

# Global Shift and the New Sustainable Corporate Paradigm\*

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## Abstract

*We are currently living a dramatic change driven by a Global Shift that is shaping a very different geopolitical settlement with a new environmental and social emergency together with a different industrial cycle and consequent overall corporate paradigm. A new Renaissance Economy is therefore foreseeable where intangible values – more than tangible matters – represent the true sustainable evolution able of evolving the notion of “profit”, however not denying it.*

**Keywords:** Global Shift; Intangibles; Transformative Development; Life Quality; Sustainability; Global Markets

## 1. The Global Shift

The Global Shift theme is currently related to mega trends evolutions of global markets, the geo-political settlement, the concentration of richness in the hands of a small number of large Corporations or individuals, the change of the labour market, the global interconnection of data and information's, the energy transition from mineral or polluting sources to clean and renewable ones, the modification of industrial and market infrastructures in a logic of Circular Economy, the evolution of military and aerospace technologies, the revolution of cars powered by electricity or hydrogen, up to the evolution of people's lifestyles and consumptions. All that in a logic of economic, environmental and social sustainability.

Within this framework, there is no ambition to talk about these topics since it isn't possible to recommend useful suggestions because they are extremely complex and almost infinitive to be approached in order to get some sound propositions.

In fact, those topics are today the focus of vast studies, reports, conferences, “summits” in a new dimension in which everyone is involved, working hard to offer a new perspective to the world: a new world that is trying to redesign his face within a new industrial cycle still to be discovered, and within a global health emergency never observed up to now.

However, it is possible to offer a very pragmatic contribution by trying to get to the bottom of this complicated matter with indications that could possibly appear simple and understandable to most, suggesting an evolutionary vision with a different approach to the problem: the identification of a clear direction that can be shared by all. A certain direction inspired by Universal Laws – as Roegen was claiming - which can then be reinterpreted into new lifestyles and consumption patterns not only sustainable, but also more accessible and enjoyable for all. In other words, the Global Shift is the declaration of a market paradigm able to satisfy different needs of differ-

ent world's populations, in which both large corporations and the smallest units may coexist, but all aiming to achieve the same wellbeing goals and universal harmony.

1. *The sense of our human species coexistence changes* from a prevaricating and conflictual one, to a collaborative and active one in the pursuit of a new stable equilibrium, as indeed occurs in nature in the proliferation and cohabitation of the species' diversity, or in the electromagnetic and bio-physical balance in the atomic laws.

2. *The general perspective of the market economy changes* and becomes a feature of positive evolution of our world, no longer speculative, nor damaging the vitality of the existing environmental and social eco-systems.

3. *The sign of things changes* from a mainly negative sense based on scarcity - less natural resources, less wealth, less happiness and wellbeing, less work, less.... - becomes positive and based on abundance, once again inspired by Nature's Laws that show us the right way to handle this sign change. This is a different kind of abundance from what we mean today: it is referred to a market economy able to offer products and services that are both materially different from the current ones, and capable of evolving new kind of needs, more intangible and desirable, and at the same GNP level as seen later on.

Therefore, it is not an "Happy Decline" which foresees scarcity, unemployment and market threat, but it's only "Sustainable Development", which is set in the contest of a new "abundance", full employment, people emancipation, and true justice: real wellbeing and happiness.

To achieve this real Global Shift, it is necessary to extend the view of market coherences - today aiming to a social and environmental balance -, to a higher logic that have always characterized the Universe evolution: the strong connection, integration and contamination between *Science, Philosophy and Economy*.

Only with this superior view and purpose is it possible to concretely achieve a true and perpetual economic, social and environmental sustainability, just as nature operates in its evolutionary essence (Ricotti, 2016).

