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# The research background to the final report of the Future of the Corporation programme on '*Policy & Practice for Purposeful Business*'

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*Abstract:* This article introduces four research papers that were written for the final report of the British Academy Future of the Corporation programme. It focuses on three areas – corporate law, measurement, and finance. The overarching concept that the programme has developed is of corporate purpose being about creating profitable solutions to problems of people and planet, not profiting from producing problems for either. Adoption and implementation of this requires corporate law to reflect the extension of the boundaries of the firm beyond their conventional ones of property ownership and contractual claims to include the impact that the firm has on others. That should be incorporated in measurement systems that determine the success and profit of a company and in particular account for the costs of rectifying and remedying detriments that it inflicts on others. The purpose of financial systems and institutions in this context is to ensure that the necessary financial resources and forms of investor engagement are available to allow firms to deliver on their purposes. Finally, several cases studies illustrate the extent to which companies are implementing meaningful purposes and the challenges they face in doing so.

*Keywords:* Corporate purpose, law, measurement, finance.

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## Objective

In November 2018, the British Academy produced its first report on the Future of the Corporation, entitled *Reforming Business for the 21st Century.* The report set out what looked at the time to be an ambitious programme of reform of business around its corporate purpose. It suggested a move away from the conventional notion of corporate purpose as being about furthering the interest of shareholders to one that recognised the role of business in addressing the challenges we face as individuals, societies and the natural world in the 21st century.

It emphasised the need for business to address these challenges in a form that is commercially viable, profitable and financially sustainable, while avoiding profiting from causing detriments to other parties. It therefore argued that the purpose of business is 'to produce profitable solutions for the problems of people and planet, not profiting from creating problems for either'.

Since the first report was published, there has been a substantial global recognition of the ideas presented in the British Academy report and, in November 2019, the British Academy produced a second report entitled *Principles for Purposeful Business*. This report described four pairs of principles to promote the reform of business around its purpose. The principles relate to:

- Law and regulation
- Ownership and governance
- Measurement and performance
- Finance and investment

In the final 2021 report entitled *Policy & Practice for Purposeful Business*, the programme developed the principles into several specific policy proposals. The task it set itself was to answer the question: if the proposition that the purpose of business is or should be to 'produce profitable solutions for the problems of people and planet, not profiting from creating problems for either', what should then follow from this as the required policy and practice reforms under the eight principles?

There are good reasons for using this notion of purpose as a starting point. It takes the desired purpose of business as being to do things we want it to do and not profit from doing things we don't want it to do. It is not about promoting the interests of stakeholders over shareholders or the adoption of corporate purposes in a general aspirational sense. It is about the specific objective of solving not creating problems.

That seems compelling but the question is can it be achieved in a credible form? Can we identify a set of policies categorised in the eight areas that would give logical coherence to the emergence of corporate purposes which solve problems profitably and assist business with achieving this?

To illustrate, we start with the current concept of the purpose of a firm as being to promote the success of the business for the benefit of its shareholders. Underpinning this is a set of eight policies that provide a logical framework for this notion of 'shareholder primacy':

- *company law* establishes the fiduciary duties of directors to be to promote the success of the company for the benefit of its shareholders;
- *regulation* determines 'the rules of the game' within which companies operate, and the enforcement of these rules;
- *ownership* is about the rights of shareholders;
- *corporate governance* seeks to resolve 'the agency problem' between shareholders and management and align management interests with those of their shareholders;
- *measurement* is about accounting for financial and material assets and liabilities;
- *performance* is evaluated in relation to corporate profits;
- *finance* promotes the benefits of investors; and
- *investment* is about maximising shareholder value.

The important point is that all policies are consistently and coherently structured around shareholder interests and therefore reinforce each other in achieving it. The attainment of a new purpose of business around profitable solutions of problems will require an equally consistent and coherent set of policies. We suggest that the following offer as compelling a framework for this new set of policies to achieve a system change:

### *Company law*

Company law will need to be framed around a company's purpose. There is much discussion about whether existing law is sufficiently permissive for companies to adopt purposes beyond shareholder interests, therefore making it unnecessary to change the law. That debate, we would suggest, misses the point.

A company purpose is the reason why a company exists and is created, and it should therefore logically lie at the heart of laws that establish it. Companies should define why they exist and justify the immense privileges that are conferred on them through their perpetual existence and limited liability. In particular, they should establish what benefits they confer on others in return for those privileges and affirm that the benefits that they themselves derive from their profits are not earned at the expense of others. The law should require firms to demonstrate that their constitutions – their ownership, governance, measurement and performance – ensure the fulfilment of their purposes.

