Doughty Centre Corporate Responsibility

Cranfield UNIVERSITY
School of Management

RENEWING CAPITALISM: REFLECTIONS

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DOUGHTY CENTRE FOR CORPORATE RESPONSIBILITY

CRANFIELD SCHOOL OF MANAGEMENT

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RENEWING CAPITALISM: **REFLECTIONS**

CONTENTS

Executive Summary

Over the past eighteen months, the Doughty Centre for Corporate Responsibility has been mapping a number of organisations, initiatives and time-limited projects concerned in some way with the renewal of capitalism.
www.som.cranfield.ac.uk/som/p20852/Research/Research-Centres/Doughty-Centre-Home/Research/Renewing-Capitalism

This "Reflections" paper draws together some of the themes identified by the mapping exercise; offers some synthesis; and suggests some next steps.

The paper begins with an introductory overview of some of the factors which have led to the current questioning of Anglo Saxon capitalism. It summarises the different initiatives and movements focussed on the renewal of capitalism; some of the other exercises to map this territory; and some of the organisations, initiatives and reports particularly impacting debate in the UK.

In Part B, the paper synthesizes some of the messages to:
i. Individual businesses,
ii. Institutional investors,
iii. Businesses contributing to more inclusive capitalism,
iv. Individual managers and business leaders,
v. Regulators and governments,
vi. Business schools,
concluding with some "open questions".

Finally, Part C explains what the Doughty Centre's next steps are and tentatively suggests some practical steps for individual businesses committed to renewing capitalism to adopt in their own organisation, and asks whether a greater consensus on defining these practical steps could be achieved.

It then offers a "menu" of things that individual, corporate or foundation sponsors, wishing to fund practical action to promote the renewal of capitalism, could support. In particular, given the seemingly ever-expanding list of initiatives and organisations in the "renewing capitalism" space and, therefore, the difficulties of getting to grips with the depth and breadth of the subject; it is suggested that funders might support the creation of a Global Solution Network on Renewing Capitalism, which could be a clearing-house for work on renewing capitalism, facilitate collaboration, avoid duplication, disseminate ideas and promote debate.

The "Reflections" are offered for discussion and elaboration with the help of others interested in the renewal of capitalism.

Renewing Capitalism: Reflections (V3)

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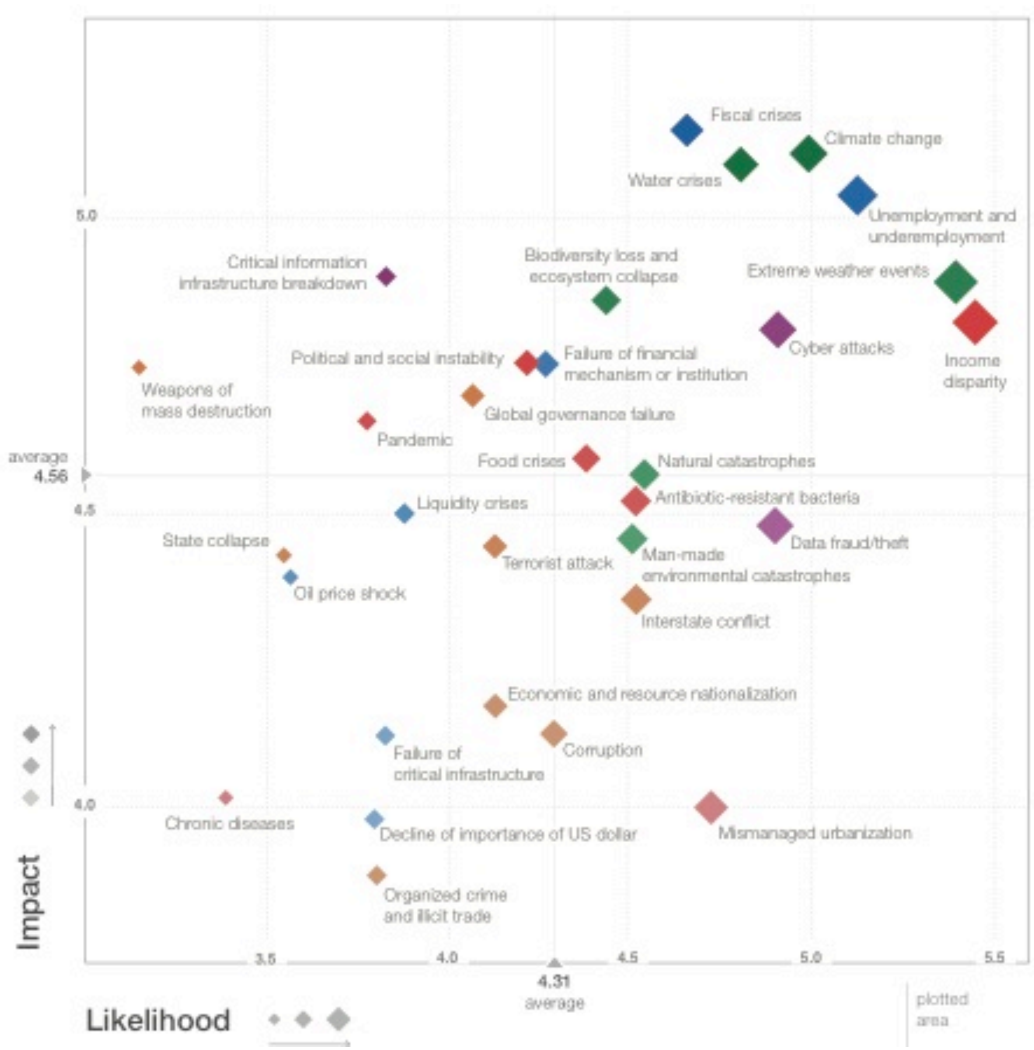
Introduction – Why is Capitalism in Question?

Only 32% of CEOs believe that the global economy is on track to meet the demands of a growing population.[1] Some of the likely reasons why 68% of CEOs don't believe that the global economy is on track to meet the demands of a growing population, can be found in the latest Davos World Economic Forum Global Risks report. The top ten risks in descending order are identified by global elites as: Fiscal crises in key economies; Structurally high unemployment/underemployment; Water crises; Severe income disparity; Failure of climate change mitigation and adaptation; Greater incidence of extreme weather events (e.g. floods, storms, fires); Global governance failure; Food crises; Failure of a major financial mechanism/institution and Profound political and social instability[2]. See figure 1.

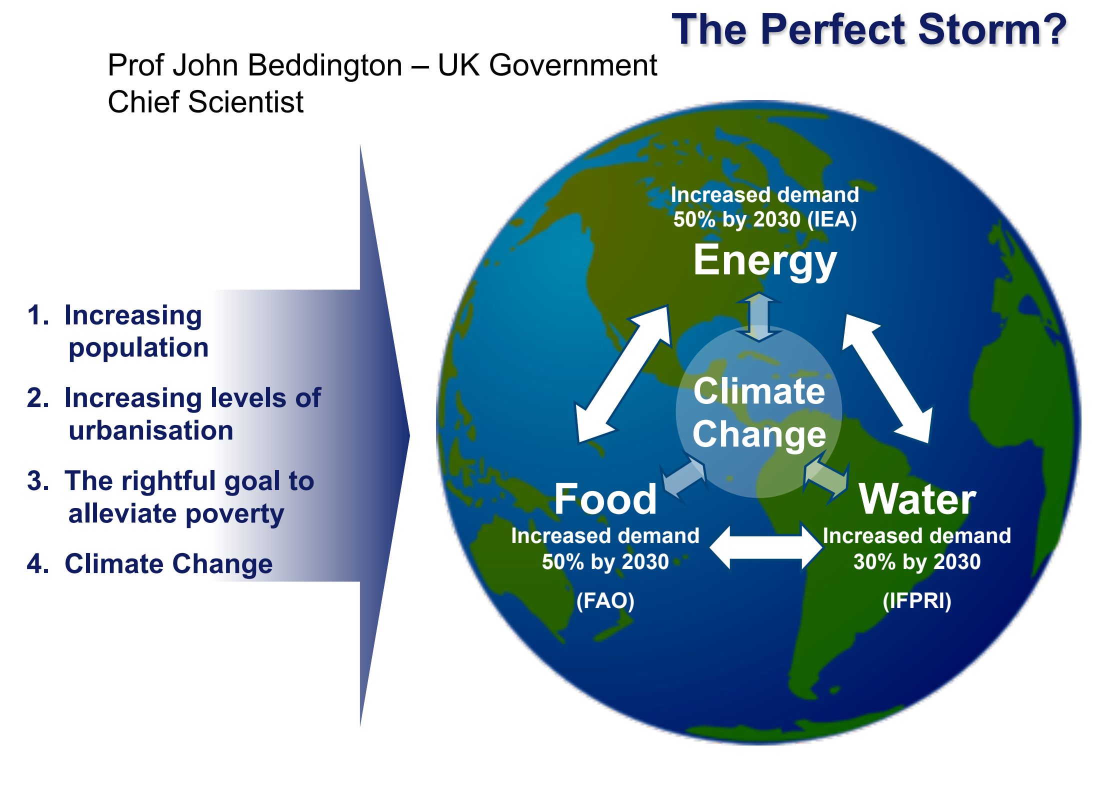


What is striking is how each of these ten mega-risks can challenge the resilience of global capitalism.

