The Future of the Corporation:
Towards Humane Business

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This paper outlines the aims and summarises the principal conclusions from the first phase of the British Academy research programme on the Future of the Corporation. It is based on the work of all the participants in the programme and has benefited immensely from the advice and comments of the Corporate Advisory Group of the programme. It has also benefited from the many people who have participated in the activities of the programme and from the assistance of the British Academy administration, most notably Henry Richards, Kate Rosser Frost, Barbara Limon, Molly Morgan Jones, Jo Hopkins and Michelle Waterman. I am very grateful for comments from an anonymous referee, Hamish Scott, James Rivington and members of the British Academy Publications Committee.

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Abstract

This paper sets out a radical reinterpretation of the nature of the corporation that focuses on corporate purpose, its alignment with social purpose, the trustworthiness of companies and the role of corporate culture in promoting purpose and trust. It suggests that external factors, in particular technological advances, are intensifying the need for this reinterpretation. It points to the increasing inadequacy of conventional policy responses in the form of regulation and competition policy, and the steady erosion of the traditional source of social capital from corporate taxation.

The paper records how neither the actions of the owners nor the practices of corporate governance have succeeded in providing internal resolutions to the alignment of corporate with social interests. On the contrary, the changing nature of ownership is creating a growing divergence between the functioning of the board and the interests of both shareholders and societies.

The paper puts forward an alternative approach that emphasizes the role of corporate purpose, commitments, trustworthiness and culture in which companies specify their purposes, clarify their associated commitments and demonstrate how their ownership, governance, performance measurement and management enable them to fulfil their obligations. Corporate and social purposes are aligned in companies and activities of particular social significance but not necessarily elsewhere.

The paper draws lessons for corporate practice and public policy and exemplifies how this alternative conceptualization of the firm helps address many of the major environmental, political and social issues of the 21st century.

Key words: Corporation, purpose, commitment, trust, ownership, governance, investment, technology, regulation, competition, taxation, measurement, incentives

The Future of the Corporation is one of the most ambitious programmes of research to have been undertaken to date on the current state and future prospects of business. It is being organized by the British Academy, the UK's national body for the humanities and the social sciences. Its remit is to consider the implications of economic, environmental, political and social challenges, and scientific and technological opportunities for the future development of business around the world.

Its ambition reflects not only the scale of the issues it addresses but also its method to answer them. It draws on the British Academy's capacity to bring together leading academics across the humanities and the social sciences from around the world to tackle the questions. In addition, it exploits the Academy's convening power in the field of business and policy to engage leading thinkers in business and government in advising the researchers and ensuring the relevance of their research for business practice and public policy.

Some 35 academics from the humanities and social sciences have been participating in the first stage of the project, which began in January 2018. Thirteen research projects were selected in a competitive tender to look at different aspects of the future of the corporation. The papers were completed in September 2018 and this paper draws conclusions from this first stage of research. It does not summarize or comment on individual papers but instead draws together the main themes of the research.

What emerges is a profoundly novel and insightful perspective on business that lays the foundation for a radical reformulation of the concept of the firm. While the thirteen projects were undertaken independently by people from a diverse range of academic disciplines from institutions in different parts of the world, the conclusions of their papers demonstrate a remarkable consistency of thought and a coherent view of how business should adapt and respond to its challenges and opportunities.

Part 1. The Nature of the Corporation

- Purpose[1]

A common theme running through many of the papers in the programme is the question of purpose. Why do companies exist? Purpose is the reason something is created, done and exists; what it aspires to become. There are two distinct notions of purpose – corporate purpose and social purpose. Corporate purpose is the purpose of the company. Social purpose is the purpose that society might wish of the corporation.

These two concepts are often conflated – by corporate purpose what people implicitly mean is social purpose and believe that there should be an alignment between the purpose of the corporation and that of society. Is this necessarily or always the case?

The question is of fundamental importance because the prevailing notion as enshrined in the Friedman Doctrine[2] is that "there is one and only social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud". This makes clear that there is not and should not necessarily be an attempt to equate corporate purpose with social purpose. It may result from market forces and the process of competition but social purpose should not drive corporate purpose

[1] The Social Purpose of Corporations. Nien-he Hsieh, David Rodin, Marco Meyer, Working Paper, not included in this issue of the Journal.

[2] Milton Friedman (1962) *Capitalism and Freedom* and New York Times 13 September 1970.

