“[A stakeholder-centric] approach to corporate management expects executives to be broadly competent social planners rather than narrowly focused profit maximizers.”

N. Gregory Mankiw, Robert M. Beren
Professor of Economics at Harvard University

Customers call for lower prices, while employees want higher compensation. Shareholders demand dividends, but local communities want philanthropy. Professor Mankiw doubted executives are qualified to perform a role where they balance competing stakeholder interests. Could this lead to a world where the needs of stakeholders are set off against one another, in a form of conflict capitalism?

Addressing the engagement gap

In aligning their purpose with social goals, companies are becoming a vanguard for social change. Managing stakeholder engagement will be key.

Executives can create value by keeping their pulse on how stakeholders view vary across groups and markets. Currently, not enough organizations are doing so.

Addressing this engagement gap will be critical to ensuring stakeholder capitalism does not descend into conflict capitalism.

60% of C-suite respondents do not regularly consult with their stakeholders on how to create value for them.3

56% of C-suite respondents saw a lack of personal commitment for themselves or their C-suite colleagues as among the biggest barriers to delivering value for the benefit of all stakeholders.2

Could stakeholder capitalism lead to “conflict capitalism”? 

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