In “Corporate Responsibility Coalitions: The Past, Present, and Future of Alliances for Sustainable Capitalism,” Jane Nelson from CSR Initiative, Kennedy School of Government Harvard and David Grayson summarized four mega-crises facing the world today: “multiple, complex and interlocking global crises: a global financial crisis, an emerging global sustainability crisis, a global trust crisis and a global governance crisis.”[3]

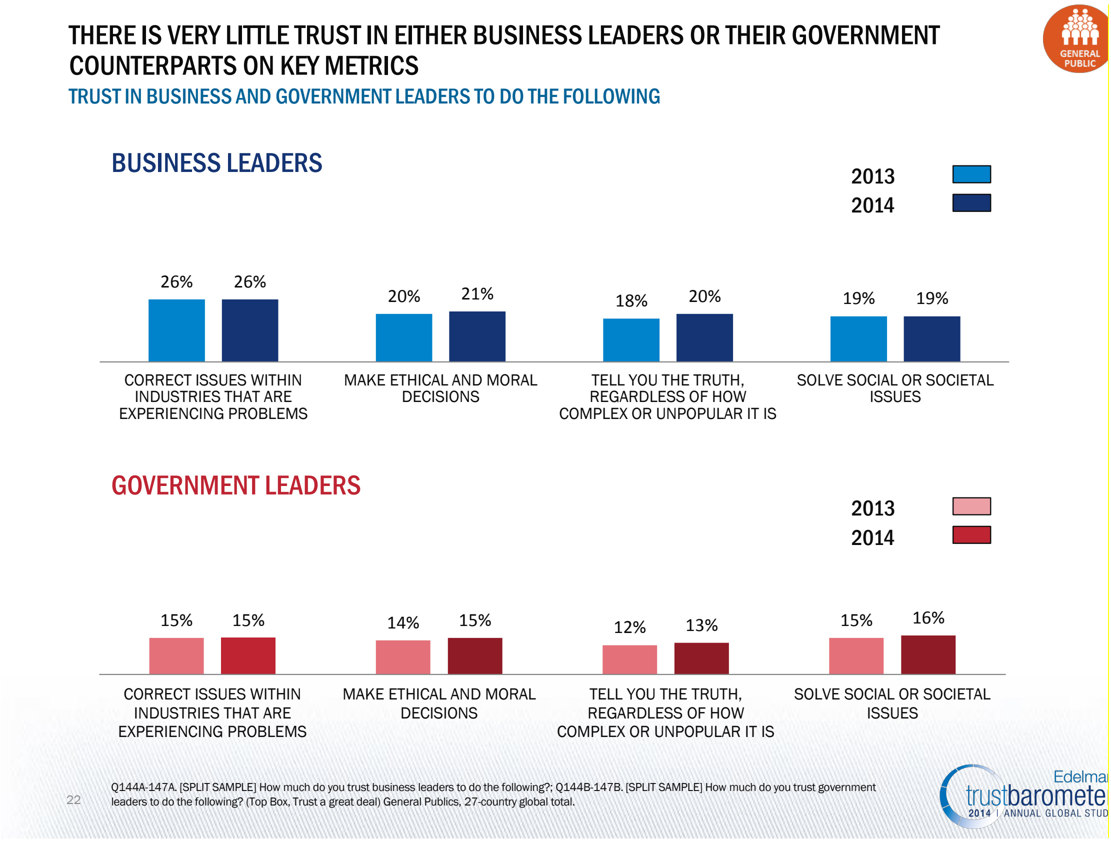
Following the Global Financial crisis of 2008, there has been a broader Global Economic Crisis with high rates of under and unemployment, and rising global inequalities, leading to the Occupy Movement. President Obama has complained about a “dangerous and growing inequality” in the U.S., using the word "inequality" 26 times in a major speech on the topic (Dec 2013) and wants to make it the defining topic of his second term. Oxfam grabbed headlines at the 2014 World Economic Forum with their dramatic claim that the world’s 85 richest individuals now own as much as the poorest half of the 7 billion global population, and that this “growing tide of inequality” threatens “to undercut democracy in developed countries and exacerbate corruption in underdeveloped nations.”[4] Notwithstanding the criticisms of his methodology by the Financial Times and others, Thomas Pitkety’s best-selling book “Capital in the 21st Century,” which argues that wealth inequality is reaching levels not seen since before World War One and could become unsustainable, has generated major debate (even if few may have read the 700-page tome!).

The former Chief Scientific Adviser to the UK Government, Prof Sir John Beddington warned of a "perfect storm" of food shortages, scarce water and insufficient energy resources” by 2030 caused by rising middle-classes, growing population overall and the accumulating impact of Climate Change.[5] See figure 2.



Hence, increasing business discussions of the “Food-Energy-Water Security Nexus;”[6] and the question posed by the business-led Corporate Responsibility coalition The World Business Council for Sustainable Development: how will nine billion people live well, within the constraints of One Planet by 2050?[7]

Edelman’s annual Trust Barometer suggests many people lack trust in established institutions. The 2014 Barometer, for example, reports that “there is very little trust in either business leaders or their government counterparts on key metrics.” See figure 3.



A Pew Research Center opinion survey, conducted in 39 countries in spring, 2013 asked: “Will children in your country be better off than their parents?” Only 33 per cent of Americans believed their children would live better, while 62 per cent said they would live worse. Europeans were even gloomier. Just 28 per cent of Germans, 17 per cent of British, 14 per cent of Italians and 9 per cent of French thought their children would be better off than previous generations. This western pessimism contrasts strongly with optimism in the developing world: 82 per cent of Chinese, 59 per cent of Indians and 65 per cent of Nigerians believe in a more prosperous future.[8]

Now for the Long Term, The Report of the Oxford Martin Commission for Future Generations, published in autumn 2013, highlighted a range of pressing global challenges, and highlighted deficits in global governance which currently prevents progress to tackle these challenges. This Eminent Persons Group chaired by Pascal Lamy, then went on to propose a range of new models and approaches to address the current global governance crisis.[9]

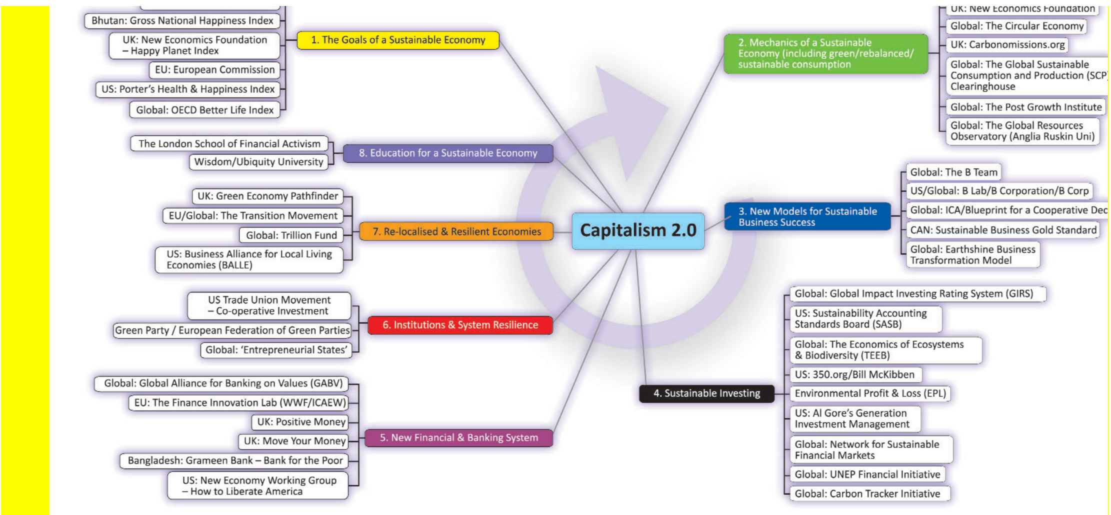
In the face of these multiple crises, it is unsurprising that reflective business leaders as well as academics, public servants, people from Civil Society and other thought leaders have been considering the future of capitalism.

THE FUTURE OF CAPITALISM

As Peter Bakker, president of the World Business Council on Sustainable Development, said in a speech at The Prince's Accounting for Sustainability Forum in December 2012, "Business as usual is not an option for a future-proofed economy in which nine billion people live well within the limits of the planet by mid-century."

Various initiatives and organisations are working on ideas for a more environmentally and socially sustainable version of capitalism: the consultancy Volans labels it Breakthrough Capitalism; Corporate Knights calls it Clean Capitalism; John Mackey, Prof Ed Freeman and Raj Sesoria prefer Conscious Capitalism; Bill Gates used Creative Capitalism as the title of his book; Al Gore and David Blood call it Sustainable Capitalism; and Ed Milliband and other politicians, and writers like Nicholas Shaxson uses Responsible Capitalism. Todd Hendersin and Anup Malani call it Capitalism 2.0 in their March 2008 Forbes article with that title. Adair Turner had earlier written of "Just Capitalism;" and Jonathan Porritt of "Capitalism as though the planet matters." The Aldersgate Group of businesses, NGOs and academics propose "An Economy that Works."

It can be a confusing picture as these diagrams identifying some of the initiatives and organisations working on a more environmentally and socially sustainable version of capitalism make clear. The first comes from a pamphlet by Michael Townsend and Brad Zarnett, and published jointly by their respective organisations Earthshine and the Toronto Sustainability Speaker series[10]; and the second by the business-led Corporate Responsibility coalition Business in the Community. See figure 4.



Change Map: Towards the Sustainable Economy – An Alignment of Change Projects Around the World.
There's a lot happening out there – and the more we look, the more we find. Please share with us your own initiatives and others that you know about.
Help us complete our Sustainable Economy roadmap, towards a better future.

In the face of these myriad reports, initiatives, meetings and organisations, the words of the American jurist Oliver Wendell Holmes, Jr. seem apposite:

"I would not give a fig for the simplicity this side of complexity, but I would give my life for the simplicity on the other side of complexity."

Inspired by the late Nigel Doughty, founder of the Doughty Centre for Corporate Responsibility (DCCR) at Cranfield, in what was to be his last meeting with the DCCR director,, the DCCR has – perhaps naively or ambitiously – set out to map this territory; to search for linkages and alignment; to encourage dialogue, mutual learning and connectivity; to build momentum by helping to socialize the ideas; and to provide some commentary on how a workable agenda might be taken forward. This paper is the next stage in our journey.