On the other side of the coin, those who advocate a corporate purpose other than profit often presume it to be social purpose. Both propositions may be incorrect. Corporate purpose is not necessarily to “increase its profits”, but nor is it always social purpose. Companies can have purposes that are driven by neither profits nor society but reflect what they seek to do in promoting the interests and wellbeing of their customers.

In other cases, the nature of the corporation might associate its activities directly with those of society at large. What are sometimes termed the “commanding heights of the economy” – the utilities, banks and companies with significant market power – are ones where, for reasons of monopoly or human need, there is an intrinsic social component to corporate purpose.

Clarifying and distinguishing between corporate and social purpose is key to determining appropriate public policies to the company. Presuming that corporate purpose is simply profits potentially creates too great a divide between private interests of shareholders and those of society at large. Equating it with social purpose unduly restricts the corporate purpose to those determined by social interests. Determining where they should correspond and can deviate is a fundamental consideration that has received inadequate attention to date, and, as will be described below, there are profound changes in progress that are significantly altering the boundary between the two.

- History[3]

There is nothing radical in promoting corporate purpose. On the contrary, it is a return to the Roman origins of the corporation. The Roman corporation blended corporate with social purpose, as it was used to perform public works and build public infrastructure as well as to generate profit. It was the legal form of

[3] The Historical Role of the Corporation in Society. Leonardo Davoudi, Christopher McKenna, Rowena Olegario, this issue of the Journal.

municipalities, universities and the Roman Catholic Church. It was also the foundation of the guilds, which spread the corporate form around the world through merchant trading companies undertaking voyages of discovery and opening trading routes across the globe. Thereafter publicly chartered corporations built canals and railways.

It was only with freedom of incorporation that corporations were no longer required to adopt a public licence. Even then, the families that owned them were heavily dependent on their nation states and often retained a strong sense of social responsibility as well as private rights. The most notable examples of these were the Quaker family firms, such as Barclays Bank, Cadburys, Clarks, Frys, Lloyds Bank and Rowntrees.

As ownership of families became diluted during the 20th century, financial market and institutional values replaced those of families. In particular, the rise of markets for corporate control, the takeover market, and hedge fund activism intensified expectations on corporate directors and management to put shareholder interests and profits first. So it is only in the last half century of the corporation's near two millennia existence that profit has replaced public purpose as the sole corporate purpose. And it is over this period that the environmental and social tensions of the firm have become most acute.

- Trust[4]

Companies commit to the fulfilment of their corporate purpose. The commitments are specifications and manifestations of the forms in which purpose is implemented. They lend precision to corporate purpose. In some cases the commitments are contractual in nature and legally enforceable. In many cases they are not. They are

[4] Do Corporations have a Duty to be Trustworthy? Nicholas Kirby, Andrew Kirton, Aisling Crean, this issue of the Journal; and Trust and Corporate Governance. David Vines, Natalie Gold; and Trust and Corporate Governance. David Vines, Natalie Gold, this issue of the Journal.

stated, implied or inferred and require trust on the part of those receiving them in the trustworthiness of those making them.

There is not necessarily a general requirement of trustworthiness. Trustworthiness is a characteristic of a firm, analogous to the quality and reliability of its products, for which there is a market demand and price. Customers, employees, suppliers and communities pay for trustworthiness in the same way as creditors do for low risk investments and incur the costs of breaches of trust as creditors do on defaulting loans.

On the other hand, there are circumstances in which the right to breach commitments is not justified, in particular where there is dependency of those trusting on those being trusted. That dependency is a reflection of a lack of choice or alternatives on the part of the trusting, an incapacity or difficulty on their part to seek alternatives, or their subordination or subjugation to the market or political power of those they trust. In addition, there may be wider systemic consequences of a particular breach of trust for the perceived trustworthiness of companies as a whole that make a single violation unacceptable at broader industry, economy or society levels. In those circumstances, markets in trustworthiness fail and companies have a responsibility to remain true to their word.

It is striking that the conditions under which violations of trust are unacceptable are precisely those associated with market failures that lead to contractual incompleteness. In other words, trustworthiness must be upheld where contracts are incomplete and markets fail. There is therefore symmetry between the roles of trustworthiness and contracts, and later we will argue that the changing nature of economies is extending the role for trust relative to contracts.

In practice, breaches of trust are likely to undermine the perceived trustworthiness of all of a company's commitments. Instead of reneging on specific ones, companies may therefore prefer to limit the scope of the commitments they make in the first place. So the cost of fulfilling commitments may be reflected in fewer rather than weaker commitments.

