THE DIGITAL ECONOMIST

Beyond Stakeholder Capitalism Summit Report

Can Stakeholder Capitalism Fix the World?

By The Digital Economist Advisory Team

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The Digital Economist is a Washington D.C.-based impact organization, specializing in building the missing knowledge pieces for the digital economy with the mission of fostering a human-centered paradigm.

“Insanity is doing the same thing over and over again and expecting different results,” says a familiar quote often attributed to Einstein. The current concept of stakeholder capitalism may be a step forward from the Friedman Doctrine of shareholder value, but it is clearly not enough if we are to master the challenges the world faces.

Under the heading “Beyond Stakeholder Capitalism: Navigating the Post-Pandemic Digital Economy,” The Digital Economist hosted a series of roundtable discussions among executives from globally leading organizations on August 12 and 13, 2021. The topics included critical infrastructure such as energy, as well as digital infrastructure and purpose-driven change. Here, we share some of the key insights the event yielded. Ten roundtables over two days, involving around 250 participants and 40 hosts, in addition to dozens of initiatives, were aimed at moving beyond stakeholder value—toward shared value. The summit was co-curated by the hosts and, equally, the participants, and was held in the week that also saw the publication of the report from the UN Intergovernmental Panel on Climate Change (IPCC).

A convening of globally leading organizations

The hosts and participants represented diverse industrial sectors as well as consulting and academia. Organizations that took part included the World Economic Forum, the Gates Foundation, IBM, Accenture, Microsoft, the UN Technology Bank for LDCs, MIT Media Lab, U.S. Department of Energy, Johnson Controls, UC Berkeley, Yale University, DTCC, Deloitte, Atos, Edelweiss Gallagher, Southern California Edison, EY, AWS, Bloomberg, UNDP, MIT, BNY Mellon, Mastercard, Banco do Brasil, CSIS, Citibank and HP, to name just a few. The event began with a plenary address by the Founder and CEO of The Digital Economist, Navroop Sahdev.

Code red

A common thread running through the entire summit was the recent IPCC report, in which a group of scientists whose authority is recognized by governments all over the world offered the first major review of the science of climate change since 2013. UN Secretary-General António Guterres has called the report’s findings “a code red for humanity.” The urgency to take decisive action to counteract climate change surfaced in every session.

Source: UN Environment Programme. The Digital Economist is driving key conversations during the upcoming United Nations Climate Change Conference (COP26).

At the outset of the event, hosts weighed in on the concept of “beyond stakeholder capitalism,” agreeing that it means moving from isolation to inclusion as we emerge from the pandemic. It also represents a necessary change in mindset on the path to meaningful climate protection. For an economy that works for all of us, we need to think more about the common good, what Jean-Jacques Rousseau termed “le bien commun.” National governments and the nation state are limited in what they can accomplish, and the vested interests of nation states—who they are, what they perceive the needs of their citizens to be and, even worse, what they perceive as the partisan needs of the minority that elected them—always come to the forefront.

Beyond national boundaries

Current and future challenges call for groups and associations that transcend national boundaries. Similarly, any thinking that divides groups into stakeholders and non-stakeholders or neglects to take into account our responsibilities to the environment, oceans, biodiversity and the climate of our planet will steer us toward disaster. The world economy can work for all of us only if we find new ways of being and belonging.

Part of the path to a system that supports the common good and universal human rights is democratizing and decentralizing access to electricity. Microgrids represent a key concept in this decentralization and reduction of inequity. Alongside clean water and air, clean and affordable energy must be recognized as an essential human right. In this regard, the business community is often a step ahead of politicians who hold on to legacy industries. As an example, investments in renewable energies in the Canadian province of Alberta—whose economy is traditionally reliant on fossil fuel extraction—were more than quadruple the volume of investments in the oil industry. “As the extraordinary heat of the past months shows, the future arrived yesterday,” said Satya Das, founder and Principal of Cambridge Strategies Inc.

Decentralization

Digitalization to enable decentralization was a focal point. Responsible energy consumption needs to be incentivized; as long as political leaders are concerned about votes only, they will cater to immediate local interests rather than long-term sustainability goals. A prime example is India, where decentralized solar power could enable farmers to go off the grid. Bryony Widdup, Partner at DLA Piper, pointed out contradictory regulatory drivers. Ratings of assets need to change to attract institutional investors to sustainable projects, a challenge that could be addressed with tokenization. Tokenized digital assets allow fractional ownership for smaller-scale investors, but could also open the door to large-scale institutional investment given the right regulatory framework.

