firm. Each of these character issues, and how managers “walk the talk,” have great significance for the kinds of outcomes that firms can create over time.

Finally, I would note the breadth of impact stakeholder theory has had in the conversation about business – and organizations more broadly. My colleagues and I recently finished a volume on stakeholder theory as it stands 25 years after Freeman’s ground-breaking work (Freeman *et al.* 2010). We note in the book the variety of disciplines that have begun using the language of stakeholder theory or made stakeholder theory a central construct within their discipline. Not only has this work influenced most all of the disciplines of business (e.g. accounting, strategy, finance, operations, and marketing), it has influenced an array of other fields including law, medicine, government and public policy, and sustainability. Indeed, one can now hear politicians like Tony Blair talk about a “stakeholder economy” (see Freeman *et al.* 2010, p. 181). While some of these developments may take this theory beyond the bounds of what it was intended to cover (see Phillips *et al.* 2003), the fact that it has had such a pervasive influence underscores the resonance of these ideas and the conversations they invite. People want to reclaim their institutions as human endeavors, and they want to see them as serving fundamental human needs, both physical and spiritual. Some scholars have argued that shareholder theory is not just conceptually flawed, it is de-humanizing and encourages opportunistic behavior (e.g. Wicks and Freeman 1998, Ghoshal 2005, Zingales 2012).

At the same time, it is clear the SR literature holds great promise as well as rich resources for stakeholder theorists. Existing work highlights that SR can provide individuals with important coping mechanisms (e.g. Wessellmann and Williams 2010), that it can provide a response to operating within the “soul-less” corporation (Barrett 2009) as well as a range of other benefits to both the firm and the individual (e.g. DeKlerk *et al.* 2006, Kinjerski and Skrypnek 2006, Reynes *et al.* 2012). Others note that workplace spirituality is growing as a phenomenon within organizations (Quddus *et al.* 2009), not a choice firms and managers – the real issue is how this reality becomes internalized and leveraged to strengthen organizations and provide resources to create more value for those involved.

All of this review of the literature highlights why we thought it made sense to make the connection between stakeholder theory and spirituality in the workplace. We saw great potential for this particular combination of topics. Stakeholder theory, through humanizing how we look at firms and what they do, provides a rich canvas on which to highlight the significance of the individual and their aspirations in community with others. What we do at work has huge implications for whether we can have a life that is spiritually uplifting and vibrant. If our identity, our values, and our spirit are things we have to check at the door with our raincoat, then the prospects for fully living as spiritual beings dim substantially. Those parts of ourselves either become

compartmentalized (done only after work hours) or destroyed (because of the spiritual and emotional torment of work, as hypothesized by scholars like Marx). I have already noted some core connections between SR and stakeholder theory in this introduction, particularly around a common interest in questions of purpose, but I'd like to close with some more specific suggestions for future work across these two domains. Far from exhaustive, these strike me as a few of the most pressing and obvious links, with far more to say than I could include in this brief introduction to the special issue.

While some of what is outlined below is not new or unique, I would note that framing such topics within stakeholder theory provides a different context in which to develop theory and ideas. Rather than something "foreign" (*à la* separation thesis), SR Scholars can use the theoretical structures and context of stakeholder theory to talk about core ideas from within the firm – as an integral part of life inside organizations, not as a something "extra" or something that only gets discussed if it happens to line up precisely with making more money for the firm. Indeed, if one takes a broad view of SR, this lens opens up important new possibilities for understanding what goes on daily inside organizations and what makes them thrive. With this in mind, I offer the following other specific possibilities for research that links spirituality and religion with stakeholder theory:

- (1) *Normative cores*: one branch of work on stakeholder theory is to construct what has become referred to as a "normative core" – an answer to the question of why a firm exists and a set of operating principles that can help shape what a firm does. It is worth noting that two of the papers in this special issue are examples of this kind of work: normative cores that are developed from, and grounded in, religious traditions.
- (2) *Understanding value*: another important topic within stakeholder theory is the idea of "value" and how that is understood for different stakeholders – both in terms of the outputs of business activity (e.g. products, resources, and money) and its' processes (e.g. how we work both on our own and with other stakeholders). Recent work in stakeholder theory highlights that too much of the existing work in stakeholder theory has been confined to thinking about value in narrow and traditional terms – grounded around the premise that treating stakeholders well leads to good financial results. In contrast, it is far more promising to expand what we mean by value – both because stakeholders seek a wide array of "goods" from work and the ability of firms to provide a context for such value creation has important strategic implications (e.g. potential competitive advantage). SR Scholars can deepen our appreciation for the kinds of value we seek and to help us enrich our conceptions of what is possible at work – to foster individual and group "thriving" that also bolsters sustainable financial success. Such research may also help us critique existing ways of categorizing "value" and

imagine ways in which such categories need to be expanded, revised, or simply discarded.