The degree of commitment to corporate purpose is a reflection of the behavioural norms within organizations and the degree to which they are other- as against self-regarding. To what degree do they reflect the interest and wellbeing of parties other than the employees?

This issue has been particularly pertinent in banking and financial services where the adoption of high-powered incentives has engendered a culture of “me first”. The last few years since the financial crisis have seen a recognition of the need to reframe the self interest of bankers and banks to other regarding customer, community and society based values.

- Culture[5]

Culture needs to be embedded in an organisation’s practices. There are many ways of doing this but most rely on organisational leadership, linking the strategic priorities of the business to its culture, and ensuring that corporate values are clearly articulated and consistently applied.

The values emanate from the founders. But as the Quaker values of Barclays and Lloyds illustrate, those founding values can dissipate over time. Leadership is clearly one of the determinants of how values evolve and whether the culture of an organization remains true to its purpose. However, as banking demonstrates, there are forces other than leadership at work, in particular from markets and investors, and, as the next section argues, there is one that will bring about particularly profound changes in the nature of the corporation over the coming decades.

[5] Getting Clear on Corporate Culture. Nien-he Hsieh, David Rodin, Marco Meyer, this issue of the Journal.

Part 2. External Influences and Responses

- External Influences[6]

Technology is fundamentally altering the conduct of firms. The most significant developments are in big data, machine learning and artificial intelligence, blockchain, computer vision, drones and autonomous vehicles, quantum computing and 3D printing. These technologies differ from those of the past in that they are substituting for human senses and minds and will in due course replace as well as assist human decision taking.

The new technologies are promoting flatter organizations with companies outsourcing activities and employing platforms to coordinate activities that previously were performed in-house. At the same time, technology is establishing firms with technological advantages and network benefits that are dominating their industries. So, at the same time as some forces push in the direction of a proliferation of small, decentralized enterprises, others are moving towards large monopolists.

While corporate conduct is changing, organizational form is not altering as rapidly. Traditional corporate structures remain, with the new technology firms having similar ownership and governance arrangements to their predecessors. Institutional innovation to date has been slow in comparison with technological changes and corporate behaviour. This can be viewed as an indication of the strength of existing

[6] How is Technological Change Affecting the Nature of the Corporation? Julian Birkinshaw; and Technological Progress and the Future of the Corporation. Sharon Belezon, Assaf Hamdani, Niron Hashai, Eugene Kandel, Yishay Yafeh, this issue of the Journal.

corporate forms in being able to adapt to the new environment or the difficulty of reforming current arrangements.

Where deficiencies in terms of speed of response are most in evidence are in relation to policy. Regulatory responses to the public policy issues created by the new technologies have been inadequate. Several cases illustrate. The effects of changing work practices on labour markets have been widely documented and concerns about the impact on the level and nature of work have been loudly voiced. However, there is little sense as to whether employment laws need to be changed and if so how.

Second, the main concerns that the newly emerging companies, such as social network firms, raise are very different from the standard problems of monopoly pricing and anti-competitive conduct of the past. Instead, they relate to such issues as the use and abuse of customer information, lack of transparency about social impacts of artificial intelligence and autonomous vehicles, and the risks as well as benefits of gene therapies. In other words, new technologies create inevitable uncertainties and concerns that existing regulatory frameworks are inadequately placed to address.

Third, regulation for the most part is organized at national levels while the newly emerging products and companies are international. Nationally based regulatory policy produces fragmented and ineffective responses to the global impacts of new products and markets. Social networks are good examples. By their very nature they seek to create global markets and competition policy needs to respond accordingly.

Regulatory and competition policy therefore suffer from serious lags in terms of the speed and scale at which they operate. They are at best able to respond to emerging issues but are rarely forward looking in anticipating future developments. It is neither in the nature nor capacity of regulators to outwit entrepreneurs and innovators with the result that the faster the rate of technological innovation, the more serious the regulatory and competition policy lag.

It is in this respect that the degree to which corporate purpose needs to adopt a social purpose is changing. The existing policy tools for aligning corporate and social purposes are becoming increasingly deficient as the speeds and global reach of technological advances accelerate. The problem will become progressively worse over the coming decades. Instead, it is corporations themselves that will have to adopt practices and structures that ensure that they can be trusted to uphold the public good as well as private interests. We consider below how best to achieve this.

- External Responses[7]

Beyond the socially beneficial properties associated with competition in product, labour and financial markets, the way in which corporations are conventionally viewed as contributing to social welfare is through corporate taxation. However, the corporate tax base has been steadily eroded through the globalization of corporate activities that has allowed them to shift tax domiciles and transfer liabilities to the lowest tax regimes. This has prompted tax competition between nations that has created a run to the bottom in the taxes countries levy on corporations to the point where the viability of corporation tax is in question.