*Regulation*

Regulation performs two functions. First, it determines the detriments from which companies should not profit and should rectify where they arise. It should establish the minimum conditions that companies must fulfil in deriving a profit, and the expenditures they must incur in remedying detriments and compensating others for the damage they have caused.

Most companies should be free to determine their corporate purposes, conditional on not profiting from producing detriments for others. Indeed, a multiplicity of corporate purposes should be encouraged to promote entrepreneurialism and innovation in business. This enhances competition and the functioning of markets, and it encourages 'runs to the top' in competing to produce profitable solutions to problems.

However, there is a class of companies whose purposes need to be specified by virtue of the activities they undertake and the sectors of the economy in which they operate. These are sometimes described as 'regulated firms', in particular utilities, financial institutions, auditing companies and some public service providers. The second function of regulation is to ensure that the purposes of these companies are consistent with their 'social licences to operate'.

*Ownership*

To give meaning and effect to a company's purpose, someone has to own and take responsibility for it. Ownership in this context naturally relates to why the company exists and its reason for being. It is not ownership of the property of the company or its assets but ownership of what the company is there to do. The company may have no assets, or at least no measurable tangible assets, but it still has a significant reason for being for which someone or a group of people need to take ownership.

When a company is established, the founder defines and promotes its purpose. Where founders pass on and sell their shares in substantial blocks to members of their families, private equity investors or other companies, then these parties become the natural owners. More generally, shareholders who provide the financial risk bearing capital should have a real sense of ownership and commitment to the company's purpose.

Where shares are widely dispersed on stock markets then the board of directors of companies and the executives have particular responsibility for the company's purpose. The executive and the board should be guided by the purpose as the determinant of the firm's strategy and culture, and the basis on which resources are allocated and performance measured throughout the organisation.

However, ownership of a corporate purpose should not reside just at the top of an organisation. Ownership is a collective endeavour between all those involved in the

delivery of a purpose. Those parties should feel inspired and motivated to contribute as best they can to its realisation. Successful leadership involves giving everyone within an organisation a real sense of ownership of their part of the company purpose. It is determined by consultation throughout the organisation and realised through adoption by every part of it.

*Corporate governance*

Corporate governance establishes the basis on which a company's board and executive directors are appointed, held to account and remunerated. The board and the executive are responsible for the determination of the firm's strategy to deliver its purpose, the required resources, the culture and values of the company, and the company's system of measurement performance, incentives, and rewards.

Beyond the board itself and its committees, shareholders have a defining role in the appointment, accountability, and remuneration of members of the board. That process should be determined by the nature of the company's purpose and the people and resources required in its delivery. Shareholders, as providers of finance and bearers of financial risk, have an important role to play in this, but so too might other parties, in particular employees.

The formulation and determination of a company's strategy in fulfilment of its purpose should involve those who are most significant in its delivery. The corporation of the future will use citizens assemblies, social media, big data, and other innovative techniques to encourage their participation and engagement.

*Measurement*

Measurement relates to the activities of the firm regarding its inputs, outputs, outcomes, and impacts. It establishes qualitative and quantitative metrics of the resources required in fulfilment of the firm's purpose, the changes it brings about as a consequence of its purpose, and the impact it has on the well-being of others.

*Performance*

Performance is measured in relation to fulfilment of the company purpose of solving problems profitably, while avoiding and rectifying any detriments it causes. It is reflected in the way in which it costs the resources it employs, determines its profits, and measures the benefits and detriments it confers on its customers, societies, environment, and investors.

*Financing*

Financing should ensure that the company is adequately resourced in terms of the scale, form and duration of funding it requires to deliver its purpose. A company should determine its financial policy – dividend distributions and capital structure – in such a way as to ensure that it has sufficient resources and resilience to sustain its purpose and avoid imposing detriments on others in the future.

*Investment*

Investment should be undertaken at the scale, places and times needed to a deliver a company's purpose. Companies should invest in their customers, employees, suppliers, communities, societies, nations, nature and the environment in partnership with other organisations in the commercial, charitable and public sector in fulfilling the purposes they have in common.