- (3) *Understanding meaning and meaning-making*: there are a multitude of possibilities under this heading – some fairly straightforward that relate to topics I have already noted (e.g. to normative cores and to purpose-based questions), and others more novel. Particularly, if one talks about religion in a very broad sense – as providing some kind of answer to ultimate questions like “Why are we here? What does it mean to live a good life?” – then it becomes easier to see how SR issues are relevant even to atheists and agnostics. It also becomes possible to see what firms do – and what scholars do – as acts of “meaning-making” and mythologizing that need to be understood, deconstructed, and discussed as possibilities for how we live (e.g. Wicks and Freeman 1998, Freeman *et al.* 2010, Chapter 3). Why do people choose Apple products or Starbucks coffee? Part of the answer is about widgets and functionality; but a big part of the answer is the embedded meaning in these brands and how being a consumer (or employee, supplier, etc.) allows one to participate in it.
- (4) *Individual and organizational spiritual expression*: given the focus in both stakeholder theory and SR on purpose, a clear topic of common interest is in spiritual expression. If workers seek more than a paycheck through work, and if stakeholder theory highlights the importance of this kind of value, then exploring ways of living out one’s faith at work becomes a salient – even a pressing – topic of inquiry. Indeed, it may well be that through individual and collective expressions of spirituality at work that firms can create even more value and enable kinds of collaboration that are vital in delivering excellent performance. One of the papers in this issue, by Kluver and Wicks, falls under this category and notes the role of decoration as a spiritual act – that is meaningful both to individual workers and to larger collective organizational goals.
- (5) *The natural environment*: one of the most pressing topics facing humanity at present is how we need to change to become more in tune with the natural environment – and to stop the wholesale destruction of our own habitat. While some of this challenge can be understood in scientific and functional terms (e.g. changing temperatures, shrinking ice caps, and more severe weather), much of what is at issue involves questions at the heart of SR and stakeholder theory: how do stakeholder concerns about the environment factor into what firms do? How do I see myself as part of a larger system that enables me to create and receive value, while also doing justice to other stakeholders – including present and future generations, as well as non-human species that are impacted by business? Using the framework of stakeholder theory provides a more concrete and practical way to connect ultimate conversations found in SR to the operation of organizations.
- (6) *Reconciliation and restoration of relationships*: finally, some recent

work notes the importance of topics like broken relationships, violations of trust, and the need to find ways – both to express sorrow and remorse as well as to envision how one moves forward in the wake of such disruptions (e.g. forthcoming special issue of *Business Ethics Quarterly*; *Academy of Management Journal* special issue on Care and Compassion in Organizations; Werhane *et al.* 2011). The explosion of interest in trust as a key topic of life in organizations brings this topic into the forefront: if trust matters, then what do we do when trust is violated – as with Bernie Madoff, the BP oil spill, and the Financial Crisis? SR provides vital resources for understanding human relationships, what it means to violate their core terms, and how we can bring healing to them. Framing such conversations in terms of core stakeholder relationships within firms gives a more concrete context in which to think about these resources and the work they can do to rebuild individuals and organizations.

- (7) *Community*: stakeholder theory, like much work on religion, highlights the importance of community to how we live. Some work has brought this issue to the fore, but the present paper by Ray *et al.*, in this issue, draws out this theme in even greater depth. These authors note not only does paying attention to the details of three religious traditions – Judaism, Christianity, and Islam – highlight the significance of community to any normative core for a firm, they remind us that firms are themselves best conceived as “communities”. The paper by Carrascoso also notes the importance of community within CST and how it is embedded in a Catholic-based Normative Core, particularly through the idea of a preferential option for the poor. Future work would do well to follow this path and explore in greater depth, and bring discussion about community more into the center of how we talk about corporations and how they define themselves in a larger context (rather than as isolated and autonomous entities that exist in a context-less world of markets).

Rather than being the last word on the topic, this special issue invites you to take up the challenge and find additional ways to keep the conversation going – to the benefit of both fields.

Notes

1. Note that Friedman in his critique of Corporate Social Responsibility (CSR), a construct that many saw as the best way to “bring ethics” to business, noted that there was a core difference between the economic and social aspects of business – that the former were the province of management; the latter were rightly best left to private citizens, politicians, and NGOs (see Friedman 1970).
2. For instance, see Greenspan’s testimony before Congress after the Financial Crisis of 2008. Also, note Jensen’s comments at the Academy of Management in Philadelphia, on a panel with Freeman and Donaldson where he extolled the virtues of

stakeholder theory and underscored that these discussions were far more important than anything being written in finance. Welch did an interview with the Financial Times in 2009 and said maximizing shareholder value was the dumbest idea in the world.

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