



Understanding/Context

The global landscape for business has changed dramatically in recent decades; just as the impact of companies on society and the environment has increased, so have company responsibilities. Business leaders, investors, civil society and other stakeholders – government, policy-makers, regulators, the broader public and individual citizens – have recognized the global demand for business models that incorporate shared values, but the mechanisms to create and sustain such models have not met demand. The Global Agenda Council on the Role of Business has identified a range of actions businesses might take to tackle social problems. The challenge for business, according to a white paper published by the Council in March 2012, is to increase value for stakeholders while safeguarding the societal ecosystems in which it operates.

Shaping the Agenda

At the World Economic Forum Annual Meeting 2013, the Council released another white paper, *Defining the New Business Covenant*, focusing on the need for business leaders and stakeholders to collaborate to build a safer, healthier, more prosperous world. This paper describes three key groups the Council could work with to pursue business models that balance commercial and social needs: investors, policy-makers and corporate boards.

- Investors: Given the re-examination of the role of investors following the financial crisis, the Council sees an opportunity to work with these stakeholders to achieve better outcomes for the world's citizens. In particular, the Council foresees reducing the short-term focus of business leaders and broadening their perspectives beyond generating shareholder value to maximize stakeholder value.
- Policy-makers: Opportunities exist for businesses to work with governments to redress income and education inequalities.

- Corporate boards and their leadership (in particular, nonexecutive chairmen): Corporate boards play an essential role in shaping the culture, goals and modes in which businesses operate. Improving dialogue with such boards can help ensure businesses serve as engaged corporate citizens.

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The Council has identified a range of actions businesses might take to position themselves strategically in a changing economy and social environment where sustainability will be the defining challenge for the coming decades. In the coming year, the Council believes it can contribute in three key areas: creating a handbook profiling companies that have built profitable businesses that generate value for the societies in which they operate; mapping existing policies to help create environments where business can provide responsible solutions to global challenges; and liaising with key stakeholders (investors and policy-makers) to discuss how an enabling environment might be produced to create sustainable business models.

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