There are now a plethora of initiatives, organisations, time-limited projects focused on renewing capitalism (whether explicitly or in practice). A plurality of perspectives and a diversity of priority topics is both desirable and inevitable. However, it can also feel like a bewildering cacophony to business leaders and policy-makers - let alone to individual citizens.

- if we can cut through the cacophony we might encourage more collaboration
- with more collaboration, there might be more connectivity, comprehensiveness and robustness
- with more connectivity, comprehensiveness and robustness there might be more communication, profile and momentum
- and with more communication, profile and momentum, greater commitment to action.

That at least, is our goal!

As we set out, however, we quickly discovered that we are in good company in seeking to map this territory.

OTHER MAPPING EXERCISES

Amongst the other mapping exercises we have discovered are:

- Jonathan Bailey, Connor Keogh et al, working with Dominic Barton (global managing partner, McKinsey & Co), particularly focusing on Long-Term Capitalism. This work has been merged with the DCCR mapping to provide the BITC on-line resources: Leadership Insight11 quoted above
- Michael Townsend and Brad Zarnett have mapped some forty initiatives and organisations, many originating in North America, in A Journey in search of Capitalism 2.0, and plan a book with some fifty further initiatives and organisations[12];
- A doctoral student Isabel Sebastian, based in the Institute for Sustainable Futures, at the University of Technology, Sydney, Australia has mapped 26 “new economics” organisations from across the world with a focus on new metrics for happiness and well-being and systems-change[13];
- Jules Peck (Jericho Chambers), Peter Lipman (Transition Towns), Ed Mayo (Co-ops UK) and Neil Lawson (Compass) have established a Real Economy Lab and have already started some mapping[14];
- Kelly Clark, James Arbib and Marshall Clemens at the Tellus Mater Foundation have produced a series of maps particularly focused on efforts to create more sustainable financial markets;
- And The Institute for New Economic Thinking, established with a $50m donation from the financier George Soros, is a network of centres and other networks which was “created to broaden and accelerate the development of new economic thinking that can lead to solutions for the great challenges of the 21st century.”15

We ourselves have identified some one hundred and thirty organisations, initiatives and time-limited projects with some UK presence, working on the renewal of capitalism.

OUR PROPOSED TAXONOMY

We begin the analysis with who? what? why? and how?

Who?
- What sort of organisation is behind this initiative?
- What is its guiding spirit?
- Business
- Finance
- Academic
- Law
- Civil Society
- Faith based
- National government
- Multi-national government (e.g. EU, UN)
- Multi-stakeholder

A separate column identifies particular organisations and individuals

What?
What is the agenda of this initiative?
Two different methods are used to analyse the content:

Firstly, we identify the key themes that emerge from the initiatives we have found
This analysis starts from the initiatives and attempts to group them into clusters
- Planetary boundaries
- Responsible behaviour (by organisations, leaders, managers; ethical standards, management education)
- Inclusivity (inequality)
- System stability & resilience (boom/bust, the financial system)
- Measurement issues (GDP, wellbeing, carbon, resources)

Secondly, we start with an adaptation of the PESTLE themes (Political, Economic, Societal, Technical, Legal and Environmental). This is then further broken down using the WEF Insight Report: Global Risks 2014

This analysis starts with a framework and then allocates the initiatives to it
- Geopolitical (including legal and regulatory issues)
- Economic
- Societal
- Technological
- Environmental
- Multi-dimensional (complexity, systemic breakdown)

Why?
What is the purpose of this initiative? What is it hoping to achieve?
This uses an adaptation of the work of the Global Solutions Network research programme currently under way at the Martin Prosperity Institute at the Rotman School of Management in Toronto. This has identified the following categories or types of Global Solution Networks:

- Knowledge creation: new thinking, research, ideas
- Operational impact/delivery of change

- Public policy creation
- Advocacy: changing the agenda
- Watchdog: scrutinizing institutions
- Networking
- Global Standards
- Governance

How?
How does this initiative propose to proceed? What sort of change is envisaged?
1. Incremental, evolutionary change
2. Radical, revolutionary change

For further information on the taxonomy and a current listing, see appendix 1.

We have also analysed the listing of initiatives to count the numbers falling in each of the taxonomic categories. These data are presented in tables and charts in appendix 1.

Key findings are:

- The predominant guiding spirit behind the initiatives is civil society, followed by business and finance.
- The main concerns being addressed by the initiatives are the environment (planetary boundaries) and the need for more responsible behaviour by business. Also being examined are a range of economic issues, particularly the lack of adequate theories about how the capitalist system works and the need for better measures of progress (for example, a replacement for or addition to GDP at the system level, and measures to assess environmental, societal and governance impacts at the organisational level)
- Most of the initiatives have as their purpose the advocacy for change, but the majority also see change as being evolutionary rather than radical.
- There are no initiatives on our list that address risks relating to the development of new technology (e.g. data mismanagement, accidents or abuse involving bio-technology, which are identified in the WEF Global Risks report as trends to watch). We may have missed them, although it is possible that these issues have not yet risen sufficiently high up the agenda, despite some well publicised data security breaches; the agenda is still dominated by longer standing concerns over environmental issues and the aftermath of the financial crisis.

We welcome feedback on this taxonomy, and more clarity about the problem(s) with current capitalism which each organisation, initiative and time-limited project is seeking to address. Meantime, as a sense-check, brain-dump, dialogue-generating exercise, the following reflections and commentary are offered.

PART B

MESSAGES TO INDIVIDUAL BUSINESS

We started our work – as several of the organisations and initiatives we are mapping do too – by looking at the purpose of business.[16] There are good precedents for this: the management philosopher and guru Charles Handy famously asked in an RSA lecture in 1990: “what is a company for?”[17] This led to the RSA Tomorrow’s Company inquiry and the subsequent organisation of that name.

The economist John Kay, speaking at the 2013 Better Business Blueprint conference, contrasted the purpose of ICI circa 1987:

> “ICI aims to be the world’s leading chemical company, serving customers internationally through the innovative and responsible application of chemistry and related science.
> Through achievement of our aim, we will enhance the wealth and well-being of our shareholders, our employees, our customers and the communities which we serve and in which we operate”.

With that in 1994, shortly before it fell into terminal decline:

> “Our objective is to maximise value for our shareholders by focusing on businesses where we have market leadership, a technological edge and a world competitive cost base”.

As Kay pointed out, in the first, Operations are primary, finance secondary; there is a Stakeholder orientation; and there is a focus on finding new business to deploy capabilities for competitive advantage. In contrast, in the later formulation, Finance is primary, operations secondary; it is a Shareholder orientation; and the focus is on exploitation of businesses with established competitive advantage. Jack Welsh, the legendary CEO of GE was widely credited with formulating shareholder-value as the purpose of business; but in a Financial Times interview in 2009, he described “shareholder-value as the dumbest idea.”[18] Dumb or not, it has held remarkable dominance for the last four decades.

Yet as the Johnson & Johnson Credo from 1943 suggests, the pursuit of shareholder-value should not be the purpose of business, but rather the consequence of a well-run business. The credo says:

> We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others **who use our products** and services. In meeting their needs everything we do must be of high quality. We must constantly strive to reduce our costs in order to maintain reasonable prices. Customers' orders must be serviced promptly and accurately. Our suppliers and distributors must have an opportunity to make a fair profit.
>
> We are responsible to our **employees**, the men and women who work with us throughout the world. Everyone must be considered as an individual. We must respect their dignity and recognize their merit. They must have a sense of security in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly and safe. We must be mindful of ways to help our employees fulfill their family obligations. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide competent management, and their actions must be just and ethical.
> We are responsible to the **communities** in which we live and work and to the world community as well. We must be good citizens -- support good works and charities

> and **pay our fair share of taxes.** We must encourage civic improvements and better health and education. We must maintain in good order the property we are privileged to use, **protecting the environment and natural resources.**
>
> Our final responsibility is to our **stockholders.** Business must make a sound profit. We must experiment with new ideas. Research must be carried on, innovative programs developed and mistakes paid for. New equipment must be purchased, new facilities provided and new products launched. Reserves must be created to provide for adverse times. When we operate according to these principles, the stockholders should realize a fair return. [Emphasis added]

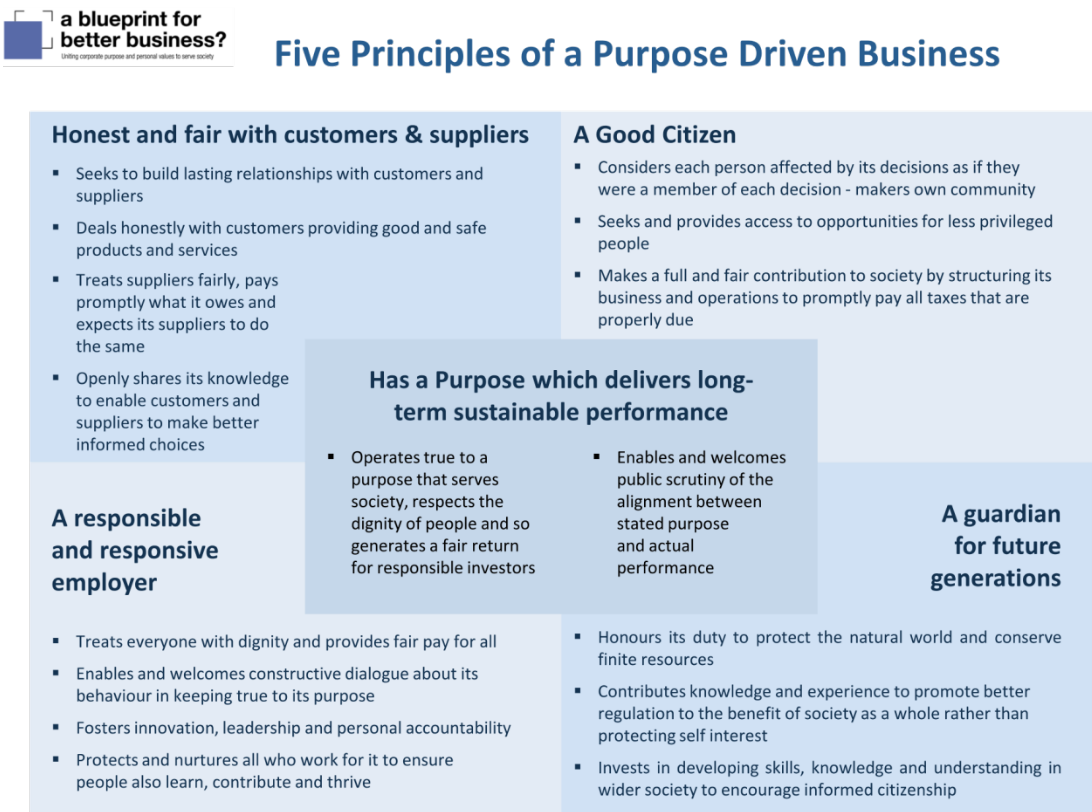
John Neill, long-serving CEO of the Unipart Group of Companies and a member of the DCCR advisory council, similarly summed up business purpose for us recently:

> "Our mission requires us to be a company in which our stakeholders are keen to participate. So what does that mean? It means you want all of your stakeholders to stay for life so if our employees are going to stay for life, we are going to have to train them to stay relevant forever. If our customers are going to stay for life we have to make sure we give them such outstanding service at such competitive cost with continued innovation, so there is no motivation to go anywhere else. If our suppliers are going to stay with us for life we need to ensure that they can produce products and services that are so good we don't have to go anywhere else. If we are going to have a community in which we can do business we have to be sure they're not devastated otherwise how can they pay for our products. Our community schools need to turn out people, who can read, write, do sums and have a passion to learn otherwise how can we compete? If you do all of those things really well then you should produce fair enduring long term returns for your shareholders."[19]

The Environmental Law Service (now known as Frank Bold Society) has launched a new project "The Purpose of the Corporation" which seeks to initiate a serious policy level debate about what society expects from corporations at the most fundamental level and how that should be reflected in company law, corporate governance and business practice. It is working on getting the new European Commission which starts this autumn, to hold a policy discussion on the purpose of the corporation in the 21st century.

Frank Bold are also working closely with the Sustainable Companies Project, coordinated from Oslo Law School, which brings together senior legal academics from around the globe. They are working on recommendations for changes to company law at the EU level which they will release this year. Having looked at 40 jurisdictions: 11 EU member states plus other major ones like China, USA etc, the Sustainable Companies Project has concluded that rather than maximising sharheolder value, there should be a new purpose of the corporation: to provide sustainable returns to investors within planetary boundaries[20].

Blueprint for Better Business has proposed Five Principles of a Purpose-driven business[21]: See figure 5..



A board and senior management team might commit directly to this business purpose. They might, however, also arrive at this or something similar, through the process of developing a board mandate as advocated by Mark Goyder from Tomorrow's Company. A board mandate is defined as:

> "A mandate captures the 'essence' of the 'character' and distinctiveness of the company, in terms of: its essential purpose; its aspirations; the values by which it intends to operate; its attitude to integrity, risk, safety and the environment; its culture; its value proposition to investors; and plans for development. It is a living statement about what the company stands for and how it wishes to be known to all of its stakeholders."[22]

One likely consequence of a board mandate process and / or the Better Business Blueprint purpose-driven business, is that the board acquires a board mindset for corporate sustainability:

> "A collectively held view that long-term value-creation requires the company to embrace the risks and opportunities of sustainable development; and that the board are simultaneously mentors and monitors, stewards and auditors of the management in their commitment to corporate responsibility and sustainability."[23].

Whatever the starting point: Better Business Blueprint, Board Mandate, Board Mindset for Corporate Sustainability, the point is that each requires a process of intense debate and reflection within the board, and senior management team; and leads to an action-plan for transformation of the business, which will be a radical change-management process.

COMPANY-INVESTOR DIALOGUE

It also becomes a vehicle of and creates the necessity for a far better quality of dialogue and engagement with investors, and encourages more Stewardship Investing. The Stewardship Code is a set of principles or guidelines first released in 2010 by the Financial Reporting Council directed at institutional investors who hold voting rights in United Kingdom companies. Its principal aim is to make institutional investors, who manage other people's money, be active and engage in corporate governance in the interests of their beneficiaries (the shareholders)[24]. Whilst the former chairman of the Bar Council Stephen Hockman QC has pointed out that “the Code is directed towards UK-based asset managers and domestic institutional investors, who own less than one third of the shares in UK quoted companies, {which} means that it is unlikely to have a transformative effect on corporate governance,”[25] it can help investors like Hermes and Newton Asset Management that are seeking to engage with the companies in which they invest, on how those companies are managing their Social, Environmental and Economic (SEE) Impacts (Corporate Responsibility) /ESG (Environmental, Social Governance) performance. It also strengthens the hand of those companies actively seeking to change their Share Register to incorporate a minimum percentage of stewardship investors who will be shareholders rather than share-traders[26]. This does beg the question of a better definition of stewardship investing. Some mixture of enhanced dividends and maybe reduced tax on dividends for long-term shareholders might help incentivise stewardship investors? The Tomorrow’s Company work on the Swedish model of the Board Nominations Committee having representatives from institutional investors might also encourage stewardship investing. We don’t think there is anything legally to stop a board from appointing some representatives from institutional investors as members of a board Nominations Committee?

Better dialogue with investors requires better information, including on how the better management of SEE impacts is an integral part of business strategy. In recent years, there has been a marked increase in the numbers of large companies producing regular reports on their SEE impacts (Corporate {Social} Responsibility / Sustainability Reports). As the biennial KPMG global survey of CR Reporting has made clear, such reports are now de facto, soft law requirements for large companies. The 2013 survey concludes that “CR reporting is now undeniably a mainstream business practice worldwide, undertaken by almost three quarters (71 percent) of the 4,100 companies surveyed in 2013. This global CR reporting rate is an increase of 7 percentage points since 2011 when less than two thirds (64 percent) of the companies surveyed issued CR reports. Among the world’s largest 250 companies, the CR reporting rate is more or less stable at 93 percent.”[27]

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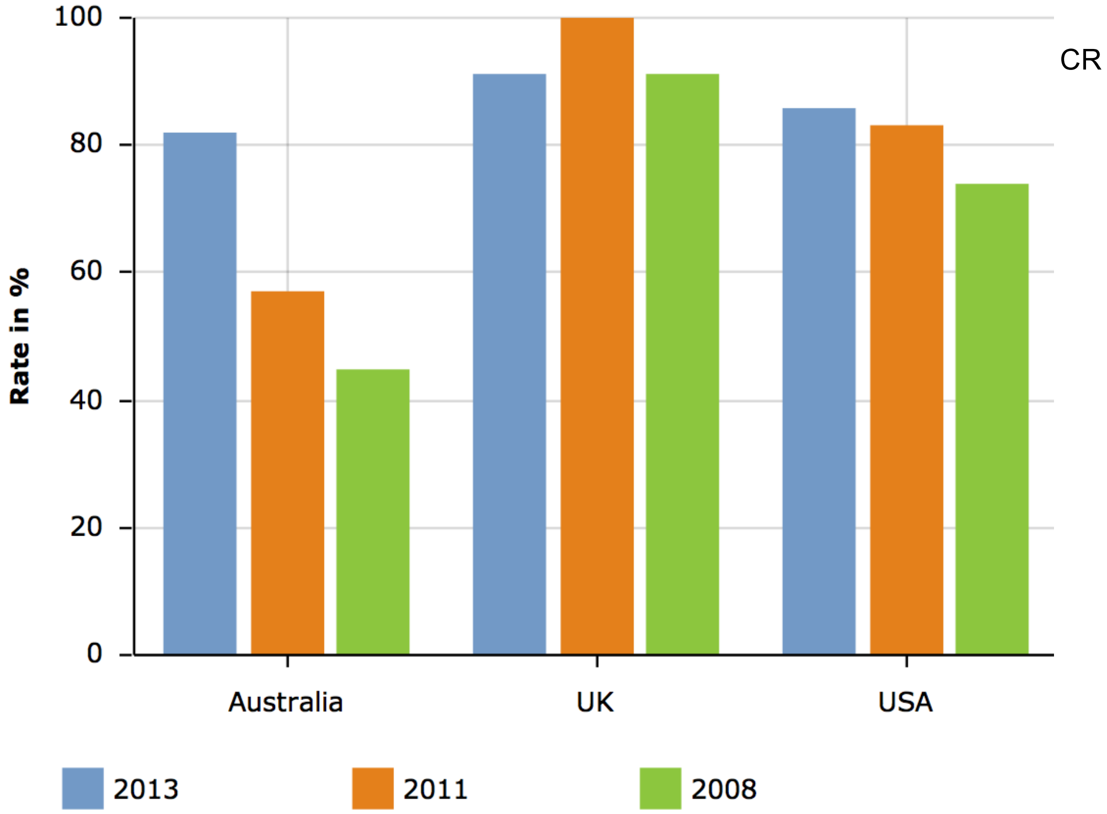