The observation of this scheme leads to the following considerations:

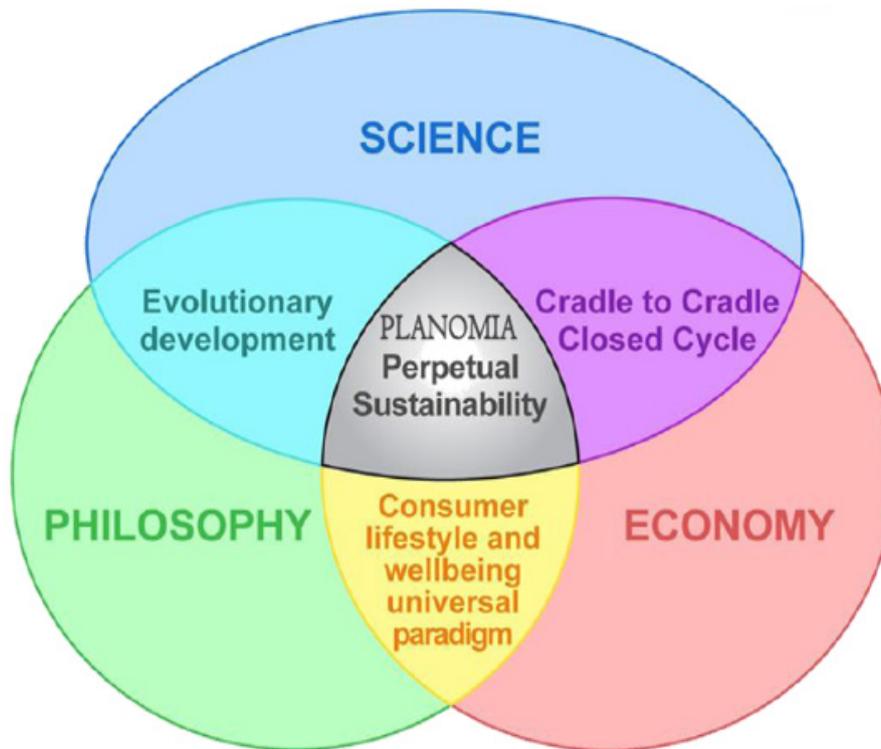
a) Whatever type of civilization, nation, community, individual, in whatever moment in time, can use this model to locate its state of being, and design its evolution according to these specific references.

b) The close link among the three disciplines (Science, Philosophy and Economy) is guided by the same logic where Intangible values - more than tangible matters - are the common driving features which compel the evolution of each relevant sector. As far as corporate culture is concerned, this means a higher use and appreciation of intangible KPI (balance sheet Key Performance Indicators) measured on some exclusive strategic and competitive corporate issues.

c) The scheme explains the composition of the whole, while the individual correlations remain valid:

1. The relationship between Science and Economy contains the conditions applied to corporate organizations in the bio-imitative processes of the closed cycle of resource use (Cradle to Cradle or Circular Economy): e.g. the analysis of correct environmentally sustainable production processes, the long Supply Chain where different stakeholders work in the same shared direction, the use of technologies imitating nature's processes (Blue Economy and Bio-Imitation), the viability of the economic practices for the local environment and territories (self-sufficiency and eco-systemic balance).

Figure 1.



**TRUE SUSTAINABILITY HAS TO BE FOUND IN A UNIVERSAL AND PERPETUAL HARMONY**

2. The relationship between Economy and Philosophy helps to evaluate the evolution of lifestyles and consumption patterns of different communities in relation to their different cultural origins and traditions. The logic here represented shows a balance between tangible and intangible needs which are reached by individual communities in a different manner and at a different income or GNP level. The matter is specifically adaptable to local realities in which intangible values refer to exclusive territory's soil and climate features<sup>1</sup> as well as its Genius Loci<sup>2</sup>. These characteristics represent the true strategic dimensions of a given territory whose reputation and value could increase over time.

3. The relationship between Philosophy and Science contains the rules that explain the evolution of the Universe in its possible configurations, from the most strictly proven scientific, to the religious ones, with their high content of spirituality and immateriality. Here we find the logical evolution of the earth and of its living species - including man - who is both matter and spirit, the only joint expression of "God", as interpreted by the most widespread Religions in the world. Here we find the principles that govern the evolutionary development of the entire cosmic system.

The scheme represents the key variables necessary for a long-term sustainability, and identifies how to arrive to an overall synthesis of lasting life quality, either on a minimum or global level: the evolutionary equilibrium.

