Shareholder Value-Added

I recently read a good summary about issues relating to shareholder value-added, written by Mr Jyoti Banerjee of the international consulting firm Fronesys

https://fronesys.com/assessing-the-impacts-and-outcomes-of-integrated-reporting/#respond

Perhaps in the 21st Century what is needed to counter the non integrated, short termism of corporate decision making is for major shareholder groups (pension funds, investment funds, venture capital funds) to **agree on a common standard** for how companies approach their decision making. One that explicitly identifies and values other capitals[1] besides financial capital. Major shareholder groups have a common interest in their investments being sustainable. Where investment sustainability is threatened by those (global) companies making short-term decisions that generate significant, adverse external outputs, probably only the major shareholder groups can exert enough influence on the corporate boards to counter that non integrated, short termism. And major shareholder groups have the mandate too, acting on behalf of their own client bases.

Corporate investment in Not for Profits
Corporates spend huge amounts each year on research and development, particularly in sectors like; big pharma, defence, aviation, horticulture, biotechnology and car firms (motor racing and new commercial models). Perhaps they should spend larger market development budgets via giving programmes to charities that act to develop growing consumer markets for their products? In other words, there's no point spending money on marketing to a potential customer group that cannot afford your product because of; poverty, disability, a lack of education or a lack of healthcare.

Corporates could present this development spend to their shareholders as a way to expand their core markets for sustainability.

In business flexibility terms, the above two approach are examples of stakeholder flexibility and business model flexibility needed in corporate organisations.

Integrated Reporting
Perhaps an important enhancement to emerging frameworks of integrated reporting is business flexibility reporting. To elaborate, value creation, even taking into account net value creation (after adjusting for degradation of environmental and human capital), doesn't highlight the attributes of business flexibility (resilience, adaptability, agility and options) held by the organisation. Such attributes are needed for the organisation to remain sustainable in an uncertain world. Therefore, forward-looking plans ought to value those attributes through the planning period. Such reporting ought to be of immense reassurance to major shareholder investors too.

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[1] Including societal human capital and environmental resource capital.