ETHICS AND STAKEHOLDER CAPITALISM

Purpose, ESG and the Modern Firm

Mayer · Henderson · Mackey · Polman

PAPER 02 / 02

A Furtherance reference compendium on the intellectual traditions behind organisational design, leadership, execution, and culture.

> **IN THIS PAPER**
> The series closes on purpose and ESG in practice — the attempt to put stakeholder ideas to work, and the live contest over whether it succeeds. The question it answers: can a company genuinely serve purpose and planet alongside profit, and what does the evidence and the backlash say?

Mayer and Henderson supply the academic case for purpose and system reform; Mackey and Polman are the practitioner exemplars — conscious capitalism and net-positive business. The paper closes with the genuine contest now surrounding ESG.

Colin Mayer Prosperity, 2018

Corporate purpose · reform of the firm

CORE THESIS

The corporation's purpose should be to **produce profitable solutions to the problems of people and planet**, not to profit from creating them. Realising this requires reforming ownership, measurement, governance and law so that purpose is embedded, not decorative.

FRAMEWORK

Element	Meaning
Purpose over pure profit	Profit as the means to solving real problems
Committed ownership	Owners aligned to long-term purpose
Measuring impact	Account for natural, human and social capital
Reforming the plumbing	Governance, law and measurement must change

METHODOLOGY

Economics and corporate theory, informing major research on the future of the corporation.

SIGNIFICANCE AND CRITIQUE

A leading academic case for purpose-based reform. The critique: measurement and implementation are hard, and the reform agenda is contested.

Rebecca Henderson Reimagining Capitalism, 2020

Purpose, finance and system change · Harvard

CORE THESIS

Shareholder-value maximisation is incomplete and, given externalities, dangerous. Firms can pursue **purpose alongside profit** and help **rewire capitalism** — but only together with functioning government, reformed finance, and shared values.

FRAMEWORK

Idea	Meaning
Limits of the market	Externalities and weak institutions distort outcomes
Purpose as advantage	Authentic purpose can build real advantage
The role of finance	Investors and ESG capital can shift incentives
Systemic change	Business, government and finance must act together

METHODOLOGY
Strategy and economics, drawing on cases of purpose-driven firms and systemic reform.

SIGNIFICANCE AND CRITIQUE
An influential, evidence-aware case for purpose-driven business. The critique: it is avowedly normative, and the systemic change it calls for is difficult and slow.

John Mackey Conscious Capitalism, 2013

Practitioner philosophy · Whole Foods

CORE THESIS
Business is fundamentally good and ethical when driven by a **higher purpose**. "Conscious capitalism" rests on four tenets and seeks win-win-win outcomes across all stakeholders, treating free-enterprise capitalism as a great engine of value when practised consciously.

FRAMEWORK

Tenet	Meaning
Higher purpose	A reason to exist beyond profit
Stakeholder integration	Create value for all stakeholders together
Conscious leadership	Servant leaders motivated by purpose
Conscious culture	Trust, care and accountability as the norm

METHODOLOGY
A practitioner philosophy from a founder-led company.

SIGNIFICANCE AND CRITIQUE
An influential articulation of purpose-driven capitalism. The critique: it is idealistic, drawn from a premium founder-led brand, and has faced labour-relations criticism.

Paul Polman Net Positive, 2021

Purpose-led business in practice · Unilever

CORE THESIS
Companies should **give more than they take** – "net positive." A business should own its total impact, including externalities, and help solve systemic problems – demonstrated at Unilever through long-termism, dropped quarterly guidance and a sustainability strategy.

FRAMEWORK

Idea	Meaning
Net positive	Give more to the world than you take from it
Own your total impact	Take responsibility for externalities
Long-termism	Manage beyond quarterly guidance
Courageous leadership	Partner with civil society; lead on hard issues

METHODOLOGY
A practitioner account from a decade leading a large consumer-goods company.

SIGNIFICANCE AND CRITIQUE
The leading chief-executive exemplar of purpose-led business. The critique: it is a single-company narrative, and observers question the pace and results behind the rhetoric.

> **A NOTE ON EVIDENCE**
> A caveat on a contested field: ESG and stakeholder capitalism are politically and empirically contested, and face a real backlash – over the reliability and comparability of ESG measurement, over "greenwashing," over whether purpose claims survive hard trade-offs, and over the politicisation of ESG investing. The purpose case has genuine merit and genuine critics. Treat purpose as something to be evidenced and lived rather than asserted, and expect scrutiny from both directions.

Synthesis

Contribution	Role	Key idea	Register
Mayer	Purpose theory	Solve problems profitably	Academic reform
Henderson	Purpose + system	Reimagine capitalism	Strategy / normative
Mackey	Practitioner	Conscious capitalism	Founder philosophy
Polman	Practitioner	Net positive business	CEO account

> **FOR THE OPERATOR**
> Purpose and ESG move from theory to practice – the academic case for purpose and reform (Mayer, Henderson) meeting the practitioner exemplars of conscious and net-positive business (Mackey, Polman), amid a real and unresolved backlash. For the operator: purpose can be a genuine source of advantage and legitimacy, but only if evidenced, measured honestly, and held to account through hard trade-offs. That closes the Ethics and Stakeholder Capitalism series.