The true Global Shift is therefore an actualization of the principles that have characterized the evolution of the Universe - therefore of our earth and our species -, natural principles and laws that can explain the understanding of the new sustainable corporate paradigm and address each of us in every area of our life.

The matter of changing economic flows, markets, finance, energy that characterizes the current interpretation of Global Shift is a nonsense, if we do not change, at its roots, the meaning, direction and logic of this global evolution.

## 2. The New Sustainable Corporate Paradigm

The statements of Sustainable Development are for the most part incompatible with the current corporate culture therefore not really achievable within executive practices, not acceptable to true consumer behaviors, not feasible by society at the level of Social Cohesion, not respectful of the environmental needs and vitality of the planet, not universally applicable for all populations and species in the world. Those statements are theoretically correct, but practically abstract and sterile in terms of their possible implementation in the real world.

It is necessary, therefore, to identify a new corporate paradigm capable of being both effectively practicable in the market and, at the same time, favored by each one just mentioned above: it has to establish a Win Win condition for all, otherwise it wouldn't achieve any concrete result.

Indeed:

a) In terms of corporate culture, we need to identify economic logics able of evolving the notion of "profit", however not denying it.

On this complex matter the Win-Win condition implies the need to focus the business culture on the notion of Added Value<sup>3</sup> - instead of Profit - and its possible full enhancement.

In a logic of sustainable economy this means evolving the products' development by pursuing the higher achievable dematerialization of all the Supply Chain's components, with specific reference to Packaging and all associated costs (packaging lines, warehouses, transports, recycling).

The important savings achievable on the variable costs (direct costs) reduction would be used for increasing the corporate Added Value. This means an increase – not decrease – of fixed costs (indirect costs) specifically addressed to some strategic features. We refer to those investments related to human resources management and welfare, bio-imitative technologies research and development, appropriate promotional and communicational support for sustainable products and services offered in the market, proper acknowledgement of own success as part of the full supply chain stakeholders' contribution and "shared value".

By improving the organization's quality and the market's offer within a solid corporate superior purpose, there is no longer need to enter into a competitive price spiral. At a higher Added Value thus obtained, it is also possible to obtain both a higher level of final profit, and a higher *Corporate Equity Value* deriving from a better implication of intangible KPIs (Key Performing Indicators) in the financial statements, those that are today most appreciated by financial analysts in a logic of sustainable economy<sup>4</sup>.

Acting within this framework, Profit is not denied, but becomes a subordinate var-

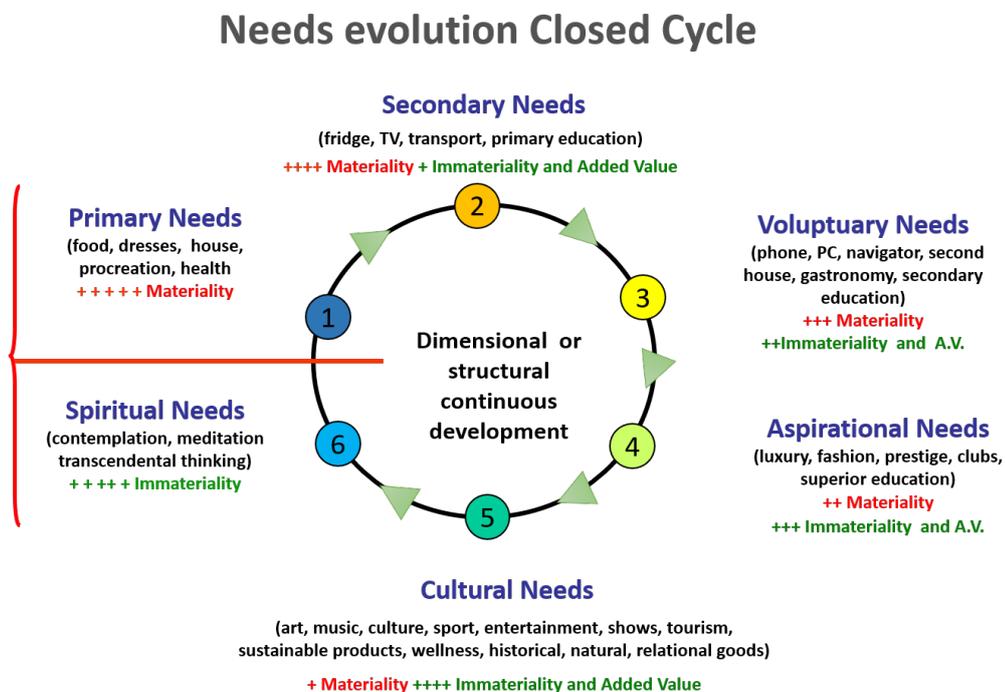
iable of the Added Value development, also well preferred by the shareholders because it legitimizes a solid and lasting competitive position of the Company and a simultaneous better quality and wellbeing of all its stakeholders. On the other hand, this indication of the business culture evolution, doesn't depress or degrades the management culture to the sole focus on an exasperated efficiency and compression of fixed costs (indirect costs), as in use today.