Several responses have been proposed involving international harmonization, the adoption of a cash flow based tax system and accruals tax. There are advantages and drawbacks to each of them. Consumption-based tax systems have advantages in taxing relatively immobile consumers but the feasibility of finding an effective resolution of international competition in corporate taxation remains in doubt.

[7] Revisiting the Uneasy Case for Corporate Taxation in an Uneasy World. Mihir Desai, Dhammika Dharmapala, this issue of the Journal; Putting Technology to Good Use for Society: The Role of Corporate, Competition and Tax Law. John Armour, Luca Enriques, Ariel Ezrachi, John Vella, this issue of the Journal; and Can Corporations Contribute Directly to Society or Only Through Regulated Behaviour? Peter Buckley, this issue of the Journal.

The second way in which it is suggested that policy should respond to growing political discontent and social mistrust of business is to strengthen regulation. The response to the financial crisis was exactly that, tightening international rules about capital adequacy and liquidity of banks and imposing tougher domestic requirements on, for example, the ring fencing of commercial from investment banking activities.

There are calls for tighter rules on product, environmental, employment, governance, reporting, remuneration standards of companies and stronger enforcement of existing rules with larger penalties and greater personal liability for violations. Most seriously, the progressive liberalization of trade and capital flows across countries has been reversed with the imposition of tariffs and quotas restricting the ability of companies to source and distribute their products and services on a global basis.

These developments are seriously impeding the functioning of markets and firms, and distorting the allocation of activities and resources between sectors and geographies. It is unclear whether regulation is capable of correcting misalignments between private and social objectives and even less clear whether this is the best approach to tackling the problem.

There is growing evidence of commercial as well as social benefits associated with the adoption of socially responsible practices by companies, in particular of long-run rather than short-term financial benefits associated with social responsibility, and environmental, social and governance policies. These practices are becoming increasingly necessary in the face of the mounting inadequacy of conventional regulatory and competition policies to deal with newly emerging technologies.

Regulatory lag is disconnecting corporate social and environmental problems from policy responses. A variety of responses in the form of, for example, forward rather than backward corporate compliance with prospective as well as past regulatory requirements are suggested but ultimately the corporate sector itself will need to take more responsibility for addressing its political, social and environmental deficiencies.

Part 3. Internal Responses

There are two parties that are regarded as having a particular influence on the conduct of firms: owners/investors and directors/managers.

- Ownership and Investment[8]

Much empirical work has recently examined the way in which ownership of firms influences their social responsibility and pursuit of environmental, social and governance policies, and the impact this has on the financial performance of firms. In particular, contrasts are drawn between publicly listed with private companies, and family with institutional ownership.

One of the striking features of ownership has been the decline of the publicly listed company in the UK and US. In both countries, the number of listed companies has halved over the past two decades. One explanation of this is the less onerous regulatory requirements imposed on private than public companies and the intensification of short-term financial pressures from institutional investors that, it is argued, undermine the ability of listed firms to promote long-term financial success and broader social and environmental policies.

In contrast, family owners have a very real interest in the performance of their firms. In general, they hold significantly larger blocks of shares in companies than financial institutions, which give them the ability as well as incentives to monitor and engage in stewardship of firms. There is evidence of this occurring but equally there is

[8] The Impact of Ownership on Building Sustainable and Responsible Business. Belen Villalonga, this issue of the Journal; and Patient and Impatient Capital: Time Horizons as Market Boundaries. Avner Offer, Working Paper, not included in this issue of the Journal.

evidence of family run businesses having poorer records than other companies in promoting environmental and social objectives. At present there is therefore no clear association between particular forms of ownership and socially oriented corporate policies.

One way in which investors influence the conduct of firms is through the allocation of financial resources for investment. Private capital markets allocate funding to the highest return activities and thereby promote the creation of shareholder wealth. However, there are well known deficiencies of financial markets in that regard, not least in their supposed short-termism in discounting long versus short-term returns excessively.

A different way of viewing this problem is in terms of the payback period that financial markets impose on investments. This limits the scope for private capital markets to fund large-scale long-term investments, in for example, infrastructure projects. That deficiency makes public sector ownership a potentially more effective way of funding infrastructure.

