

## Book Reviews

### CONSCIOUS CAPITALISM: LIBERATING THE HEROIC SPIRIT OF BUSINESS

John Mackey and Raj Sisodia

Boston: Harvard Business Review Press, 2013

The authors of this book, John Mackey, cofounder, Whole Foods Market, and Raj Sisodia, professor and cofounder Conscious Capitalism, Inc., make a positive case for propagating 'conscious capitalism' as an ideal business philosophy as against the usually understood 'chronic capitalism'. Mackey has long debated for the positive side of capitalism, when he challenged Milton Friedman's view that the only responsibility of business is to its shareholders, which financial markets have translated into its short-term stock price. It is now widely agreed that profit maximization cannot be the sole aim of any business. However, merely agreeing to a philosophy is not enough. Very few businesses actually work according to these principles.

Mackey and Sisodia, as leaders of the Conscious Capitalism movement, maintain that new generation business leaders and budding entrepreneurs must look upon the path of transformation – for the good of both business and the society as a whole. The book highlights how ethical tenets of business - *higher purpose, stakeholder integration, conscious leadership, and conscious culture and management* – can be utilized to build powerful businesses and help advance capitalism further toward realizing its utmost potential. In the authors' opinion, capitalist ideology was always meant to have an ethical constituent. Pointing out Adam Smith's first pivotal work as *Theory of Moral Sentiment*, and not *The Wealth of Nations*, the book presents convincing premise for businesses with a 'conscience', an element of the capitalist principles that is rarely focused upon. However, the authors weren't going for amplifying economic theory in general. Their main focus lies on how to construct a sympathetic, socially conscious business, which is also doing well.

The authors argue that the role of top management is crucial in this regard, as it is their responsibility to make businesses friendly for all the stakeholders. Corporations aren't intrinsically good or bad, it is their leadership and core values that provide them the required ethical aspect. The stereotype of a so-called capitalist is a corporate leader fixed only on escalating profits for shareholders with little regard for other stakeholders. However, such obsession with profits produces benefits only in the short-term. In the long term, the

company ultimately loses ground to its competitors. Citing examples of some of the current well-known companies such as Whole Foods Market, Southwest Airlines, Costco, Google, Patagonia, etc., Mackey and Sisodia demonstrate how Conscious Capitalism can create value for all stakeholders comprising employees, suppliers, customers, investors, society, and the environment. They compare these companies with some other corporate giants such as Lehman Brothers, Bear Stearns, Enron, Citigroup, Arthur Andersen, Microsoft (at some points in time), and Ford (at some points in time), which went through cycles of growth and expansion, only to be later turning themselves into short-sighted profit making companies with a lack of strong vision.

The book begins with how capitalism has been misunderstood, rightly so in most cases, especially in the recent decades. However, readers may argue that greed and lust have always been an intrinsic part of human nature. If viewed correctly, capitalism has great potential for wealth creation as well as for social gains. Ideally, an organization should be built in a way that benefits customers, employees, investors, communities, suppliers, and the environment. It is necessary for leaders to integrate their heads with their hearts. While it is easy to calculate shareholder value, it may ignore elements like a company's health, validity of its strategy, merits of its investments, satisfaction of customers, and commitment of employees.

The introduction begins Mackey describing his journey through college. He was very choosy about which courses to attend, and never attended a business class. Further, he learnt many interesting topics, but never acquired a degree. This is one reason he attributes to his success as an entrepreneur, where he had not much to unlearn and ample scope for innovation. He had also been interested in Eastern philosophies, yoga, meditation, ecology, and thus veganism. He had started to believe that corporations are evil, and only non-profit organizations were good. This is how he launched a natural foods market, to sell healthy food to people, earn a decent living, and have fun. He initially faced many hardships and had to live in rather uncomfortable conditions. He had also started to believe that both business and capitalism are fundamentally based on greed, selfishness, and exploitation. Slowly he realized that business may not always be based on coercion or force; rather, it may be based on cooperation and mutual benefits. Business is not a zero-sum game with a winner and a loser. It is a win-win situation for all concerned, if done in the right spirit. Each and every stakeholder has an important role to play, and their importance can often be highlighted during times of strain.

Each chapter of the book is built around a theme. The first chapter deals with the changing paradigm of capitalism. Free-enterprise capitalism has had the greatest impact on humanity

in the past few centuries. It has the potential to sustain and create value for the human race. Yet, much work still remains to be done and there are many loopholes. There are businesses that exploit various aspects of the environment and thus create a bad name for capitalism. The second chapter speaks about consciousness in capitalism, which may be the solution to many challenges that our current economy faces. We must work to raise our own consciousness and make deliberate choices that help us progress.

The third and fourth chapters talk about purpose and the need for every company (and conscious being) to discover its own authentic purpose. We need to ask ourselves why we exist, why we need to exist, what is our contribution to the world, and so on. Each one of us needs to make a difference to the world. Next, the authors speak about stakeholders and how a company can view major and secondary stakeholders. Leveraging of interrelationships is a key factor here. The authors also discuss conscious leadership, conscious culture, and conscious management. The authors encourage spreading of consciousness in existing and new businesses, and spreading the philosophy across all spheres of the economy.

However, the book has its own shortcomings. Primarily, it could be seen as highlighting more on the moral part of the business, subsidizing the key profit maximizing aspect of it, as has been understood by majority of the economists. It sounds more like a self-help guide to a better and value enriched organization rather than a viable business prospect. The book does become rather theoretical (and even poetic) at times, which takes away the practicality of the aspect. Ultimately, there will be many businessmen who may ask: "I am interested in being a conscious and socially responsible businessman. I don't want it to hinder my profitability and existence. I don't have the time to read hundreds of pages and an unlimited literature on the topic. Tell me how it can be done in the most practical and objective way possible." This is how most businessmen are. They separate the issues of consciousness and earning money. Therefore, for many, the book may sound like a lecture on spirituality. However, this does not take away the fact that the authors have identified the main problems associated with businessmen in general. It is just that many of them may not take this approach in the right spirit, because of their obstinacy and rigidity. We may argue that the main role of ensuring fairness and transparency in business dealings is very often left to the government and regulatory authorities. Unfortunately, they are not free of imperfections either.

The basic premise of the book that business is fundamentally good and ethical may sound contradictory to many. It is true that growth in business has helped lift billions out of poverty. But business has also damaged people and environment world-wide as demonstrated by several mishaps such as labour abuses in factories, nuclear accidents,

leakages of harmful chemicals, global financial crises, etc. All these incidents could somewhere be attributed to careless attitude on the part of corporate leaders.

Nonetheless, the book provides a new lens for companies aiming to encompass ethics in their core business proposition to build a more supportive, humanitarian, and positive future. This is the need of the hour, as business without compassion is bound to take a heavy toll on human life as well as the surrounding environment. This new approach of doing business is indeed helpful in achieving the goal of overall stakeholder development which is beneficial in the long-term. It would create a balance between peoples' inner-goal of a happier work life along with fulfilling their corporate purposes. The book is considerate, comprehensive, and eye-opening and could be a good reading for new-age management students and entrepreneurs. It is reader-friendly and contains a good bibliography for further follow-up. It is not meant for just businessmen – they may not read it anyway – it is meant for people who are concerned about the direction and progress (or lack of it) of the global economy.

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