b) In terms of consumption styles, it is necessary to identify products and services capable of satisfying the consumers' needs by increasing their degree of overall satisfaction and fulfilment, at the same income degree.

Here we deal with the subject of changing consumption styles which, in a long-term evolutionary logic, could progressively develop in favor of products and services with a low or less material content and a high content of pleasure and satisfaction, normally associated with immaterial kind matters.

These products and services are the ones related to goods and needs that we define as "Cultural" and are represented by *Art, Music, Sports, Entertainment, Leisure, Internet, Wellness, Tourism, Quality Food and Drinks, Historical Heritage, Natural Assets, Relational Skills*. On the other hand, this type of evolution is also the one that is more environmentally correct, socially useful, and economically consistent with what has just been proposed in terms of business management orientation in the direction of the higher possible Added Value. In fact, there is a direct correlation between the intangible and cultural content of a product and service and the relative level of Added Value, as it can be seen in the following representation:

**Figure 2:** Map of Needs Evolution, Direct Relationship between "Intangible Values" and the "Added Value" Generation



Following the evolutionary logic of consumption styles, it is clear that where insist a high level of intangible values, also there is a high level of Added Value.

This can be explained by the fact that while the *material* content of any product or service is visible, palpable, decomposable and therefore possibly copied by competitors, the *immaterial* content is neither manifest nor separable from that specific product and service. In other words, it cannot be imitated or replicated: whatever cannot be replicated, cannot enter into a direct competitive price spiral. In a likely environment of similar products or services with a high material content, the Added Value is always depressed.

Finally, the cultural needs identified above, are those able to convey true satisfaction, pleasure, passion, thus representing a truly emotional, attractive and desired dimension of consumption style for everyone. Moreover, these consumption's styles would differ from territory to territory, from community to community, from small or large business, as a result of local cultures and traditions, without unnatural and out of tune homologations.

It would be a real Win-Win dimension for everyone.

a) In term of Social Cohesion, it is possible to homologate values and reference principles valid for everyone only if we refer to Natural Principles and Laws.

It is precisely those *Laws* that are capable of realizing true Social Cohesion because they are always shared and favored by everyone. In fact, they are principles that have constantly ordered the Universe's evolution and of all its species, ensuring continuous improvement and overall harmony. It is precisely *Natural Laws* that have always regulated the eco-systemic equilibrium of the various biological organizations and those of the various climatic conditions.

Other principles, philosophies, ideologies, rules, management logics that inspire the social organization are, therefore, always partial, circumscribed, limited, degradable or corruptible, only suitable for specific communities and ethnic groups, or valid for a short time: never fitting to any population and culture of the whole world, and forever. Moreover, it is no coincidence that the largest and most widespread religion in the world precisely indicates *Natural Laws* as the first principle to be followed for the realization of an ideal, just, inclusive, impartial, cohesive and happy society<sup>5</sup>: *Natural Laws* which represent the useful ways and tools to approach and feel the "Universe".