In sum, a coherent, consistent set of policies for purposeful business takes the following form:

- *company law* requires directors of companies to determine their purposes and associated constitutions;
- *regulation* determines minimum acceptable standards and alignment of purposes of regulated firms with their social licences;
- *ownership* of corporate purposes is the responsibility of holders of blocks of shares, boards of directors, executives and employees;
- *corporate governance* requires the participation and engagement of those parties most relevant to the successful delivery of companies' purposes;
- *measurement* is required of the inputs, outputs, outcomes and impacts of companies' purposes;
- *performance* accounts for the costs, profits and values of the outcomes and impacts of companies' purposes;
- *finance* ensures that companies have the scale, type and duration of funding required to resource their purposes; and
- *investment* is undertaken at scale, places, and times in partnership with other parties to fulfil their common purposes.
- This involves implementation of reforms to:
- company law and regulation are the particular remit of governments and regulators;
- ownership and governance of investors and firms;
- measurement and performance of standard setters and accounting bodies; and
- finance and investment of financial institutions, firms, not-for-profit and public sector organisations.

This comprehensive policy framework can then be used to identify specific reforms that are required in different contexts. The final report of the Future of the Corporation programme takes the UK as a country to illustrate this for several reasons. The first is that the UK is in many respects at an extreme in terms of its adoption of shareholder primacy. Its legal, regulatory, ownership, governance, measurement, performance, financial and investment systems have all been very coherently structured around an exceptionally dispersed ownership of company shares. It is therefore a country where the challenges of reform in adopting other purposes are particularly great.

Second, the UK is a country that has been used as a model internationally for the adoption of its ‘common law’ legal form, privatisation and regulation of its utilities, minority investor protection, corporate governance codes, accounting standards, and its financial system. Reform of the UK system could therefore be particularly influential at a global level.

Third, the adverse impacts of the shareholder primacy model on social and regional inequality, poor productivity, and underinvestment by the corporate sector have been very pronounced in the UK. The potential benefits of reform may therefore be especially significant in the UK. References to the UK should be regarded as an illustration of the way in which the policy framework set out in the report can be adopted universally to provide a comprehensive basis for reform of business in any country around the world.

## Methodology

The Future of the Corporation programme produced 17 academic papers involving more than 40 researchers, it engaged over 200 experts in 29 deliberative, evidence-generating roundtables and 100 stakeholders in eight ‘Purpose Labs’ over a period of four years between 2017 and 2021. Four research papers were commissioned on law, measurement, finance, and case studies of companies incorporating purposeful objectives in their businesses. The policy labs were organised on corporate law in conjunction with the law firm, Bates Wells; on regulation with the think-tank, Sustainability First; on governance with the Cambridge Institute for Sustainability Leadership; on measurement and disclosure with the UK Financial Reporting Council; and on climate finance with the Bank of England.

This issue of the *Journal of the British Academy* brings together a report on the policy labs, and the four commissioned papers. The first article, ‘Findings of the Future of the Corporation “Purpose Labs”’ by Jocelyn Bailey, Lilian Barratt, Molly Morgan Jones and Henry Richards (2022), summarises the policy labs. It describes a total of 42 specific policy reforms that were considered across the labs and how they

culminated in an assessment of the 'urgency' and 'feasibility' of each reform. The result is a striking assessment of how urgency and feasibility are often aligned, but by no means always.

For example, wholesale reforms to embed purpose in the heart of corporate law, to achieve international collaboration on regulation and standard setting of corporate activities and corporate reporting, or to effect changes in corporate taxation that promote corporate purposes are difficult to achieve. But there is a great deal that might be done in the interim to promote corporate purpose in terms of encouraging companies to take advantage of provisions that exist within current legal statutes, and to use other tools such as corporate governance codes and government procurement to bring about change. In other words, there is much that can be achieved to promote corporate purpose in the short run while more comprehensive reform is pursued over a longer period.

## Corporate law

In 'The Future of the Corporation: the avenues for legal change', Dalia Palombo (2022) sets out a cogent discussion of how law should be formulated to promote both a 'Purpose Objective' and a 'Do No Harm Objective'. Palombo states that 'the Purpose Objective should re-connect directors, shareholders and stakeholders in order to ensure that businesses rediscover their original function to serve the needs of society.' 'The Do No Harm Objective should ensure that businesses are accountable when they damage the stakeholders affected by their activities.'