A further imperative that emerged is to break down the silos standing in the way of a perception of the common good and find new ways to fund the digital transitions required for an equitable and sustainable future. In this context, as has often been stated, data are the new oil. In an age of tech giants extracting data to amass wealth on an unprecedented scale, it is an injustice that consumers receive no more than a moderate increase in convenience, such as future purchase suggestions, as compensation for their contributions to the data pool. “The data we produce should at least buy our groceries,” said Brittany Kaiser of the Own Your Data Foundation. For this to happen, governments need to recognize the value of data and support uniform valuation across national boundaries. A case was additionally made for a blockchain-based, decentralized data repository.

"Decentralized finance can help to empower persons in developing nations allowing them to fund projects by maximizing local expertise and minimizing the risks of lack of knowledge among foreign investors," said Leonardo Real, Chief Compliance Officer at Tether. "Blockchain-powered value instruments can create local value transfer and financing networks where persons are currently underserved by traditional financial solutions. Bringing these underserved populations the tools to create local economies must be balanced with risk-mitigating technologies and applicable laws and regulations that minimize the risks of financial crimes. At the same time, we need to protect the environment by using clean energy sources to power blockchain technologies."

Data ownership

It was also agreed that to leverage the power of blockchain to decentralize and democratize data while protecting the climate, we need to lower the level of energy consumption required for blockchain-based data validation and storage. At the same time, a pronounced shift toward renewable energies will help reduce the impact of the computational requirements of blockchain technology.

Brittany Kaiser (Own Your Data Foundation), co-hosted the roundtable on “Data Fueling the New Digital Economy: Tech Giants, New Data Regulations and Industry Leadership” alongside Sonia Gupta (Accenture), Addo Smajic (Source Network) & Gurvinder Ahluwalia (Digital Twin Labs & Gates Foundation)

These aspects are also crucial to the future of work, as 40 percent of millennials choose jobs based on sustainability (FastCompany). Post-pandemic employment will not be a return to the status quo ante, but rather take hybrid forms. Companies and employees have now experienced the advantages of more flexible working arrangements. This new paradigm also demands a departure from top-down, command-and-control structures. In a VUCA (volatile, uncertain, complex, ambiguous) environment, a high degree of autonomy will be required to enable organizations to shift and adapt to changing needs.

Five main points emerge:

- Awareness of the urgency to take action against climate change is high; we must grasp this opportunity to advocate for and implement meaningful measures on all levels
- National boundaries are irrelevant on a planet in peril; the concept of the common good must become common knowledge
- Decentralization can play a key role in enabling more sustainable and equitable resource usage
- In a data-driven global economy, data ownership must be recognized—and data generation rewarded
- In the post-coronavirus working world, a hybrid model including remote and office-based work will become the norm, with employees expecting more autonomy—a positive development, as more autonomy equals more agility

Access the full Beyond Stakeholder Capitalism summit agenda. Interested in engaging with The Digital Economist ecosystem? Reach us at info@thedigitaleconomist.com.

About The Digital Economist Advisory

To leverage the formidable expertise and experience of our ecosystem to the benefit of diverse stakeholders, The Digital Economist formally launched its Advisory Services during the summit. As global economies and societies emerge from the pandemic, we anticipate a massive need for guidance among purpose-driven organizations committed to the SDGs and greater resilience in the post-COVID era. Reach us at info@thedigitaleconomist.com.

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CRITICAL INFRASTRUCTURE

The need to respond to climate change and embrace digitalization while equitably serving the needs of growing populations places great pressure on critical infrastructure. Here we offer support in areas like electric utilities and transportation.

02

DIGITAL INFRASTRUCTURE

As the world goes digital at an accelerating pace, decisions concerning the responsible deployment of digital infrastructure are more critical than ever. Our experts in blockchain, AI, IoT, Industry 4.0 and cybersecurity provide comprehensive advisory support.

03

PURPOSE-DRIVEN CHANGE

The world is changing and technology is evolving at a breathtaking pace. But people aren't governed by Moore's Law, and change projects are often derailed. By placing people and the overarching purpose of organizations at the center of change, we help make it work.