### **3. An Original Proposition of Developing Markets and Consumption Styles**

The New Sustainable Corporate Paradigm would overcome the need of maintaining a high rate of growth or to follow an impoverished model of decline.

On the contrary, it proposes a *Transformative Development* of the same markets, both with regard to consumption life styles (fewer material goods and needs, more intangible goods and needs) and in terms of conversion, restoration and reconstruction of the existing infrastructures and damaged territories, in line with the emerging cultural patterns that we shall see below.

Regarding the current industrial status quo, it proposes to progressively evolve any plant and product planning into a sustainable one with a cradle to cradle closed-loop, together with a complete utilization of bio-imitating technologies and renewable raw materials. This will take time because new investments will be done only after the complete depreciation of all existing plants.

But correct time is necessary to make all processes well done.

This evolutionary model does not predict stability (neither growth, nor decline) but indicates a constant positive trend for the given resources employed, able to be tuneful with the founding principles and the limits imposed by the Sustainable Development.

Through the transformation of consumption habits and emerging needs, it creates a continuous and progressive increase in the total value, both monetary and intangible, therefore favoring the development of society's general wellbeing.

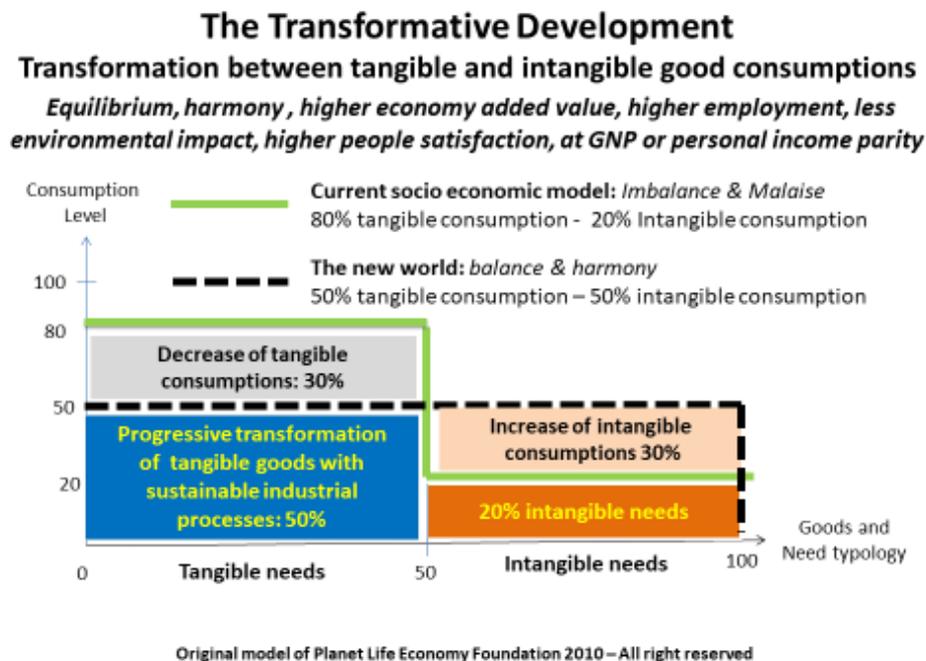
A developed society that has already materially satisfied its basic material needs can pursue logic of improving the life quality by transforming and requalifying its own needs and desires.

The model envisages fewer consumer needs of a material nature. These are transformed and replaced by equal consumptions of an intangible nature, however generating a new kind of economy at a higher level of Added Value, employment and satisfaction.

The overall *transformative development* foresees a balanced sharing of the consumption style: let's say 50% of a tangible nature (food, clothing, tools, cars, appliances) however engineered with a sustainable approach, and another 50 % of a full intangible nature (entertainment, art, music, sports, tourism, etc.).

The simple basic concept is represented schematically by this diagram, which foresees a general perspective for developed country of neither growth, nor decline. However, it's important to underline that what represented is a general model, as for each society or individual the relationship between material and intangible matter, needs to be adapted.

Figure 3.



The evolutionary diagram here represented suggests a markets' transformation way in which both the life quality and the overall individual wellbeing, the society, the environment as a whole will improve significantly.