This raises the question of the relative merits of private and public sector ownership of corporations. It is a question that has been lent particular significance by the rise of China and the success of its state-owned enterprises in promoting its economic growth. It has also risen to the fore in western economies where the relentless drive to privatisation has been thrown into question by the poor performance of privatized corporations. Such is the concern that in some countries, renationalization has appeared on the political agenda.

Past experience of state owned enterprises makes many sceptical of the merits of nationalization. However, the very fact that it has re-emerged as a potentially viable policy points to a failure to identify an appropriate private sector ownership solution to the promotion of socially compliant policies in the corporate sector.

- Governance[9]

The other approach that companies are urged to adopt is strengthened corporate governance. In particular, the board of directors is regarded as the instrument for aligning the interests of the company with its shareholders. It sets the direction and strategy of the firm and is responsible for monitoring its implementation in an organization.

The emergence of index funds, whose performance is linked to stock market indices such as the FTSE and S&P indices, has created a dilemma for corporate governance. The internationally diversified portfolios of index funds means that the only risks in which they are interested are global systemic ones that affect the total value of their portfolios. The performance of individual stocks is of little interest, with the exception perhaps of those with the largest market capitalization.

The risks that concern investors are those created by governments, international politics, social unrest, financial systems and the global environment. These are precisely the factors over which boards of companies have no control. Ironically then the emergence of what is termed the universal owner – namely shareholders who hold global portfolios of shares – has promoted interest in environment, social and governance considerations at global levels

On the other hand, shareholder activism, in the form of hedge fund engagement, is pushing boards of directors to focus increasingly on their own idiosyncratic shareholder risks and seek to maximize their shareholder value. One solution to this dilemma is for governments to address the systemic effects over which companies

[9] Is Corporate Governance a First Order Cause of the Current Malaise? Jeffrey N. Gordon, this issue of the Journal; and Can Corporations Contribute Directly to Society or Only Through Regulated Behaviour? Peter Buckley, this issue of the Journal.

have no control. So for example, in relation to the impact of new technologies on employment, governments should address the consequential reskilling needs of employees by providing publicly funded training programmes.

Much focus on corporate governance has been on remuneration and in particular promoting longer-term incentive plans in the form of long-term share and option schemes. However, the achievement of social and environmental as well as financial objectives requires broader measures of performance than just share price returns, in particular relating to human, natural and social as well as financial capital. At present, these measures are poorly specified and do not provide a sufficiently reliable basis on which to structure executive remuneration plans.

In addition to remuneration, diversity in age, ethnicity, experience, gender and nationality of board membership has been a focus of corporate governance attention. Some point to superior performance, and others to fairness and equality of opportunity in arguing for board diversity. But it follows much more naturally from diversity in corporate purposes that necessitate a wider range of experiences, background, nationalities, ethnic and gender balances than has been the case in corporations focused solely on the pursuit of financial returns.

In summary, there is a serious disjoint between the interests of shareholders and management that intensified shareholder engagement and corporate governance reforms have failed to address. That disjoint is still more significant when the range of interested parties is extended to include communities, employees and societies as well as investors.

Part 4 An Agenda for Reform

Part 1 set out a radical reinterpretation of the nature of the corporation that focused on corporate purpose, its alignment with social purpose, the trustworthiness of companies and the role of corporate culture in promoting purpose and trust. Part 2 then suggested that external factors, in particular technological advances, are intensifying the need for this reinterpretation focusing on the role of purpose and trust. It pointed to the increasing inadequacy of conventional policy responses in the form of regulation and competition policy, and how the traditional source of social capital from corporations in the form of corporate taxation is eroding. Part 3 recorded how neither owners nor corporate governance have succeeded in providing internal resolutions to the alignment of corporate with social interests. On the contrary, the changing nature of ownership is creating a greater divergence between the functioning of the board and the interests of either shareholders or societies.

How can the new view of the firm be reflected in public policy and corporate practice? The suggested answer is that the reinterpretation of the firm described in Part 1 be reflected in policy and practice in Parts 2 and 3:

1. The starting point should be to recognize that the purpose of corporations is not simply to maximize shareholder value.
2. Corporations should specify their corporate purposes.
3. They should clarify the commitments that they make to the different parties to the firm associated with their purposes.
4. They should demonstrate how they can be trusted to uphold their commitments.
5. In particular they should record how their ownership, governance, performance measurements and incentives promote commitments to their purposes.

This suggests that in relation to Part 3, the ownership and governance of firms should be the means by which corporations demonstrate a commitment to purpose.

