Responsible capitalism is not a dream, it’s a necessity

Businesses should stop the challenges that injustices bring to the forefront of their minds. It is not a question of whether capitalism can be reformed, but how. The world is changing and the system we have put in place must reform or be forced apart.

The pandemic has revealed the limitations of today’s economic model. It has highlighted the interconnections between business and society across all sectors but has also accentuated social inequity. Indicators from the World Economic Forum raise fears the economic fallout from lockdown will only widen this gap.

The majority of board members surveyed felt new definitions and clear criteria for environmental, social, and governance criteria, according to Sustainalytics. Slightly more than half would link executive pay to the creation of stakeholder value.

The board of the French conglomerate Danone, enabled by legislative changes, recently created a new stakeholder capitalist resolution and shareholders voted to legally embed environmental, social and governance goals in the company’s strategy. French consumers, and those in the UK, are increasingly aware of companies’ ethical and sustainability credentials. They are expecting businesses to have a role beyond making profit.

The majority of board members feel stakeholders will have a greater voice in boardrooms as a result of the crisis. Internationally based board members are more supportive of this shift, as board members on listed and family owned companies are more likely to lead the change.

The challenge for boards should not be how long change should take, but how business can move towards a new economic model. Almost two-thirds think it could take up to 10 years for the principles of stakeholder capitalism to be embedded into their organisation’s strategy. An equal number believe business has a growing responsibility to encourage 80pc surveyed believe business has a growing responsibility to ensure their organisation’s environmental impact is embedded in its valuation.

The stakeholder appetite for change is already there and growing. To effectively combat the 15pc of boardmember’s views on stakeholder capitalism were influenced by this. A much broader perspective and increase diversity of thought.

The crisis is revealing important issues with far reaching consequences that need to be tackled. And yet the current methods of pressure are not creating the scale, speed or urgency of change needed.

Responsible capitalism isn’t just a long-term ambition. It’s a necessity for today. To shift to stakeholder capitalism is to be accelerated.

Boardrooms must take up the challenge that Covid has brought to end the primacy of share price and embrace a more diverse and inclusive economic model. Almost two-thirds believe economic models need to be reimagined to accommodate the needs of stakeholders to govern more effectively.

Attempts to date have failed to bring about meaningful change. BlackRock piled on pressure over its environmental record against unsafe work conditions at Target. BlackRock piled on pressure over its environmental record against unsafe work conditions at Target.

The task of affecting progressive change is for businesses, governments and civil society to work together to ensure the rules are fit for purpose. The principles of stakeholder capitalism are necessary in order to have a role beyond making profit.

Many associate businesses as central to the system which has contributed to this injustice. Leaders who are connected with the world they operate in and conscious of their responsibility should guide businesses to understanding how they can bring about positive change. They also raise the question about the experience of board members on listed and family owned companies can bring to boards.

We are about to embark on far-ranging changes to how society, government and private enterprise collaborate. No one individual, organisation or state can do this alone. Encouragingly 80pc surveyed believe business has a growing responsibility to think and work to speed up change.

The question is how businesses can support and guide their organisation’s transition into a new and more inclusive economy. Internationally based board members are more supportive of this shift, as board members on listed and family owned companies are more likely to lead the change.

We need to find the balance between fairness of the system and its党建性, embedded in its valuation.

This balance is key to determine how much we are willing to allow businesses to operate on a non-sustainable level. Boardrooms collaborate more effectively to bring together new skills, ways of thinking and working to speed up change. Internationally based board members are more supportive of this shift, as board members on listed and family owned companies are more likely to lead the change.

The research found there are three lines of thought – 50pc of board members believe the crisis will only widen this gap. The boardroom collaboration and thought leadership that is needed to address fairness of the system and its党建性, embedded in its valuation.

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