

NAME/TITLE

Corporation 20/20: Designing for Social Purpose

<http://www.corporation2020.org/index.htm>

Date commenced: 2004

Contributors, funders, political or ideological position

Sponsored by a variety of commercial, governmental and non-governmental organisations, foundations and individuals

ABOUT/KEY MESSAGES (in its own terms)

What is the core purpose of the corporation? How should it be designed to seamlessly blend sustainability into its design, ownership, governance, strategy and practices? Corporation 20/20 is an international, multi-stakeholder initiative that seeks to answer these questions. Its goal is to develop and disseminate a vision, pathway for the 21st century corporation in which social purpose moves from the periphery to the heart of the organization. Such transformation is indispensable to a Great Transition toward a just and livable world.

The goal of Corporation 20/20 is to create a forum of leading thinkers, practitioners and advocates; construct positive and plausible visions of the future corporate form, and translate such visions into broad-based advocacy.

Toward those ends, the initiative aims to create international benchmarks to inspire and guide governments, multilateral organizations, civil, society and corporations themselves toward transformative change in corporate design.

Does this initiative offer any compelling narrative for business leaders in particular, i.e. about the purpose and role of business and financial institutions, about values and ethics, about the relationship between business and society?

New Principles for Corporate Design

1. The purpose of the corporation is to harness private interests to serve the public interest.
2. Corporations shall accrue fair returns for shareholders, but not at the expense of the legitimate interests of other stakeholders.
3. Corporations shall operate sustainably, meeting the needs of the present generation without compromising the ability of future generations to meet their needs.
4. Corporations shall distribute their wealth equitably among those who contribute to its creation.
5. Corporations shall be governed in a manner that is participatory, transparent, ethical, and accountable.
6. Corporations shall not infringe on the right of natural persons to govern themselves, nor infringe on other universal human rights.

WHAT QUESTIONS IS THIS INITIATIVE TRYING TO ANSWER?

The initiative is rooted in the premise that societal expectations of business in the 21st century demand a major elevation in corporate contributions to urgent global problems—economic, environmental, and social. In the face of both the peril and promise of globalization, it is no longer enough to ask, “What is the business case for social responsibility?” The question, instead, must be: “How do we design corporations such that

their core purpose is to harness the resources of private interests in service to the public interest?”

WHAT PROBLEMS IS THIS INITIATIVE ADDRESSING/ATTEMPTING TO SOLVE?

Debates surrounding the future of the corporation typically are defined as stark choices between government regulation and free markets. Corporation 20/20 posits a third path: *system redesign*. It is a path that recognizes the historical and legitimate public role in corporate design; the necessity of respecting universal values while recognizing the drawbacks of overly intrusive government; and the creative potential but inherent limitations of voluntarism and unfettered markets. Reaching beyond mainstream corporate social responsibility (CSR), Corporation 20/20 will chart a path that embeds social purpose in the organizational “genetics” of corporate structure while helping to build high-performing organizations.

Failures in accountability and governance during the last few years have severely undermined public trust in business. A disenchanted investor class has given rise to an unprecedented activism by institutional shareholders. At the same time, the clamor for reform of corporate governance has been growing in many nations. Several promising new voluntary and quasi-binding international agreements regarding human rights, transparency and governance have emerged, alongside a number of company- and sector-specific efforts to strengthen accountability.

HOW DOES THIS INITIATIVE IMAGINE CAPITALISM WILL BE DIFFERENT IN THE FUTURE?

Corporation 20/20 is unique in its focus on redesign. It seeks to integrate disparate streams of corporate change and create compelling, coherent visions of the future corporation. Examples of such streams that constitute components of the redesign landscape include:

- Corporate definition: revisiting traditional definitions
- International norms: an increasingly active role for the UN in defining the role of business in a globalising world
- Corporate law and charters: efforts to reform in various nations
- Corporate personhood: the most pivotal of all aspects of corporate redesign
- Shareholder primacy: alternative models that elevate non-shareholders’ interests
- Internal activism: empowering individuals to challenge conventional wisdom
- Voluntary CSR initiatives: the vast majority of these initiatives circumvent rather than confront systemic barriers.

WHAT RECOMMENDATIONS DOES THIS INITIATIVE MAKE FOR THE VARIOUS ACTORS

National governments/regulators

Trading corporations/business leaders/collective business institutions

Investors: individuals and institutional

Financial institutions

International institutions

Does this initiative have anything to say about major medium to long term economic and social issues

- Supplies of the essentials of life: Food, Water, Housing, Energy and Transport
- Climate change, resource depletion, loss of biodiversity
- Population growth and demographic change
- Economic growth, innovation, employment, the distribution of income and wealth
- The governance of business and the financial system; public trust
- The respective roles of government and business
- The respective values of economic, social and environmental capital