

Turning Business into an Institution for Hope: In conversation with R. Edward Freeman

By Wayne Visser

This is a summary of a conversation from my podcast Thriving: The Breakthrough Movement. You can listen to the full episode [here](#).

My conversation with Ed Freeman was both energising and affirming—just as I expected it would be. As one of the originators of stakeholder theory, Ed has been a decades-long advocate for a purpose-driven, human-centred form of capitalism. And yet, his humility and clarity never waver. From the very beginning of our exchange, it was clear that the “awakening” we’ve seen in business thinking about stakeholders is, in Ed’s view, very real. “For the most part, I think businesses are getting the idea that to run a successful business, you have to have a purpose. And you have to create value for customers, suppliers, employees, communities, and the people with the money.”

That emphasis on value—deep, systemic, stakeholder-wide value—is central to Ed’s thinking. He likens it to the character in one of Molière’s plays who realises he’s been speaking prose all his life: “If you understand that’s what you’re doing, then you can improve it.” He’s particularly critical of the tendency to frame stakeholder interests in terms of trade-offs. “The truth is stakeholder interests are interwoven, they’re connected, they’re joint.”

What stood out for me is how Ed’s work is deeply rooted in systems thinking, though he doesn’t always name it as such. He credits his early influence to Russell Ackoff:

“Stakeholder theory was in the air... I thought it was systems theory.”

That origin story really resonated with my own journey—both of us influenced by systems thinkers long before it became fashionable. Ed interprets synergy simply: “A way of saying stakeholder interests are interconnected... Economists love tradeoffs, and I don’t.”

Our conversation then turned to philosophy—an area where Ed feels equally at home. “I’ve always taught and had appointments in business schools, not philosophy departments... which I like.” He identifies as a pragmatist, and finds fertile ground in thinkers like John Dewey and Richard Rorty. “Dewey understood that democracy needed a thriving business community; that those things needed to be connected.”

But Ed has little patience for abstract theorising. “So much of the work philosophers do in business has been trying to apply pretty high-level ethical theory. And I really don’t think that leads anywhere for the most part.” He prefers to ask, “What problem are we trying to solve?” He sees stakeholder theory as trying to answer three specific

questions: “How is value creation trade possible in a time of great change? The ethics of capitalism? And what should we teach in business schools?”

He also sees real relevance in older thinkers:

“Plato’s ideas about leadership are extremely relevant today... you’re a leader or you’re a tyrant.”

That directness is part of Ed’s charm, and I was struck by how he consistently rejects false dichotomies. On capitalism, for example, he noted that “Adam Smith, the supposed father of capitalism, never used the word. We get the word from Marx.” That, he joked, is “a little bit like having the French national team design the English national team’s football uniforms.”

Rather than fixating on the word “capitalism,” Ed is more interested in how business is changing: “There’s absolutely nowhere to hide.” He pointed to the thousands of social entrepreneurs in countries like Thailand and India as evidence of a “background narrative” in business that is shifting. Still, he cautioned against extremes: “The people on the left think only purpose matters... The people on the right think it’s only about the money... I’m a little bit proud of having pissed off both sides.”

I asked him about the obsession with “the business case”—whether it might just be a justification that follows, rather than drives, decisions. “Yeah, I think that’s right,” he said. “When people say business case to me, I say to them, oh, you mean it’s just consistent with our purpose? Does it create value for all our stakeholders? Do you mean that business case?”

One of my favourite moments was hearing Ed’s view on short-termism. He’s skeptical of the whole short-term/long-term divide.

“The way you have a great long term is to have a great short term and keep it up... I’m a big fan of the short term. I’m a big fan of doing the right things in the short term.”

It was refreshing—and reframing.

We agreed that so much of what holds us back are old distinctions that no longer serve us. “Whenever there are economic consequences, they’re also social consequences... if it’s always both, you don’t have a sharp distinction here.” That led to an insightful riff on Carroll’s CSR pyramid and the triple bottom line: “If I hire you, have I done something economic? Sure. Have I done something social? Sure... So let’s talk about stakeholder value, not economic or social value.”

We finished our conversation on a more personal and poetic note. I asked Ed about the role of creativity in thriving, knowing his love of music and the arts. “I once wrote a haiku a day for a year... it changed the way I was thinking about things.” He sees creativity not as a luxury, but as the essence of future-fit business: “Capitalism works because of our creative imagination... All we’ve got is our creative imagination. But it’s a muscle, that if we don’t use it, we lose it.”

Finally, I asked Ed about hope—what gives him hope, and what he wants to pass on.

“We need to turn business into an institution for hope.”

“To give hope – and real hope, achievable hope, to people who have been shut out of this system.” That, for Ed, is both legacy and purpose: “You can’t inspire other people if you’re not inspired.”

I came away reminded that ideas do indeed change the world—and that Ed Freeman continues to be one of the great inspirers in business and beyond. As he put it so plainly, “It’s not just about the money... we really can change the world.”

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