This is demonstrated by the following results:

1. Reducing the consumption of goods with a high level of raw materials and packages, guides the enhancement of environmental quality and vitality.
2. Increasing the consumption of intangible goods leads to individual's improvement of own satisfaction and life quality.
3. With the increase of overall consumer awareness on sustainability, all goods of a material nature will be progressively transformed in an ecological manner, therefore without worrying about their scarcity or negative impact. This improves the chance of increasing, not declining, overall consumptions (Plata, 2015).
4. Where the whole society will move in this direction over time, the total economic Added Value improves and, at the same time, the wellbeing of a given society will increase.
5. With the transfer of needs from material-based goods to intangible ones the capital to labor ratio improves, increasing total employment.
6. Increasing employment devoted to the production of intangible goods and services, improves motivation, pride, loyalty, know-how and productivity of the labor employed. It improves the pleasure and quality at work place.
7. Improving motivation of employment and management attention to intangible values leads to a better understanding on the strategical potential and use of local culture and raw materials, therefore increasing the overall territorial economy, with higher local GNP and welfare, as well as an increase of small and medium size new companies.
8. The greater and better use of local know-how, culture and raw materials will generate local pride, collaboration and cooperation within other business and social entities, favoring the improvement on social cohesion.
9. By enhancing the culture of intangible assets as a mean to increase competitiveness and overall corporate quality, the speculative finance will finally evolve into a new one supporting this new corporate paradigm: the Stock Exchange will consequently benefit.
10. Transforming, restoring, rebuilding the existing infrastructure and territory, will all generate a long-lasting, positive, business cycle that re-models the market economy, making it truly sustainable.

#### 4. Conclusion

As you can see, this new paradigm promotes a different kind of goods and services offered to the market, in parallel with an awareness that reshapes lifestyles, environmental and social issues, strategic approach to competition.

The end results are represented by an overall better life quality, a consistent improvement in labor conditions, the development of an healthy economy which can ensure lasting wellbeing and, last but not least, respect for life in an entirely sustainable environment.

It is a "Win-Win" situation where everyone could achieve a better general overall condition and no one may truly lose its identity.

Of course we shall see difficulties in the real implementation of this corporate paradigm by all those who may feel threatened to lose dominant powers or privileged positions. The risk of real conflictual interests is palpable. Nevertheless, the dramatic evidences of climate change, sanitary emergencies, consumer's life style consciousness, higher management responsibility and transparency, will all contribute to a pro-

gressive development of this new corporate culture and complete markets' renewal.

All those who are already conscious of this situation and are ready to implement correct changes will probably gain performance and reputation, as well as all those who are not prepared or willing to evolve their market's offers will probably, soon or later, exit from the market.

New methodologies and management tools are already there in order to assure a smooth and non-traumatic evolution of this industrial cycle which will probably last over the next two or three decades: we have pleasure to undertake this process together with all World's Leaders who will truly engage themselves in this positive and resolute Global Shift.

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## Notes

<sup>1</sup> It is the ratio that exists between the ground (its structure and geological evolution, including water) and climate specific ecosystem that happens in a given territory. The territorial dimension of soil and climate, therefore, is always different, specific for a given community and cannot be reproduced elsewhere.

<sup>2</sup> The Genius Loci is a natural and supernatural entity linked to a place. “It’s the genius of the place inhabited and frequented by man” (Wikipedia). In our interpretation this term refers to everything that exists in a given area in relation to the past, traditions, knowledge, intellectual capital and all the values and principles that characterize the life of a specific community resident in that territory.

<sup>3</sup> Difference between net turnover and variable production costs (direct cost) of a given product or service (Gross Margin).

<sup>4</sup> This type of intangible assets represents 75% of the corporate equity value, as well famous economists have indicated (Blair & Wallman, 2001; Kaplan & Norton, 2004; Brondoni ,2010)

<sup>5</sup> In the Vatican Compendium for the Social Doctrine of the Church, 11 basic reference principles are indicated as a guiding suggestions for every behavior or decision: Natural Laws are mentioned at the first place.