What is Business For?

Reconsidering the Purpose of Business - Part 2

In the first instalment in this article series on 'purpose', **Peter Heslam** surveyed some research. It shows that, although purpose is widely regarded as essential to business success, it plays little role in practice. He argued, in response, that companies need to do three things: radically realign their strategies and operations with their purpose; exercise greater integrity and authenticity; and be more certain about their purpose. In this article he looks at how some of the thought leaders in this field understand purpose. Although they reflect Christian values, he suggests ultimate purpose requires a theological starting-point.

On a short cold December day in London in 1990, the RSA (Royal Society for the encouragement of Arts, Manufactures and Commerce) held a lecture entitled 'What is a Company For?' by the business leader and business school professor Charles Handy. Several members of the audience drew sharp breaths. Contrary to what they had expected from a speaker with this background, he delivered an impassioned argument that the primary purpose of the company was not profit but the common good. But to his congenial hosts, Handy's lecture, delivered only a week after Margaret Thatcher's downfall, had a compelling prophetic ring.

In a rush of inspiration and energy, the RSA launched an enquiry, a report and a think-tank, all called 'Tomorrow's Company'. Since its founding a quarter of a century ago, the think tank has pioneered an inclusive approach to the role of business in society, championed the importance of purpose beyond profit, and paved the way for the redefinition of directors' duties under UK company law in 2006. Along the way, it has inspired countless companies to define, communicate and embed their purpose and values. Anyone sceptical about whether capitalism is capable of reform will find their doubts quelled

by surveying the output and impact of Tomorrow's Company¹.

Although he was a child of the manse, Charles Handy regards faith as a private affair. He did, however, consider ordination in his mid-forties after his father died, and he has been an energetic public champion of the Christian values in which he had been raised. He sought to explore and apply these values in consultation with senior business leaders when he was appointed the first Warden of St George's House in Windsor Castle, an initiative of HRH Prince Philip, the founding of which is colourfully depicted in the recent Netflix series of The Crown.

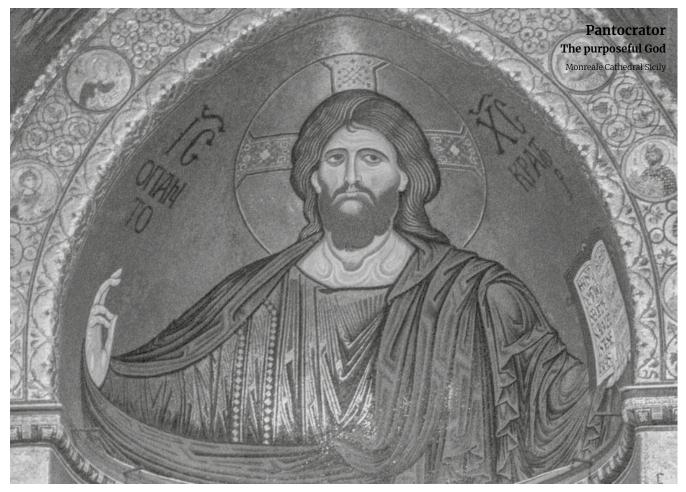
Handy was also deeply influenced by fellow business leader and thinker George Goyder (1908–1997), a devout Anglican and one of the chief architects of synodical government in the Church of England. Inspired by the principle of equity enshrined in the biblical idea of jubilee, George Goyder helped develop the constitution of the John Lewis Partnership and of the Scott Bader Commonwealth.

To Goyder and Handy, the company was not a physical asset to be owned and traded by external shareholders but a community of persons serving social goals. This was reflected in their belief that capitalism, for all its merits, is unable to answer the 'why' question and should only ever be considered a servant of human beings, never their master.

Handy's ideas on corporate purpose have been of such influence that in 2009 he was rated by *The Economist* as the UK's 'leading management spokesperson'. He also belonged to the 'Thinkers 50' made up of the world's fifty most influential living management thinkers.

Someone sharing that honour today is Simon Sinek who picked up Handy's gauntlet in 2009 with the publication of his best-seller Start with Why. In it he argues similarly to Handy that money is the means, not the end, of business². If a company is like a car, Sinek argues, profit is like the fuel. The car needs it to fulfil its purpose - to go somewhere3. Likewise, the company needs money to fulfil what should be its purpose - to accomplish something, to contribute to society, to advance a greater cause. Making money should never be the objective of a company, only the result of achieving its objective.

Two leading business academics would agree. For Colin Mayer at Oxford in his book *Prosperity* (2018), the purpose of business is to produce profitable solutions to the problems of people and



the planet, while refusing to profit from such problems. For Rebecca Henderson at Harvard, in her book *Reimagining Capitalism* (2020), effective purposedriven organisations have two elements: a clear sense of mission to make the world a better place; and a commitment to treating every employee with dignity and respect.

These two writers, and all the others cited above, reflect the profound impact Christian theology has had on business thinking about purpose. Yet, at a time when interest in this issue is surging globally within the business community, this series of articles will suggest some *explicitly* theological perspectives⁴. The starting-point for them needs to be the first four words of the Bible: 'In the beginning God' (Gen 1.1a).

Within a secular framework, deliberations about purpose (sometimes called teleology) inevitably end up less enlightening and fruitful than they would be if the 'why' question of material existence could be explored in relation to something, or someone, beyond the limitations of that existence. I enjoy the vigorous engagements I have on the issue of purpose outside the circle of confessional faith. But they serve to strengthen my conviction that there needs to be some ultimate and supreme 'other', in relation to whom we can frame questions of ultimate purpose.

For, as we shall see, the lives of human beings and their businesses are ultimately not about human beings and their businesses. They are about something altogether more fulfilling and enduring.

1. In 1996, Tomorrow's Company (TC) became a charity and limited company independent of the RSA, directed by Dr Mark Goyder. For an article inspired by my involvement in TC, see my 'Tomorrow's Global Company: Rewarding Humility', in FiBQ 11.1, pp. 33-34.

2. Handy pointed out in his groundbreaking RSA lecture that, in ethics, to mistake the means for the ends is to be turned in on oneself, which for St Augustine was one of the greatest sins.

3. Max De Pree, former CEO of the major furniture company Herman Miller, argued (in his book *Leadership is an Art*) that making a profit is like breathing – it is indispensable but we do not live to breath, we breath to live.

4. See also a series of brief 'God on Monday' reflections I have written on purpose, available at www.faithinbusiness.org.



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