Palombo contrasts two types of legal instruments that are available to promote these two objectives: 'control' and 'accountability'. Control relates to rights of approval and removal of board members, and derivative actions and oppression remedies against directors on behalf of companies and affected parties respectively. Accountability relates to the power to hold companies to account for the detriments they inflict on others, including potentially extraterritorially in their supply chains. Extending control rights from shareholders to include stakeholders would promote a Purpose Objective and making firms accountable to their stakeholders as well as shareholders through tort law or regulation would give effect to a Do No Harm Objective.

However, a delivery of a stakeholder agenda comes at the expense of a considerable extension to governance and accountability, sounding the alarm that 'accountability to everybody is accountability to nobody'. The problem reflects a conflation of accountability and responsibility. Quite deliberately, the Future of the Corporation programme definition of corporate responsibility does not include a 'do no harm

objective'. It is a do not profit from doing harm objective. Companies do harm all the time in closing factories, laying off people, and building roads and houses in the countryside. But in doing so they should incur the costs of remedying, rectifying, mitigating, or compensating the detriments they cause and make provisions when they are anticipated. Where this is not financially viable then they should desist from the detrimental activities.

The significance of this is that 'producing profitable solutions for the problems of people and planet, not profiting from creating problems for either' is therefore not just a statement about solving problems but also about defining profit and determining what is a legitimate source of profits. Profits that are earned at the expense of others without remedying, rectifying, mitigating, or compensating detriments are not legitimate. They are only legitimately earned where problems are solved not created. If profits fulfil this criterion, then, by definition, all profitable activities enhance wellbeing as well as the wealth of investors.

Companies can therefore remain solely accountable to shareholders and still be assured of promoting social wellbeing provided that the costs that companies incur reflect those of remedying, rectifying, mitigating, and compensating the detriments they cause and desisting from activities where this is not the case. This obligation stems from recognising that companies are responsible for the interests of all parties on whom they impact and depend, not just those they supply and employ. They are responsible for establishing where problems arise, how they are best addressed and whether they are profiting from creating them. This involves them in engaging and consulting with parties on which they impact and depend, and evaluating the detriments caused and the costs of addressing them. Aggrieved parties have redress through the courts and torts, and in cases where there is a public interest or potential for monopoly abuse through regulation and public law.

The effect of the above is to extend the boundaries of the firm beyond their legally contractual inputs and outputs to their consequential outcomes and impacts. This internalises the costs of remedying detriments that are external to the contractual liabilities of firms. Companies are required to incur and anticipate these costs, and account and provide for them as appropriate. Nothing else changes and the formal accountability of firms to their shareholders proceeds as before. However, a great deal changes substantively because by restricting profit and value creation to problem solving not problem causing, the focus of the firm shifts to identifying innovative ways of creating commercially viable solutions to problems of individuals, societies, and the natural world. In other words, companies are automatically incentivised to do what we want of them, not what we wish they would not do.

## Measurement

In 'Through the looking glass: tying performance and materiality to corporate purpose', Judith Stroehle, Kazbi Soonawalla and Marcel Metzner (2022) describe how the concepts of single and double materiality that have come to dominate the corporate reporting world relate to corporate purpose. Single materiality refers to the impact of society and the natural world on its financial performance. Double materiality relates to the impact of the firm on society and the natural world, i.e., a reverse causation from single materiality. So, for example, climate change might affect the performance of a firm – single materiality – or the firm might contribute to climate change – double materiality.

As Stroehle et al argue, from the point of view of a purpose of a firm being 'to produce profitable solutions to the problems of people and planet', single materiality is relevant to the profitability of the solutions and double materiality is relevant to whether the firm is solving the problems of people and planet. So corporate purpose as defined by the Future of the Corporation programme demonstrates elements of both single and double materiality.

However, there is more to it than that because there is a second part to the definition of a corporate purpose and that is that the company 'should not profit from producing problems for either people or planet'. This relates to single materiality in not profiting from detriments and to double materiality in the determination of detriments that companies might cause. Furthermore, combining the two halves of the definition, if firms only profit from producing solutions not from creating detriments, then there is a direct association of profiting in a single material sense from benefiting people and planet in a double material sense. Furthermore, the causation is from the latter to the former. In other words, there should only be positive single materiality (i.e., financial gain) where there is non-negative double materiality (i.e., an absence of societal and natural world detriments). Where there are detriments there should not be profits.

