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Beyond Stakeholder Capitalism

Can business value be unlocked by taking a more humanized approach to growth?

What is the Central Message?

Leaders today recognize that the shareholder-stakeholder debate is a zero-sum game. They know their company is part of a complex ecosystem - exchanging value with multiple stakeholders - but need help to satisfy the competing interests of better-informed and louder employees, customers, community leaders, and investors who *all* demand more value. Understanding that the business of business is to build a commercially sustainable business, these leaders need a positive-sum approach to pivot from shareholder primacy to stakeholder value creation… without getting fired.

The 2024 Oxford/IRG Impact Study amongst 750 global business leaders finds that overperformers – companies with three-year revenue growth superior to direct competitors – believe traditional shareholder value metrics don't capture all long-term and intangible value created by the business. These intangibles, such as employee loyalty, customer data, brand equity, community reputation, and investor trust, represent future revenue and pricing power, lower costs, and help mitigate corporate risk. Most importantly, these intangibles represent 70-90% of the total business value.

The study and our work with business leaders over the last 30 years find that winning senior leaders have a 'marketing mindset' and collaborate across the C-suite to take a more humanized approach to growth. This way, they better understand and engage their stakeholders and drive sustained competitive advantage with solutions for all stakeholders. This article offers readers a practical framework, new data and insights, and examples for how to unlock this important business value.

What is essential, practical, and counterintuitive?

The Impacts Study finds that today, 89% of overperforming businesses have a strategy for creating value for all stakeholders, but only 10% of underperformers do. This is true even though business leaders have historically known that lasting business success requires any business to offer value to all stakeholders. If you built a factory, you moved to the town, shopped, ate and drank locally, sent your kids to the local school, prayed in the local church, and ensured all your local stakeholders benefitted.

This is not a 'feel-good' luxury for a company. Better stakeholder understanding, engagement, and value help a business attract customers and employees, increase lifetime value and pricing power, attract better terms from suppliers, improve reliability and predictability of cash flows, and maximize the probability of positive outcomes.

Although today's ESG politicization has forced business leaders to fly under the radar, 90% of overperforming businesses recognize this and approach stakeholder value creation as a business opportunity - while only 49% of underperformers do.

Looking ahead, creating, measuring, and celebrating stakeholder value creation will become even more critical in the age of AI and with a Gen Z majority workforce. Partnering across the C-suite and taking more of a marketing mindset is essential. The article includes inspiring examples of leaders collaborating to drive more humanized growth and sustained competitive advantage for the business:

Piedmont's CEO commissioned the first **holistic stakeholder map** to ground the Georgia healthcare system and align its stakeholders' needs with its organizational priorities.

Chipotle's CHRO asked the CMO to help develop all 2024 employee recruitment and retention communication and win the war for talent in the quick service industry.

Sesame Street's Endowment Development Team asked their marketing colleagues to help develop and execute a new high-net-worth endowment and gifting strategy.

Intel's CFO worked with marketing to reinvent how the company interacts with investors and improve strategy storytelling to the financial markets.

The McDonald's Franchise team invited marketing to help with franchisee recruitment. New 'personas' and a digital acquisition model helped deliver immediate results.

62% of overperformers, but only 38% of underperformers, include non-financial KPIs. In 2023, Haleon's leadership adopted a new success dashboard with a '*Health Inclusivity Index*' to capture and communicate overall business performance.

In all these examples, cross-functional business leaders achieved a more humanized approach to business growth by collaborating more with marketing colleagues. The data supports this: CMOs in overperforming companies have an average of 3.1 highly effective cross-C-Suite partnerships versus only 1.3 at underperformers.

What do managers need to know – How can it be applied today?
A clear and proven path exists for leaders who want to achieve sustainable competitive advantage and unlock new value. Closer C-Suite collaboration and taking a marketing mindset to drive more humanized growth will help companies better understand, engage, and create stakeholder value. This article will provide practical CEO, CFO, CHRO, CSO, and CIO examples with quotes from Avon, Haleon, McDonalds, Sesame Street, GSK, Suncorp, and Chipotle to help all leaders address this opportunity.

What is the source of authority, and what previous work does this build on?
The 2024 Impact Study was the first global, cross-suite study to focus on the pivot from shareholder primacy to stakeholder value creation; led by the IRG and the Said Business School at Oxford University, it included over 450 C-suite interviews and 750 online survey responses by business leaders from 61 global markets.

Endorsed by the World Economic Forum, study partners include the National Association of Corporate Directors (NACD), the Society for Human Resource Management (SHRM), the Association of Chartered Certified Accountants (ACCA), the

Arthur Page Society, the B Team, Cheung Kong Graduate School of Business (CKGSB), the Yale Program on Stakeholder Management, the ANA, and the Marketing Society.

C-suite partnering with marketing examples come from the IRG100 program, an independent and not-for-profit executive leadership program in its sixth year with over 500 CMO and CMO-1 level alums worldwide.

What academic, professional, or personal experience does this build on?
Professor Andrew Stephen is the L'Oréal Professor of Marketing and Vice-Dean of Research at Oxford University's Said Business School. Angela Ahrendts serves on multiple boards and is the former CEO of Burberry and Apple Retail. Marc de Swaan Arons led the Impact Study and is the Founder of the IRG100 CMO program. The authors have all previously published books, case studies, and articles in Harvard Business Review.