The way in which companies are encouraged to do this is through public policy:

1. Corporate law should require companies to specify their corporate purposes.
2. It should enable companies to adopt structures that are best suited to the delivery of their purposes.

3. It should require companies to demonstrate how their ownership, governance, performance measurements and incentives encourage them to commit to the delivery of their purposes.
4. It should require certain classes of companies that perform particular public and social functions, such as utilities, banks and companies with significant market power to align their corporate with their social purposes.
5. The regulatory system should promote an alignment of corporate with social purposes where required and ensure that companies' ownership, governance, measurement and incentive systems are appropriate for this.

This implies that corporate law should be the means by which companies make credible their commitments to their purposes. Corporate law enables companies to adopt a diverse range of purposes and structures. It does not in general restrict corporate to social purposes. However, for those companies and activities that have particularly significant social consequences then regulation requires corporate and social purposes to be aligned and ensures that companies are fit for their social as well as private purposes.

In sum, the Future of the Corporation programme has laid the foundations not only for a radical reinterpretation of the nature of the corporation but still more significantly for a fundamental reformulation of the ownership and governance of firms and policy towards the firm in relation to corporate law and regulation.

Part 5 Objections

This agenda will raise a variety of different objections ranging from "there is nothing new or interesting" to "there is nothing feasible or desirable". On the first, the claim will be made that (a) everyone is already talking about corporate purpose, (b) of course companies adopt and pursue corporate purposes beyond profits, (c) institutional investor practice is already reflecting it and (d) government policy and corporate governance are already promoting it.

There are elements of truth in all of these points but the simple fact remains that shareholder primacy is still dominant, it is the conventional basis of management and executive education around the world, and both institutional practice and public policy are hesitant reformers.

Regarding the feasibility or desirability of what is being proposed, it will be said that (a) multiple objectives obfuscate and confuse corporate management, (b) the rights of shareholders derive from fundamental property rights, (c) competitive product markets make the pursuit of anything other than profits idealistic, and (d) national policy makers are constrained by global competition. What undermines these arguments is the premise that the competitiveness of corporations depends on their trustworthiness in fulfilling their corporate purposes and their ability to sustain relations of trust with different parties to the firm. Companies exist to rectify the defects of markets through sustaining relations of trust based on commitments to their corporate purposes.

A third line of objection will be that nothing much has changed to date, so why should anything change now. There are two responses. The first is, as mentioned above, there is a great deal in progress in corporations, institutional investment, government policy and academic thinking. But what has been lacking to date is a comprehensive, unified body of intellectual thought to underpin proposals for reform and counter received wisdom. That is precisely what the Future of the Corporation programme has sought to provide and what the results of the first phase of research suggest is very much in evidence.

Part 6 Next Steps

The reason why the Future of the Corporation programme has provided such powerful insights into the problems of the 21st century is that it has pinpointed the deficiency of the existing paradigm of the firm in emphasizing contracts and markets at the expense of the potentially more significant contributions of commitment and trust. The duality between contracts and markets on the one hand and commitment and trust on the other is critical in identifying appropriate business practices and public policy prescriptions. Purpose led corporations internalize many of the externalities that conventional profit motivated businesses fail to resolve and align private with public interests in humane organizations.

The next phase of the Future of the Corporation will turn to implementation of the conclusions of the first phase. It will commission working parties to investigate three areas. The first is corporate law and regulation. The second is corporate ownership and governance. The third is measurement and performance. Underlying all three will be the influence of technological change.

The first phase has identified the importance of corporate law in promoting corporate purpose and the need for law to enshrine purpose in the objectives of the company. It has demonstrated the need for regulation to align corporate with social purpose in certain parts of economies and particular types of corporate activity. It has also emphasized the role of supportive ownership and governance of organizations and the need to measure outcomes across relevant dimensions of performance that encompass the interests of different parties to the firm.

It is intended that working parties will be established in all three areas to consider and make recommendations on the reforms required to corporate law and regulation, corporate ownership and governance, and corporate measurement and performance. In the process, the programme will seek to address some of the major public policy debates of the day, including:

- The Environment, Climate Change and Natural Capital
- Meaningful Employment and the Future of Work
- Inequality and the Contribution of Business to its Cause and Alleviation
- Ownership – Public Ownership and Private Alternatives
- Populism, Nationalism and Trade Wars – The Relevance of Business to Their Rise and Fall

In light of the manifest failures of existing arrangements, there is considerable urgency about progressing this final stage of the Future of the Corporation programme to arrest and reverse the economic, environmental, political and social detriments they are causing.