What this does is to establish the notion of a legitimate profit as arising only if there is no societal or environmental detriment. Otherwise, companies are profiting at the expense of others in engaging in wealth transfer rather than wealth creation. The direction of causation therefore runs from solutions to profit because problems must be corrected before profits are earned.

The way in which this happens is that companies mitigate, rectify, remedy, or compensate detriments before they declare a profit, and accounting for profit incorporates the costs of so doing. That way profits reflect the full or true costs of companies in making amends and cleaning up the mess of the problems they create irrespective of whether they are associated with the contractual liabilities of the firm. In other

words, what the definition of the purpose of the company does is to extend its boundaries beyond what it owns and what it does to what it causes and who it affects.

The power of this is that once one recognises what a true profit of a firm is then there is a direct relation between that and the promotion of societal and natural world benefits. Profits are only earned where there are benefits not detriments. It is no longer, and it should not be, an empirical question of whether there is a positive relation between the impact of firm on the world in which it operates and its profitability. It is a matter of definition that profits are only earned where there are benefits without detriments.

It is this that is ultimately the resolution of the deficiencies of our system of capitalism as currently constituted. We have, predominantly over the past sixty years, but progressively since freedom of incorporation swept the world in the 19th century, suffered from a growing disconnect of the financial – the primacy of individual financial gain – from the communal – the connectedness of the individual to the community – and the ecological – our relation to the natural world. Together they are incredibly powerful ways of promoting advancement through combining the material with the emotional, our needs with a sense of belonging, and what is desired with what inspires. Where they pull in different directions they cause individual mental distress, social distrust, and physical disasters.

The redefining of corporate purpose is therefore not only significant in terms of defining the objective of the firm but also the determination of what is a legitimate profit. It establishes the costs companies incur in both avoiding profiting at the expense of others – expropriation – and delivering solutions for their benefit – creation. Not only does this therefore establish a way of avoiding the current misalignment between private incentives and public and planetary interests, but it also provides a very practical tool for managing corporations in such a way as to promote the delivery of commercially viable solutions. It determines the basis on which those working in organisations can track their contribution to the corporate purpose, the boards of companies can evaluate the success of the firm in delivering their stated purposes, and investors can engage with companies in determining the allocation of financial resources to the achievement of their purposes.

## Finance

Key to the fulfilment of businesses purpose is the financial sector. As David Pitt-Watson and Hari Mann (2022) describe in 'The purposeful corporation and the role of the finance industry', there are four key functions that the financial sector performs: it provides safe-keeping of financial assets, a payment system, risk sharing through

insurance and investment institutions, and financial intermediation between savers and borrowers.

Regarding the promotion of corporate purpose, the last two functions are particularly important. The financing of corporate purpose requires financial institutions to provide finance in the form and duration that companies need to resource their purposes. Risk sharing equity funding is particularly significant in that regard and, for start-ups, scale-ups, and small and medium sized enterprises (SMEs), this is often difficult to obtain at the scale that is required, particularly for those operating in regions of countries that are disconnected from their financial centres.

The financing of firms raises complex issues of relationships between borrowers and savers. The delivery of purposes of solving problems requires the provision of finance on a duration and scale that involves long-term relationships between firms and their investors. Bank finance is particularly important in the early stages of development of firms. However, this often takes the form of working capital not the term-lending, or even more significantly long-term partnerships between banks and SMEs which are found in some countries, such as Germany, but absent from many others, including the UK.

The problem that the financial sector raises is one of trust. Contracts alone are a weak and inadequate basis on which to build long-term relations. Strong relationships involve a close physical proximity and personalised engagement between lenders and borrowers that forge strong bonds of trust between them. These require people with skills and knowledge that extend beyond lending, portfolio, and fund management to a real understanding of the nature and running of businesses.

Financial intermediation is based on advising, mentoring, networking, and nurturing the growth and development of businesses as well as such traditional functions as credit scoring, investment appraisals and investment analyses. Those skills are in particularly short supply in developing countries and regions of countries that are distant from their financial centres. In the absence of such intermediation skills, investors and firms remain at arms-length from each other, trust between the two is weak, costs of capital are high, and funding constraints are widespread.

But the problem is even more serious than that. Shareholders are not only providers of finance they are also the holders of shares in companies which confer voting rights as well as financial benefits on them. They have rights of approval and removal of directors of companies and sometimes rights of approval over their remuneration as well. That makes the boards of companies accountable and beholden to their shareholders. Without the support of their shareholders, even the most enlightened directors cannot implement their corporate purposes.