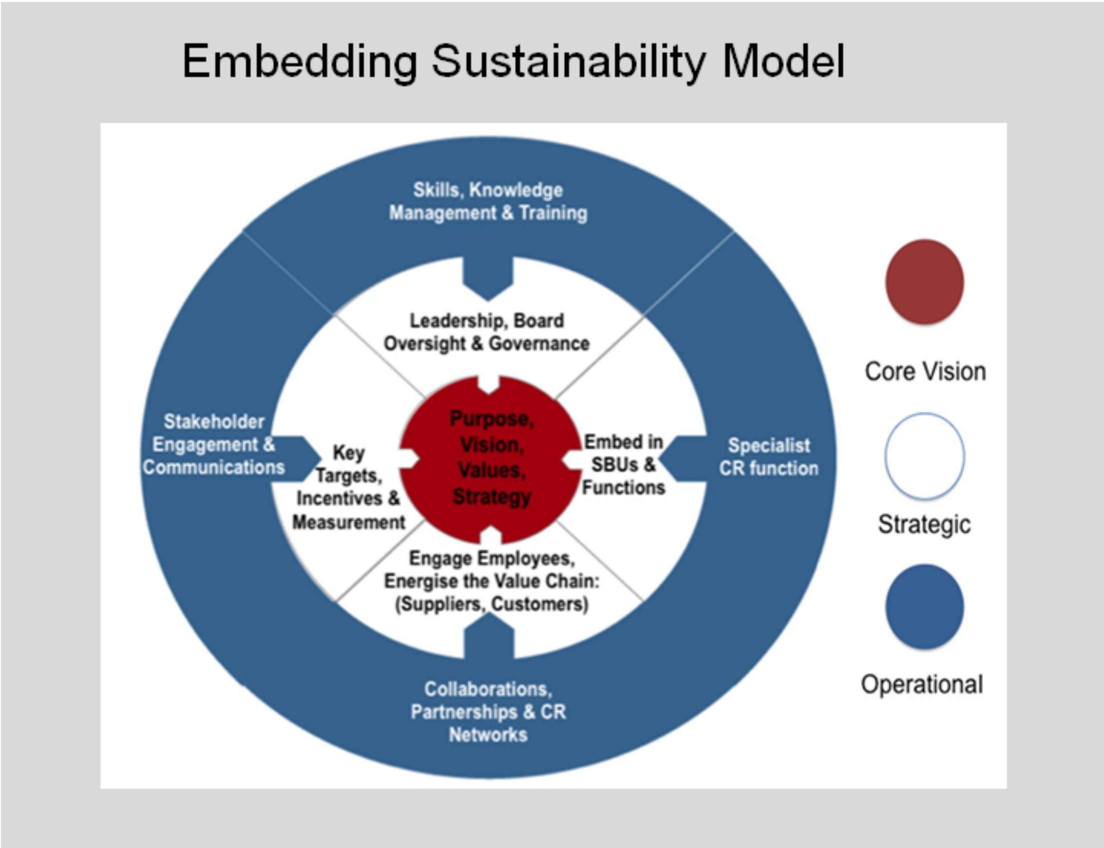
Corporate Responsibility reports are of variable quality. Integrated Reporting championed by Prince of Wales Accounting for Sustainability and now the International Integrated Reporting Council would help improve the quality of the reporting (by integrating with the main annual report and accounts and business strategy) and improve business-institutional investors' dialogue about long-term issues. The 2014 EU directive for large companies with more than 500 employees to report on policies, risks and results in relation to social, environmental, human rights, diversity and anti-corruption matters could further promote Integrated Reporting.

Once there is more experience with the practicalities of Integrated Reporting, this could become a part of the Corporate Governance Code, and also an LSE Listing requirement/ (It is already a Johannesburg Stock exchange Listing requirement, but that may be a bit premature, until more companies have had longer to experiment with Integrated Reporting). Meantime, the Sustainable Stock Exchanges Initiative is encouraging signatory exchanges to revise listing requirements and is sharing emerging practice in doing so.

Effective Integrated Reporting is impossible without first having done careful identification of a company's Social, Environmental and Economic Impacts – something we have provided practical guidance for managers about in our How-to series of practitioner publications.[28] The emerging Sustainability Accounting Standards Board[29] – an NGO – is also providing increasing guidance on material impacts, including on a sectoral basis.

In the USA, the "umbrella" Business Alliance for the Future which brings together a number of business and Civil Society organisations, has a Metrics Collaborative Team to promote greater robustness, consistency and use of metrics[30].

With better metrics and measurement, it will become easier to appraise and reward managers, senior executives and boards against long-term performance which takes into account SEE impacts and costs. There is, however, a significant gap for interested and knowledgeable individuals and organisations to advise on linking executive compensation to long-term, sustainability performance. By contrast (and certainly versus ten or even five years ago), there is now much more information and experience of how to embed corporate responsibility through a business. A number of different models exist. The Doughty Centre uses a "jigsaw target" model described in our recent Occasional Paper "Business Critical: Understanding A Company's Current And Desired Stages Of Corporate Responsibility Maturity," published with Legal & General. [31] See figure 6.



It could be a useful reality-check / clarification of areas of agreement and common purpose between existing initiatives and organisations, to see if there is broad agreement on the desired "to be" state that Better Business Blueprint, Breakthrough Capitalism, Capitalism 2.0, Responsible 100, Tomorrow's Company, Business in the Community (and similar business-led Corporate Responsibility coalitions in other countries), are seeking.

The Ontario-based sustainability consultant Bob Willard suggests the following "to be" state[32]. We would make the market-focus in column three: "Glocal" i.e. local **and** global. See figure 7.

CAPITALISM 2.0

	Capitalism 1.0	Capitalism 2.0 (a.k.a, Clean / Disruptive Capitalism)
Purpose of the Firm	Maximize *share*holder value; ROI; Growth	Creating shared *stake*holder value, including the Environment
Legitimate capitals	Financial	Financial, Natural, Social
Bottom lines	Profit –first; short-term	Profit, People, Planet; long-term
Source of financial capital	Stock market; Big financial institutions; Absentee owners	Stock market; Smaller financial institutions; Customers; Employees; Local communities
Market focus	Global	Local
Negative impacts	Externalized	Internalized
Accountability boundaries	The Firm	The Firm's value chain, over its products' life cycles
Transparency	As little as possible	Naked
Business model	Take-Make-Waste; Linear	Borrow-Use-Return; Circular

(Source: http://sustainabilityadvantage.com/2013/05/28/capitalism-2-0/)

The emphasis on "Circular Economy" in Willard model mirrors the conclusion from the UNGC-Accenture CEOs' Sustainability survey 2013:

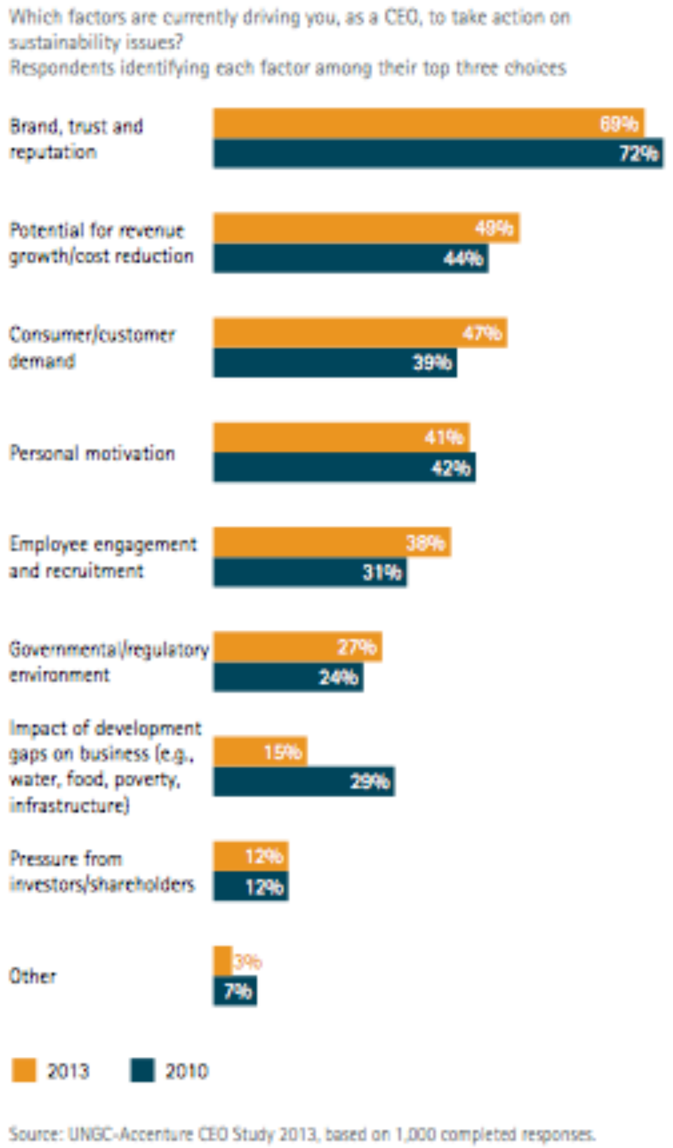
> "Absent almost entirely from our conversations in 2010, the concept of the circular economy has taken quick hold among CEOs focused on innovation and the potential of new business models. Already, a third of CEOs in this year's survey report that they are actively seeking to employ circular economy models. In the consumer goods sector, for example, leading companies are exploring new models to reduce cost and build competitive advantage. In the automotive industry, for example, our survey data suggests that 43% of CEOs in the sector are already looking to the circular economy as a source of competitive advantage."[33]

Accenture incidentally have followed up their CEOS survey, with a new report specifically on Circular Economy models: "Circular Advantage: Innovative Business Models and Technologies to Create Value in a World without Limits to Growth." (June 2014)[34].

