

Stakeholder Capitalism:

Economic Reform for a Sustainable World

In the SDG Tent at the World Economic Forum (WEF) 2020, the Green Economy Coalition, Capitals Coalition and Fondation Mava hosted a high-level dinner and discussion on stakeholder capitalism and the direction of economic reform.

WEF 2020 has called for a shift away from shareholder or state capitalism and towards 'stakeholder capitalism'. But stakeholder capitalism is not new. It was proposed as a guiding model in 1971 at the first incarnation of what is now the WEF, as a business model that took account of "...not merely shareholders, clients and customers, but employees and the communities within which they operate, including government".

In the last 40 years Davos has not been known for the inclusivity of its discussions. Now that entwined economic, social and environmental crises are accelerating, our discussion aimed to focus on the measures required to reset capitalism towards a different set of outcomes.

The discussion

We were joined by leaders from policy, business and civil society:

- Gabriela Ramos (OECD)
- Guy Ryder (ILO)
- Achim Steiner (UNDP)
- Mariana Mazzucato (UCL IIPP)
- Michael Izza (ICAEW)
- Eva Zabey (Business for Nature)
- Richard Mattison (Trucost – S&P Global), Andrew Steer (WRI)
- Roc Sandford (Extinction Rebellion)

The discussion provided a provocation to all those at Davos to work collaboratively towards green and fair economic reform.

Oliver Greenfield (Green Economy Coalition) introduced the discussion. New policy frameworks, such as the €1 trillion European Green Deal, show the ambition now on the table. However, at a time when levels of trust between citizens, state and

businesses is at an all-time low, the question is how we can drive virtuous and accelerating circles of 'radical collaboration' between different stakeholders to deliver bold policy change? Spaces to build understanding, trust and experiences are essential.

From the **government & policy community** we heard:

- Policymakers are acutely aware of the multitude of challenges facing their countries and citizens – the interconnected nature of so many of these issues makes decisive policy initiatives complex and political.
- Electorates are feeling left behind by current economic models. Symbolised by the 'Macron moment' and 'gilet jaunes', growth has not reached everyone, nor has it delivered commensurate increases in wellbeing or empowerment.
- Businesses and corporations have failed to uphold 'stakeholder capitalism' in the last fifty years, with community and worker's rights eroded. CSR efforts are not up to the task.
- The new agenda for green and inclusive economies is marking a significant leap in ambition. The EU's Green Deal marks the most ambitious regional effort and commitment of funds yet seen.
- Both business and government urgently need to re-examine common understandings of growth and value creation. More specifically, the public sector needs to take a much more proactive role in driving green and inclusive innovation, by setting out bold industrial strategy and cross-sectoral policy.
- Whether stakeholder capitalism – a perennial topic of discussion at Davos since the 1970's – represents the right vision or not, there is unquestionably new policy momentum emerging.

From the business community:

- Recognition that business 'CSR' approaches have failed to shift the dial on sustainability. A much more systemic approach is required and is finally on the agenda.
- WEF 2020 has marked a significant shift amongst businesses. Climate change is no longer a fringe debate – it is central to the global economic agenda.
- ESG risks are already making themselves felt across supply chains. These are forcing businesses and investors to take a longer, harder look at their business models and portfolios. For the big industries and businesses pushing a brown economy, the social license to operate is being called into question.
- Capital approaches – both social and natural – are also beginning to move attention beyond just climate towards nature and biodiversity challenges.
- Progressive businesses are organising themselves and collaborating in new ways. Business for Nature has brought together over 200 businesses to set out a set of policy pointers for governments ahead of the CBD in China this year.
- The 'super year for nature' calls for bravery, collaboration and ambition across all stakeholder groups.

From civil society:

- There is a simple benchmark that should define all decisions at all levels, which is will this decision help or hinder our children and the next generation?

- Despite some reassuring progress and the unprecedented focus on climate issues, business as usual is driving us toward crisis. Can we really evidence a shift in business as usual practices yet?
- The climate emergency is not a distant threat, it is upon us. Urgency is always lacking in these discussions. Current 2050 targets or 2030 targets are too distant. We need to be aiming for 2025.
- The future of multi-literalism is looking very fragile at the moment. Consensus based approaches are struggling to deliver against the very real challenges our world is now up against.
- The era of crisis and protest have led to a new expectation of accountability from governments and business.
- Citizen-led focus groups show that electorates now have little confidence that it is even possible to govern our economies or markets in new ways. To repair the trust deficit, it is essential to empower citizens in economic governance. Tools like the [Green Economy Tracker](#) have been developed by citizens around the world and provide an accessible means by which electorates can hold their governments to account.

The key takeaway was radical collaboration is possible and desirable but requires commitment, bravery and some humility on behalf of each group, and a shared recognition that they could not achieve the scale of reform required alone.