The resolution of this issue has focused on two approaches. The first is communication and the second is measurement. Directors of companies need to

communicate effectively with their investors about their purposes and demonstrate not only their social and environmental benefits but also the financial returns they yield for investors. That is why corporate purposes of necessity must provide profitable solutions. A critical part of that communication is financial reporting and the provision of quantitative measures as well as qualitative evidence on the success of the company in delivering on its purpose.

Communication, measurement, and engagement by institutional investors in dialogue with boards about corporate purposes are critically important but not sufficient. Investors can signal their strong support for management's stated purposes at one moment but then, faced with a hostile acquiror or a hedge fund activist offering a higher price for their shares, withdraw their support at the next. That is why so many financial systems around the world have a variety of impediments to what is termed 'the market for corporate control' in the form of dual class shares, anti-takeover devices such as poison pills, and dominant holders of blocks of shares.

All these reveal fundamental defects of existing arrangements to promote corporate purposes in the absence of legal systems that explicitly recognise the centrality of purpose. Unless the fiduciary duties of directors of financial institutions as well as non-financial corporations are to promote purposes of 'producing profitable solutions for problems of people and planet, not profiting from producing problems for either', then neither will be able to deliver them. That is why, as Pitt-Watson and Mann argue persuasively in their article, the purpose of finance is as important as the purpose of corporations, and both depend on each other for their success.

## Examples

The final article in this issue, 'Principles of purposeful business: illustrative examples' by Charles Ebert and Victoria Hurth (2022), reflects this very clearly. It sets out how many companies over the last few years have embraced the notion of corporate purpose. They have done so for a variety of reasons because they recognise it as simply good business to promote the interests of customers, employees, environment, societies, and suppliers. It creates more loyal customers, more engaged employees, more reliable suppliers and more supportive environments and societies. They believe it is 'the right thing' to do and that, although it might be costly in the short-run, in the long-run it creates more robust, resilient, socially acceptable businesses that are less at risk from financial failure and regulatory interventions.

The cases presented in the article report companies at different stages on what they frequently refer to as 'a journey' of discovery and implementation of corporate purpose. The process of determining, defining, simplifying, and communicating it takes

time. Implementing and connecting it with the corporate strategy, values, and culture, and measuring and reporting it take much longer. Adoption of corporate purpose is not therefore by any means straightforward.

While the companies in the study are to be commended for what they seek to do, the cases reveal a varied level of progress and a limited scale, breadth, and depth of adoption to date. Some companies are relatively small, others only incorporate their purposes in certain parts of their businesses, few provide compelling evidence of their effects on the parties with whom they engage or the financial benefits they confer on their investors, and none explicitly refer to solving problems, not profiting from producing them.

While not wishing to denigrate in any way what has been achieved to date, the concern is that current legal, measurement and financial arrangements limit the extent and speed of progress that companies can make. So long as this remains the case, there is a risk that corporate purpose will go the way of its predecessor, corporate social responsibility (CSR), and be perceived as a passing fad of no significant long-term consequence. That would be very damaging. It is inconceivable that the reason why business exists, is created, its reason for being, namely its purpose, can be anything other than of profound significance for business and the world around it. To the extent that this is not understood or accepted then there is a failure to appreciate what a corporate purpose of profitably solving not creating problems for people and planet means for customers, employees, the environment, nature, shareholders, societies, and suppliers.

## Conclusion

The question that was posed at the beginning of this article was, can the objective of establishing corporate purposes of producing profitable solutions for problems of people and planet be credibly delivered? The articles featured in this issue were just one part of the large body of research, evidence, expertise, knowledge, and opinion that were collected to answer this question. Nevertheless, they point clearly to answering it in the affirmative. We can develop systems of corporate law, accountability, measurement, and finance that are as coherent at producing problem solving as their predecessors were at producing profit maximisation.

The great advantage of the former over the latter is that it ensures that business and finance do what we wish of them, namely, to enhance social wellbeing and prosperity for all. However much we might believe in the efficiency of markets, the power of contracts, and the adequacy of regulation, our experience of the last sixty years has revealed their limitations. Profits have been earned at a serious cost to global prosperity

at the same time as markets, contracts and regulation have proliferated. Solving this involves a systems transformation that places profitable solutions rather than profit maximisation at the heart of law, measurement, and finance of companies and financial institutions.

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