One striking omission from the Willard Model is the idea of "culture." This features strongly in Conscious Capitalism. Nadine Exter in the Doughty Centre is working on the concept of Sustainability Culture and working with partners to see if they can develop a dashboard to measure this. There will be a DCCR Occasional Paper in the autumn on Sustainability Culture. Another gap in the Willard Model is no mention of "collaboration" which leading companies and business leaders are emphasizing , as being critical both to finding solutions to challenges they themselves are facing in embedding responsibility and sustainability, and in order to influence business, investors, regulators and governments to act to renew capitalism. What is especially notable is the increasing number of subject and sector specific coalitions and multi-stakeholder initiatives; and at least amongst the leading companies, greater selectivity in where to focus energies and efforts.

MESSAGES TO INVESTORS

The UNGC-Accenture CEOs surveys both from 2013 and 2010 show how CEOs perceive little investor pressure to manage better their Social, Environmental and Economic Impacts. Lack of investor interest, understanding or support is frequently quoted as a barrier. See figure 8.

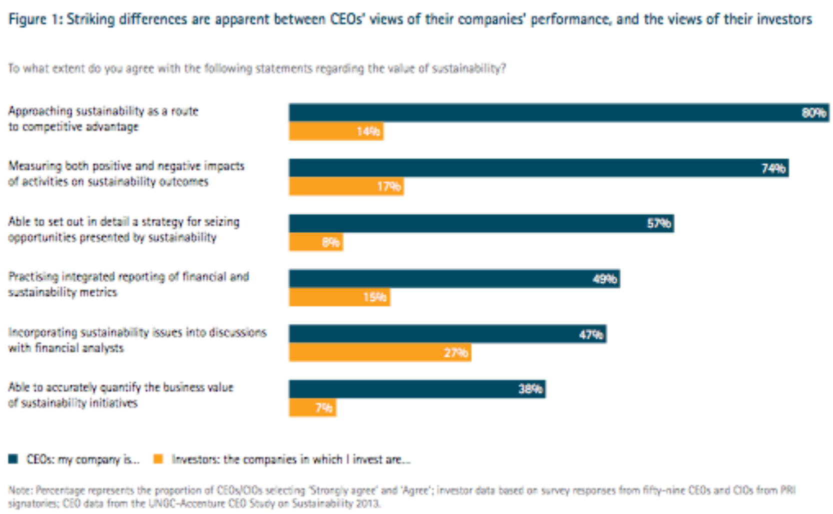


The follow-up UN Global Compact-Accenture "The Investor Study: Insights from PRI Signatories," suggests that CEOs may currently overestimate their success in communicating with investors on sustainability:

> 57% of CEOs say they are able to set out their strategy for seizing opportunities presented by sustainability; when asked the same question of the companies in which they invest, just 9% of investors believe this to be the case.
>
> 38% of CEOs believe they are able to accurately quantify the business value of their sustainability initiatives – but just 7%of investors agree.

The Accenture study concludes that “these striking gaps expose the shortcomings of many companies in communicating their approach to sustainability and its links to traditional measures of business value and success.” See figure 9.

Figure 9



The Investor Study: Insights from PRI Signatories
The UN Global Compact-Accenture CEO Study on Sustainability
In collaboration with the Principles for Responsible Investment – June 2014

In the January-February 2014 edition of Harvard Business Review, Dominic Barton and Mark Wiseman argue that “despite this proliferation of thoughtful frameworks, the shadow of short-termism has continued to advance—and the situation may actually be getting worse. As a result, companies are less able to invest and build value for the long term, undermining broad economic growth and lowering returns on investment for savers.” They report the results of a 2013 global survey of senior executives by their respective organisations: McKinsey and the Canada Pension Plan Investment Board (CPPIB) that 63% of respondents said the pressure to generate strong short-term results had increased over the previous five years; 79% felt especially pressured to demonstrate strong financial performance over a period of just two years or less; and that 44% said they use a time horizon of less than three years in setting strategy. [35] Short-termism and how to tackle this were the focus of reports by John Kay and separately by George Cox for the UK Government and Labour Opposition respectively.

The Accenture and HBR data emphasises the importance of the focus of Long-Term Capitalism, Sustainable Capitalism and of much of the recent work of Tomorrow’s Company specifically on the investment community.

The Investor Stewardship Working Party, supported by Tomorrow’s Company has recommended creating a simple guide to good engagement practice, in particular to encourage more productive meetings; that companies and institutional investors should seek feedback on the quality of meetings and over time use this to identify and improve good stewardship, with institutional investors who are signatories of the UK Stewardship

Code being more transparent about the extent to which they intend to exercise stewardship as part of a product offering; a 'Stewardship Framework' against which institutional investors can categorise themselves; and that companies should develop a 'Stewardship Profile' of the current extent of stewardship investors on the register and a 'Plan' to achieve an appropriate level[36].

DDCR work carried out jointly with the Bocconi and Vlerick Business Schools 2007-09 on behalf of ABIS and in collaboration with CSR Europe suggested failings at each stage of the company-investor dialogue with regard to sustainability: lack of corporate metrics; lack of connectivity between specialist corporate sustainability function, Finance and Investor Relations; lack of confidence / belief in sustainability metrics in Investor Relations; lack of proactivity by the company to present sustainability to mainstream investors; and lack of interest / comprehension / acceptance of the link to long-term value-creation.[37]

In their HBR article, Dominic Barton and Mark Wiseman offer four practical steps for investors to encourage more long-termism: 1 Invest the portfolio after defining long-term objectives: defining exactly what they mean by long-term investing and what practical consequences they intend; and their risk appetite. Investors need to ensure that the portfolio is actually invested in line with its stated time horizon and risk objectives; that both their internal investment professionals and their external fund managers are committed to this long- term investment horizon; and that compensation structures incentivize this. Like the Investor Working Group and Tomorrow's Company, Barton & Wiseman argue 2 that investors need to unlock value through engagement and active ownership; 3 they should demand long-term metrics from companies to change the investor-management conversation. Barton and Wiseman recognise that Integrated Reporting etc. can facilitate this; and 4 that investors have to structure their own institutional governance to support a long-term approach.

Two initiatives which may help socialize these ideas are

- the CFO Network established by the Prince of Wales Accounting for Sustainability initiative to provide a peer-to-peer forum at board level. Starting with a European CFO Network, the aspiration is to create a series of regional hubs. The European Network is currently working on issues such as costing externalities, risk-scenarios, how companies can improve communications with capital markets, and future-proofing capital expenditure. It is co-chaired by ohn Rogers (CFO, Sainsbury's) and Pierre-André Terisse (CFO, Danone);[38]

- the 300 Club, chaired by Saker Nusseibeh, CEO Hermes, which "is a group of leading investment professionals from across the globe who have joined together to respond to an urgent need to raise uncomfortable and fundamental questions about the very foundations of the investment industry and investing. The mission of the 300 Club is to raise awareness about the potential impact of current market thinking and behaviours, and to call for immediate action."[39]

The Responsible Investment Team of Aviva Investors have taken the lead on a number of initiatives to create more sustainable financial markets including the Sustainable Stock Exchanges Initiative, the Corporate Sustainability Reporting Coalition (CSRC), and a "Road-map" for more sustainable financial markets. The latter providing an input to the UNEP Finance Initiative Inquiry into Sustainable Finance which is a two-year, time-limited project due to report in Jan 2016[1].

[1] http://www.unep.org/newscentre/default.aspx?DocumentID=2758&ArticleID=10698

MESSAGES TO BUSINESS CONTRIBUTING TO MORE INCLUSIVE CAPITALISM

Several of the initiatives and organisations mapped are seeking to address capitalism's current losers and to promote greater social inclusion by mobilizing business to support in cash and kind (expertise and people etc) initiatives to address lack of skills, work-experience, improve education and to promote enterprise and support new small business development. In the UK, these include long-established organisations such as Business in the Community and the more recently established Henry Jackson Inclusive Capitalism Initiative. This initiative hosted a conference on 27 May 2014 addressed by IMF Managing Director Christine Lagarde[40] and by the Governor of the Bank of England Mark Carney[41]. Lagarde referred to rising income inequality as a dark shadow cast across the global economy. Carney said that there is growing evidence that relative equality is good for growth. Carney also referred to "market fundamentalism" and to how all ideologies are prone to extremes: "Capitalism loses its sense of moderation when the belief in the power of the market enters the realm of faith", he said. In his view, unchecked market fundamentalism can devour the social capital essential for the long-term dynamism of capitalism itself.

For developing countries, Bill Gates's ideas of Creative Capitalism[42] whereby business either by finding commercially attractive Bottom / Base of the Pyramid initiatives or by more traditional corporate community involvement/philanthropy programmes, apply. Whilst these can have some impact, core issues such as those identified by campaigns for a living wage, are likely to take precedence.

INDIVIDUAL MANAGERS AND BUSINESS LEADERS

A number of the initiatives mapped have as their primary or a major focus, the role of individual managers and leaders. The MBA Oath project; Global Shapers Community: the new social enterprise being developed by Adam Grodecki, co-founder of Student Hubs and now a consultant at BCG, which aims to "equip the next generation of business leaders with the skills to integrate their personal values, corporate profitability and societal need;"[43] Conscious Capitalism; and the Better Business Blueprint all emphasise the values of the individual and suggest precepts for how individual managers should behave.

The importance of this is emphasized in 2013 research by Business in the Community and The Institute of Leadership & Management. In June 2013, 2000 business leaders and managers at all levels within organisations were surveyed about ethics at work. 77% of managers believed that public expectations on business ethics have risen, but there were some alarming findings:

> 9% of managers have been asked to break the law at work,
> One in ten have left their jobs as a result of being asked to do something at work that made them feel uncomfortable,
> Over a quarter (27%) were concerned they would be negatively affected if they were to report an ethical breach,
> 63% of the managers say they have been asked to do something contrary to their own ethical code at some point in their career,
> 43% of managers have been told to behave in direct violation of their organisation's own values statements.

