

Ouverture de ‘IR 4.0, Network Economies & Stakeholder Engagement’*

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Abstract

Global corporations operate today in conditions of highly competitive tension in a context subject to political, social and technological instability. In recent years, the Greek economic crisis of 2009 showed the new basic drivers of global capitalism (Health; Energy; Food; Communication). In global network organisation, the importance of ‘corporate network value’ emerges, and intangible corporate assets (identity, culture, information system) acquire huge importance.

The advent of new technologies and the growth of AI offer significant opportunities for creating value not only at business scale but also at societal level. For the future growth of global corporations, the challenge is to conciliate the profitability imperative with a business model compatible with the objective of a sustainable development and in a logic of stakeholders’ engagement.

Keywords: Industrial Revolution; 4.0; Stakeholder Engagement; Shareholder Value; Global Capitalism; Artificial Intelligence; Global Corporation; Global Competition

1. Overture

Corporate development based on ‘enlarged’ competitive space (market-space management) tends to generate mega-organizations with very strong ‘top tier management power’.

Corporations operate today in conditions of high competitive tension in a context subject to political, social and technological instability.

Therefore no company can, trust, as in the past, solely in its own resources, knowledge and skills, since corporate development is reached with the help of different ‘carriers’ (shareholders, managers, employees, customers and competitors). By the end of the last century, global capitalism entered a deep crisis that began in Mexico in 1995.

The economic and financial crisis has motivated many opinion-leaders announcing the end of the capitalistic system. In fact, the capitalist system was considered responsible for the financial and socio-economic chaos, for the society’s materialism and consumerism as well as for the environments destruction. In a global economy system, it is indeed impossible to abandon the capitalistic system as if it was a

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political party or simply a sport club. Indeed, the market economy is believed essential for a natural capitalism development (Lambin, 2009).

In fact, such considerations regarding the capitalistic system abandonment are highly nebulous. The abandonment of the capitalism would entail in fact the suppression of the ownership of means of production and the collectivization of profits. The Governments, however, really count a lot on the innovation and on the enterprises to revitalize the economy. Nowadays, all the markets are global, even those that seem mostly rooted in their national traditions.

In other words, it is an ‘auto-destructive’ way of thinking, surely doomed to failure in a global economy context, especially in Europe – expressly contrary to a similar solution (Lambin, 2009).

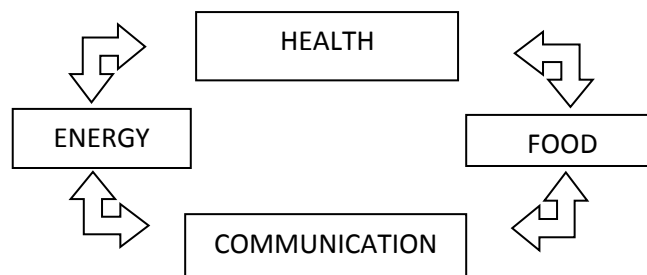
2. The New Basic Drivers of Global Capitalism

In recent years, the Greek economic crisis of 2009 showed the new basic drivers of global capitalism (Figure 1).

The new drivers of capitalism are made up of business areas of defensible innovations that concentrate the long-term investments of worldwide corporations. In synthesis, the current basic drivers of global capitalism define an interconnected system of corporate business with very high expectations on profits and that specifically regard:

- Health;
- Energy (renewable and conventional);
- Food;
- Communication (digital and analog) (Brondoni, 2014).

Figure 1: *Global Capitalism. Basic Drivers.*



The term ‘market economy’ is often used as a synonym for capitalism, but this is wrong. Capitalism should be thought of as an amalgam of three distinct kinds of markets: markets for commodities, for labour and for capital.

The contemporary global capitalism is also facing other challenges, particularly the need of promoting the sustainable growth, dramatically stressed by the economic and financial crisis. In the meanwhile, for the future growth of global corporations the challenge is to conciliate the profitability imperative with a business model compatible with the objective of a sustainable development (Brondoni, 2014; Lambin, 2009).

In global network organisation, the importance of ‘corporate network value’ emerges, and intangible corporate assets (corporate identity, corporate culture, corporate information system) acquire huge importance. A policy of controlling the competition becomes a priority, with the focus on ‘costs oriented to competition control’ (Brondoni, 2006).

The global firm is nowadays confronted by the threats and opportunities of multiple potential locations of the value chain activities across the globe (Brondoni, 2014).

The value proposition of the firm to its market is not merely the result of ‘value extraction’ across the world, by exploiting local resources and capabilities, but for a growing number of firms is a system of values proposition, based on socially responsive behaviour.

3. Global Corporations, Shareholder Value and Key Stakeholders’ Interests

In global network organisation, the importance of ‘corporate network value’ emerges, and intangible corporate assets (corporate identity, corporate culture, corporate information system) acquire huge importance. A policy of controlling the competition becomes a priority, with the focus on ‘costs oriented to competition control’ (Brondoni, 2006).

The globalisation of markets modifies the board’s attitude towards shareholders, promoting the maximisation of economic performance in the long rather than short term (Salvioni & Gennari, 2017).

Shareholders have always had a significant role in conferring the mandate of corporate governance. This has contributed, on the one hand, to affirming the shareholder view, which dominated the orientation of corporate governance for a long time, emphasising economic performance and financial reporting and, on the other hand, to producing divergences in governance relating to the ownership structure and stock market characteristics.

Nowadays, creating shareholder value is not the same as maximising short-term profits. Companies that confuse the two often put both shareholder value and stakeholder interests at risk (Goedhart et al., 2015). The creation of shareholder value is not in contrast with the satisfaction of other key stakeholders’ interests; the real problem is the excessive short-termism that characterises short-sighted boards, often related to the relationship between the firm’s owners and those developing its management processes (Salvioni & Gennari, 2017).

4. Artificial Intelligence (AI), Digital Challenges and Investments in Human Capital

The advent of new technologies offers significant opportunities for creating value not only at business scale but also at societal level. Nowadays, the information explosion with one trillion of gigabytes of data provided by 2025, in addition to the value of digital transformation which is expected to generate around 1,74 million of job places by 2022 (WEF, 2018) and the evolution of skills like analytical thinking, innovation, and technology design represent crucial transformative phenomena. Moreover, it is expected that the Artificial Intelligence (AI) can provide over \$ 15.5 trillion by 2030 in terms of global PIL.

While some research (Frey & Osborne, 2017) estimates that the automation can substitute almost 50% of the US jobs within the next decades (especially, sales, support, and administrative roles), there is evidence that the systems enabled by AI technologies can produce a value from \$ 1.4 billion in 2016 to \$ 59.8 billion in 2025, in terms of annual revenues. Furthermore, studies suggest that, by 2030, AI could contribute up to € 13.33 trillion to the global economy -more than the current combined production of China and India.

In this context, characterized by the need to identify institutions and new leadership models able to manage these digital challenges, the investments in human capital become strongly recommended.

Moreover, the evolution and dynamism of the job market require executives who retrain or substitute more than a quarter of the workforce by 2023 (McKinsey, 2018)

For the future, we expect to increase the level of investments in new technologies and AI with the aim to capture the opportunities deriving from the economic growth. At the same time, it is fundamental to adopt an ethical approach to innovation in order to ensure that privacy and individual rights are well respected.

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