As a subsequent BITC report observes: "These statistics reveal a widely existing gap between the values that leaders believe are in place and actual management behaviour in very many organisations."[44]

One established model for empowering business school students and young managers to explore their own personal values and ethical lens, is Giving Voice to Value developed by

Mary Gentile[45]. In the UK, the Institute for Business Ethics has developed the Say No Toolkit, which is a decision-making tool that can be used either as an App or as a website. It provides employees with immediate practical help in making the right decision across a variety of situations involving risk areas, such as when to accept a gift, when not to offer hospitality, what to say to avoid a facilitation payment and what to do if faced with a conflict of interest[46].

Companies adopting the Better Business Blueprint or similar framework of responsible and sustainable business, need to incorporate these into their values, any existing Code of Business Principles and then into recruitment, induction and CPD of employees and make sure that employees are properly empowered to behave ethically and responsibly. This links back to business purpose and culture.

REGULATORS AND GOVERNMENTS

Clearly, regulators and governments have a major role in the renewal of capitalism. Interestingly, few of the initiatives and organisations that we have mapped, have made regulators and governments a significant focus for their work, nor developed specific recommendations for them. Individual companies like Unilever have established a unit to identify and advocate public policy changes to encourage more sustainable business and sustainable capitalism. The World Business Council for Sustainable Development with their Changing Pace report published for the Rio+20 Earth Summit in 2012, have been one of the few CR coalitions explicitly to address the public policy dimension.[47] More CR coalitions and progressive business representative organisations working on identification of and advocacy for public policies for more sustainable capitalism might be expected given the clear message from the UNGC-Accenture CEOs Survey 2013 that more government intervention is required to drive sustainability:

> "83% of CEOs see an increase in efforts by governments and policymakers to provide an enabling environment for the private sector as integral to advancing sustainability….Business leaders believe that only with greater government intervention—at global, national and local levels—can sustainability move from sporadic incremental advances to a collective and transformative impact enabled by a new global architecture…..This call for strong and decisive government action is reflected in business leaders' beliefs on the most effective policy tools for governments to adopt. Their answers reflect a belief that government must intervene through 'harder' interventions: more than half of CEOs, 55%, include regulation and standards among their priorities for policymakers—"without standards, we can't get scale," said one; 43% call for governments to adjust subsidies and incentives; and 31% seek intervention through taxation."

Amongst initiatives which are focused on greater regulation are Civil Society initiatives such as the European Coalition for Corporate Justice; and the campaign to make ecocide a fifth crime against humanity.

Meantime, in think-tanks and academic institutions, there is major work on new metrics for National Happiness and Well-Being such as the Commission on the measurement of economic performance and social progress, which Nicholas Sarkozy established whilst president of France. Many of these initiatives are covered in a draft report by Isabel Sebastian from the Institute for Sustainable Futures, University of Technology, Sydney, as part of her doctoral studies exploring the transformation in business models and leadership styles that occur when businesses apply new economics thinking and practices such as using happiness & wellbeing as a performance measure, promoting sustainable consumption, engaging in a circular economy and long-term planning & reporting.[48]

Sebastian quotes the late Robert Kennedy on the limitations of GNP as a measure of human progress:

> “Our gross national product ... if we should judge America by that - counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage. It counts special locks for our doors and the jails for those who break them. It counts the destruction of our redwoods and the loss of our natural wonder in chaotic sprawl. It counts napalm and the cost of a nuclear warhead, and armored cars for police who fight riots in our streets. It counts Whitman's rifle and Speck's knife, and the television programs which glorify violence in order to sell toys to our children.
> "Yet the gross national product does not allow for the health of our children, the quality of their education, or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages; the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage; neither our wisdom nor our learning; neither our compassion nor our devotion to our country; it measures everything, in short, except that which makes life worthwhile."[49]

In “Has GDP outgrown its use?” (Financial Times Magazine July 5 2014), David Pilling quotes the economist Diane Coyle:

“There is no such entity as GDP out there waiting to be measured by economists. It is an artificial construct … an abstraction that adds everything from nails to toothbrushes, tractors, shoes, haircuts, management consultancy, street cleaning, yoga teaching, plates, bandages, books and all the millions of other services and products.”

Pilling concludes: “The people who measure GDP, then, are not involved in a scientific enterprise, such as discovering the mass of a mountain or the longitude of the earth. Instead, they are engaged in what amounts to an act of imagination.”[50]

As the FT magazine feature shows, GDP is a very recent construct and limited way of measuring human progress. Some, like Prof Tim Jackson from the University of Surrey (“Prosperity without growth - Economics for a Finite Planet 2011), argue for a “post-growth” model. One “game-changer” that may start to decouple growth from unsustainable consumption of the earth’s resources may come from the technological and business model innovations that would come from widespread adoption of Circular Economy principles.

What is particularly striking about the very thoughtful Sebastian paper is the mismatch between recommendations to business and those to governments; and how little inter-action there appears to be, between those focused on changing business and those concerned with changing government policies. This is surely an area to tackle.

BUSINESS SCHOOLS

There are over 13,000 business schools in the world today, according to one of the leading accreditation bodies. In the next decade, the US schools alone will produce more than another million MBAs. Globally, some estimate three million new MBAs in the next ten years. Many more will acquire some specialist business masters’ qualification. The leading international schools like my own, also have thriving executive education programmes – providing both customized, in-company and open programmes for middle to senior managers – often including board-level workshops and experiential learning.

Many business school faculty consult with companies – either on their own account, or on behalf of their schools. Through books, articles in popular management journals like Harvard Business Review and Management Today, speeches to trade associations and other management conferences, leading business school academics reach many more people than just those who study at the institutions where those academics are based. For good or ill, business schools and the prevailing ideologies taught across the world's schools, have a profound impact on managers and on the practice of management. There are a number of organisations and initiatives trying to help business schools to re-think their purpose and modus vivendi, such as the UN's Principles of Management Education (a UN Global Compact for the world's business schools) and ABIS (Academy of Business and Society); and a group of faculty from schools across the world, initiated a Global Responsible Leadership Initiative, which is now examining what should be the business school of the future. This led to the 50plus20 report in 2012. In the UK, the Higher Education Funding Council (HEFC) has sponsored an investigation by Nottingham, Warwick and Bath Business Schools, to examine what is happening about sustainability and responsibility in the UK's 100+ business schools. Capitalism 2.0 is seeking to create a network of academic hubs working on post-growth economics and other aspects of the renewal of capitalism. There are a number of dedicated centres in business schools such as the Haas Centre for Responsible Business. New academic centres emerging. The former president of WBCS Bjorn Stigson, for example, is chairing the working party for a new centre for sustainable markets at the Stockholm School of Economics. These are welcome developments – but as yet, between them all, are only involving a fraction of business schools. After seven years, even the UN PRME has less than 5% of the world's business schools signed up to its modest commitments to action. More radically Post-Crash Economics is a loose network exploring an alternative economics curriculum as part of a wider academic movement of Heterodox Economics.

Whilst there is no silver bullet solution, companies could have a rapid and substantial impact on business schools by using their purchasing power: both through graduate recruitment and through the executive education they commission from business schools[51]. Is there potential for an initiative to convene (say) ten top corporate recruiters from business schools and ten top companies commissioning executive education, which are also committed to responsible business; and, rather like the Carbon Disclosure Project uses the influence of their big institutional investor supporters, to use big corporate customers of management education, to push business schools to embed corporate responsibility and sustainability into their research, teaching and consulting, and into their own organisations?

SOME OPEN QUESTIONS

Reflecting on the rich conversations which our mapping work has led us to have, several "open questions" persistently occur.

1. As economic indicators in the industrialised world improve, will interest in renewing capitalism dissipate? This would clearly be disastrous. Underlying problems such as growing inequalities, resource depletion, biodiversity loss, Climate Change continue to intensify. Conversely decision-making when there is public, media, political "swarming" around an issue can be knee-jerk and short-term, so how can the sense of less immediate crisis, encourage better, longer-term decision-making?

2. We have encountered a spectrum of views with some favouring more, hard law; others more open to a mix of soft law and using the court of public opinion to nudge change. A group associated with the Industry Forum and the lawyer Stephen Hockman QC are grappling with these issues. What is the right mix of hard law, soft law, activist public opinion and sound business practice? In practice, there is no longer a binary choice between regulation or markets. Today, there is a much richer mix of self-regulation, collective self-regulation, co-regulation as well.

3. Similarly, we have found a spectrum of views from incremental change to the need for explicit, radical transformation. Even the widespread implementation of the recommendations of the initiatives and organisations we have mapped, would lead to an economic, social and political dispensation very different today. How important is it to label this ahead of time or to be clear about the destination? Did Mikhail Gorbachev in unleashing Glasnost and Perestroika have any sense of where these would lead?

4. There is already an extensive and substantial body of work, ideas, resources on the broad theme of Renewing Capitalism. How is “re-invention of the wheel” minimised? The Martin Prosperity Institute in the Rotman School of Management in Toronto, are co-ordinating an international study into the phenomenon of Global Solution Networks - non-state networks of civil society, the private sector, government and individual citizens empowered by the Internet and social media[52]. The burgeoning field of interested individuals, academic centres, businesses, initiatives and organisations now focused on one or more aspect of Renewing Capitalism, would seem to be a prime candidate for a new “Knowledge Network” GSN, which in time might also become a Policy and/or Advocacy Network as defined within the GSN taxonomy. Is such a Renewing Capitalism Knowledge GSN needed to collect, curate and disseminate data and resources, help socialise ideas, connect and co-ordinate? How might this emerge?

PART C

PRACTICAL STEPS: FOR INDIVIDUAL BUSINESSES COMMITTED TO RENEWED CAPITALISM

With varying degrees of specificity, a number of the initiatives and organisations mapped, offer specific actions that individual businesses can take to make themselves "better," "more inclusive," "responsible," "sustainable" etc.

Better Business Blueprint offers Five Principles of a Purpose Driven Business' and also a "Framework to Guide Decision Making."[53] See figure 10 for latter.

better business?

Uniting corporate purpose and personal values to serve society

A Framework to Guide Decision Making

DEFINING PURPOSE

Each person is a someone, not a something (DIGNITY & VALUE OF PEOPLE)	Show respect for the dignity of each person and for the whole person; never use people merely as a means to achieving business objectives. Respecting the whole person includes thinking of people in all their various roles in relation to the business: as employees, customers, suppliers, investors and citizens. Demonstrating respect means setting a purpose and seeking outcomes that enable each person to reach his or her full potential, not least being able to contribute fully to building relationships and communities both within the workplace and beyond. Such purposes and such outcomes engender trust between people and between business and society.
Delivering value by serving society (THE COMMON GOOD)	Genuinely aim to promote the good of society as a whole through the provision of goods and services that benefit society; never use stakeholders, and society as a whole, as a mere means to business success. This gives meaning to the purpose of the business within society and demands innovation to achieve that purpose alongside a financial return. Society and communities of people determine the licence, and freedoms, of business to operate and grow; these will be broader if business actively aims to reduce harm and produces goods that are truly good and services that truly serve.

BEHAVIOURS NEEDED TO BUILD CHARACTER & ACHIEVE PURPOSE

Other people matter (SOLIDARITY)	**Freedom with responsibility** (SUBSIDIARITY)	**Building trust and trusted relationships** (RECIPROCITY)	**Valuing diversity and building bridges** (PLURALITY)	**Stewardship of people, values and resources** (SUSTAINABILITY)
Judge decisions as good, or not, in the context of the best values, expectations and needs of those with whom we should seek to build relationships. Do not make decisions in a self interested, self determined, closed world that does not weigh sufficiently the impact on others. Make a fair contribution to society and avoid actions that cause inequality. Opportunities should be sought to serve the broadest community, including the underserved, the underprivileged and the excluded; not to emphasise the divide but rather to bring people together, through new job opportunities, innovative goods and services, and new markets.	Allow people to develop by being able to contribute to making decisions at all levels. Do not create dependency through reserving decisions unnecessarily to higher levels in the hierarchy, or lose accountability through inappropriate delegation. Give people the freedom, and support where necessary, to take on the risk of decision making and to have a voice in their work, thus fostering innovation, creativity and a sense of shared responsibility.	Start with basic honesty and integrity so that each and all receive what they are entitled to or can reasonably expect. This is the first stage of building trust. Then go beyond this minimum, using knowledge and capabilities to provide benefits that people desire and value but cannot expect or demand, in particular in situations of information asymmetry or power imbalance. Fair and efficient markets depend on trust and trusting relationships	Be clear as to who you are and what you stand for, combining this with an openness to enrichment from others, valuing diversity of thinking and cultures. Favour curiosity and inclusion over suspicion and exclusion of those who think differently. Maintain consistency of purpose and values whilst embracing diversity, encouraging closeness to people, markets, innovation and growth.	Acknowledge and seek to measure the impact the business has on people, values, resources, and the environment. Accept responsibility for those impacts. Then take steps to develop people, nurture values, preserve and restore existing resources and create new ones where possible so that others may enjoy their benefits. Use your knowledge, influence and experience in collaboration with others for the benefit of all.

Responsible Business 100 offers 43 specific questions, each with supporting rationale, which have been co-created with business and relevant experts and Civil Society organisations, on which businesses are invited to report their performance.[54]

Business in the Community continues to develop a range of practical guidance for companies and most recently with a Leadership call to action.

In Corporate Responsibility Coalitions, Jane Nelson and I offered a "Responsible Business Manifesto"

Companies should be encouraged to:

- Build corporate responsibility into their business purpose and strategy, in a way that makes sense to the particular business, ending adherence to the notion that the purpose of business is to maximize shareholder value – when optimizing shareholder value for the long term should be the consequence, not the purpose

- Ensure there is effective oversight of the company's commitment to corporate responsibility – with whatever structure (dedicated board committee, extended remit for existing board committee, mixed board/ executive or executive committee reporting to board, or otherwise) that suits the culture and governance philosophy and requirements of that business and its business circumstances
- Review the management skills and perspectives the company needs going forward. Ensure that if the company's leadership believes sustain- ability, stakeholder-engagement and partnership-building skills are critical areas of competence, these are evaluated as part of talent-management and succession-planning, rewarded in performance and compensation reviews, and specified in the executive education commissioned by the company from business schools and other providers. And ensure that recruiters from the company understand these requirements – there is little evidence that they do today
- Ensure that investor relations departments are capable and confident in explaining how improving ESG performance is integral to overall corporate strategy and contributes to long-term value-creation, and that they are proactive in explaining this, especially to their institutional investors
- Build sustainability into R&D, innovation and new business development strategies so that the commitment to corporate responsibility is leading to new products and services, access to new or under-served markets or new business models on a regular basis, and collectively leads to business transformation
- Scope regularly their most material ESG risks, opportunities and impacts and prioritize action to minimize negative impacts and maximize positive impacts
- Report publicly on the company's performance against these ESG priorities, ideally with independent, third-party verification
- Ensure close functional and operational alignment between any dedicated corporate responsibility or corporate sustainability function and other business units and support functions rather than operating in isolation. Companies should create senior-level cross-functional committees that include senior business unit leaders and other key corporate functions as well as the sustainability and corporate responsibility leaders to drive the company's strategy and priorities in this area.[55]

Is there value in the initiatives and organisations seeking to rationalise their messages / guidance to individual companies? To quote the Guardian's Jo Confino about a recent B-Team statement:

"We also don't want a repeat of the recent call to action by the B Team, ahead of the World Economic Forum in Davos, which one adviser called "that statement written by committee". It failed to come up with a single specific recommendation for change, instead relying on platitudes such as "executives must rise above narrow sectoral and short-term interests, and work with governments to create a new framework of incentives and sanctions, rewarding investment in people and planet." The B Team could be a powerful force for good in the world, given its membership of respected CEOs and leaders such as Mary Robinson and Gro Harlem Brundtland. But trying to get them all to agree on a common position is a little like herding cats."[56]

Similarly, trying to rationalise the messages to companies from the different initiatives may be like "herding cats." However some synthesis might be sensible.

PRACTICAL STEPS: FOR INDIVIDUAL, CORPORATE OR FOUNDATION SPONSORS WISHING TO ENCOURAGE THE RENEWAL OF CAPITALISM

Depending on a funder’s area(s) of interest they could sponsor work with:

INDIVIDUAL MANAGERS - e.g. The new social enterprise Global Shapers Community being developed to “equip the next generation of business leaders with the skills to integrate their personal values, corporate profitability and societal need” .

INDIVIDUAL BUSINESSES – e.g. The development of the new social enterprise initiated by Michael Solomon to a provide “a management tool, a business ranking, a public internet platform, an identification mark and a growing social movement.”

Business in the Community to produce how-to guidance for smaller businesses and to help disseminate this through member company supply chains and other networks.

BUSINESSES CONTRIBUTING TO SOCIAL INCLUSION - e.g. By supporting the programme of the Henry Jackson Initiative for Inclusive Capitalism to enhance skills and enterprise; business-community brokerage such as through the Business Connectors scheme; or the work of the Prince’s Trust.

INVESTORS- e.g. The Tomorrow’s Investor work programmes of Tomorrow’s Company.

BUSINESS SCHOOLS AND MANAGEMENT EDUCATION – e.g. Capitalism 2.0 which is seeking to establish a hub to connect a range of university and business school centres and faculty working on the renewal of capitalism.

DCCR and partners to develop curriculum, teaching materials and teaching notes for introducing the theme of the renewal of capitalism into management education.

REGULATORS AND GOVERNMENTS – e.g. Supporting the work of one or more of the business-led Corporate Responsibility Coalitions such as the World Business Council for Sustainable Development, to work with their member companies to identify and then advocate for the public policy changes which will promote more long-termism and Sustainable Capitalism.

COLLECTIVE ACTION - Supporting the creation of a Global Solution Network on Renewing Capitalism.

OUR FUTURE DCCR WORK ON RENEWING CAPITALISM

We have committed to:

- Refining a taxonomy for segmenting initiatives and organisations working on the renewal of capitalism;
- Circulating this Reflections Paper as a contribution to dissemination and debate.

Beyond this, several of the existing work programmes of the DCCR and / or Cranfield colleagues will contribute to Renewing Capitalism debates viz:

- Stages of Corporate Responsibility Maturity
- Engaging employees and creating a Corporate Sustainability Culture
- Supporting Corporate Boards to create a Board Mindset for Sustainability
- Marketing and Complexity faculty colleagues participation in an EU FP7 Research Programme, coordinated by ABIS on encouraging sustainable consumption and nudging consumers to more sustainable lifestyles.

With new funding, DCCR is happy to:

- Continue convening meetings of interested parties
- Help co-create design principles for Renewed Capitalism
- Research specific topics
- Develop curriculum materials and teaching notes around the Renewing Capitalism theme for use in business schools.

CONCLUSION

On the website of Conscious Capitalism, one of the organisation's trustees, Prof Ed Freeman (widely credited as one of / the founder of stakeholder theory) declares:

"Capitalism is the most successful form of human social cooperation ever created."[57]
Yet as the founder and driving force of the World Economic Forum, Prof Klaus Schwab, has argued: "Capitalism in its current form no longer fits the world around us."[58] Last year, the director of the London School of Economics Craig Calhoun and co-authors asked provocatively in a book "Does Capitalism Have a Future?"[59] In July 2014, Pope Francis hosted a Vatican seminar on creating a more moral capitalism. Even our limited mapping exercise has already revealed a rich mix of ideas to renew capitalism. The challenge is to get these ideas debated and implemented so that capitalism does indeed have a future – and so does humankind and the planet.

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