

Does a Leader serve Shareholders or Stakeholders?

**Charles Hampden-Turner, Linda Riordan
and Nadine Pratt**

**Shareholders
are ONE
KIND of
stakeholder**



Winning by voting vs. negotiated consensus

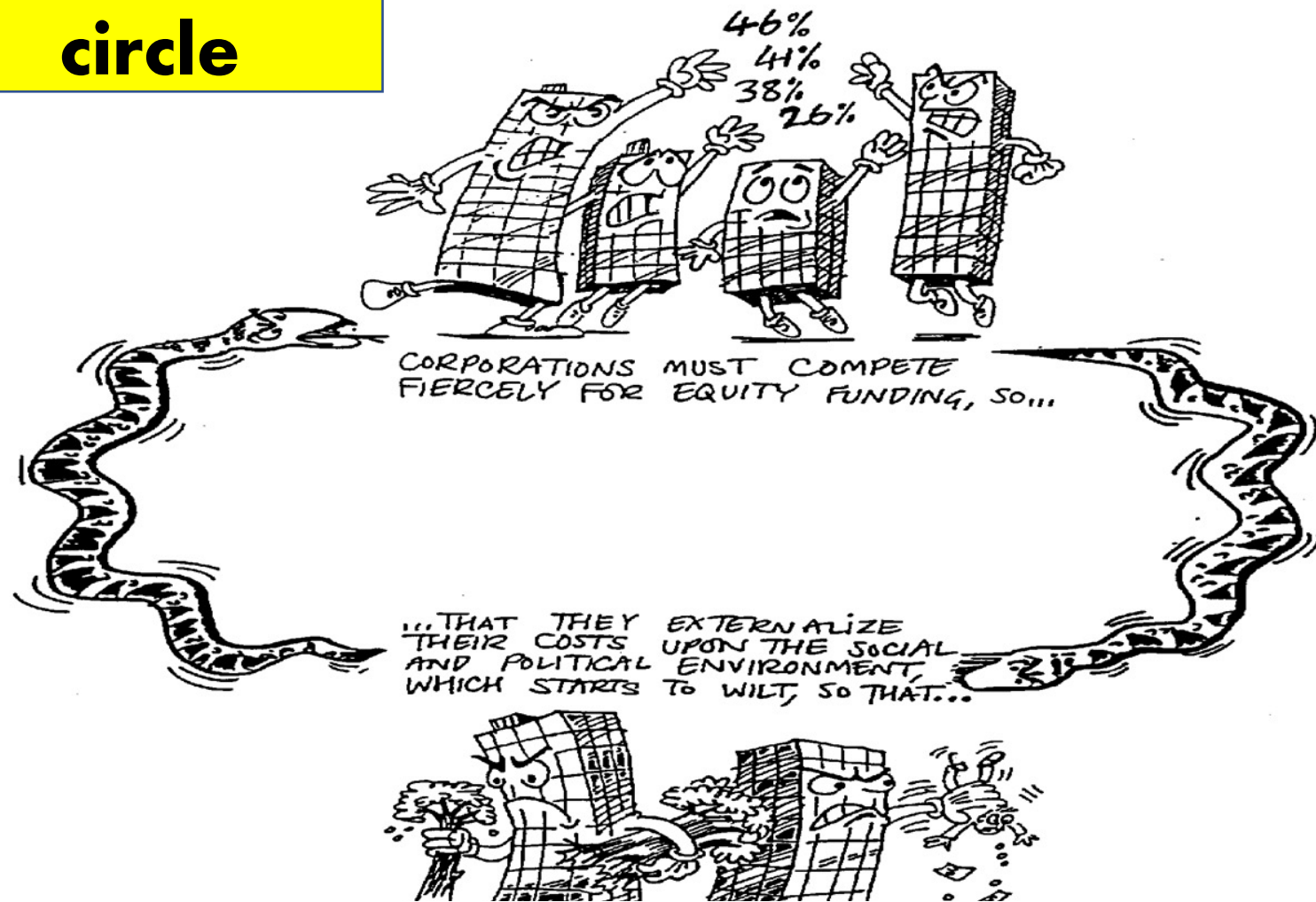
An interesting difference between cultures is the specific emphasis on voting and counting up these votes to see who has won vs. the diffuse process of negotiating a consensus.

Preference for Negotiated Consensus by Country (2004)

| | |
|-------------|--------|
| South Korea | 89.61% |
| Hong Kong | 85.19% |
| Philippines | 80.46% |
| Singapore | 78.20% |
| Japan | 77.17% |
| China | 72.17% |
| Brazil | 71.37% |
| France | 70.71% |
| New Zealand | 70.00% |
| Malaysia | 69.49% |
| Indonesia | 58.21% |
| Italy | 55.41% |

| | |
|-------------|--------|
| Australia | 54.19% |
| Spain | 52.94% |
| Belgium | 50.75% |
| Switzerland | 50.24% |
| Norway | 50.00% |
| UK | 48.99% |
| USA | 48.83% |
| Ireland | 46.28% |
| Sweden | 40.61% |
| Netherlands | 39.28% |
| Canada | 31.67% |

Vicious circle



The imperative is not to vote (shareholders only) but to NEGOTIATE with each other

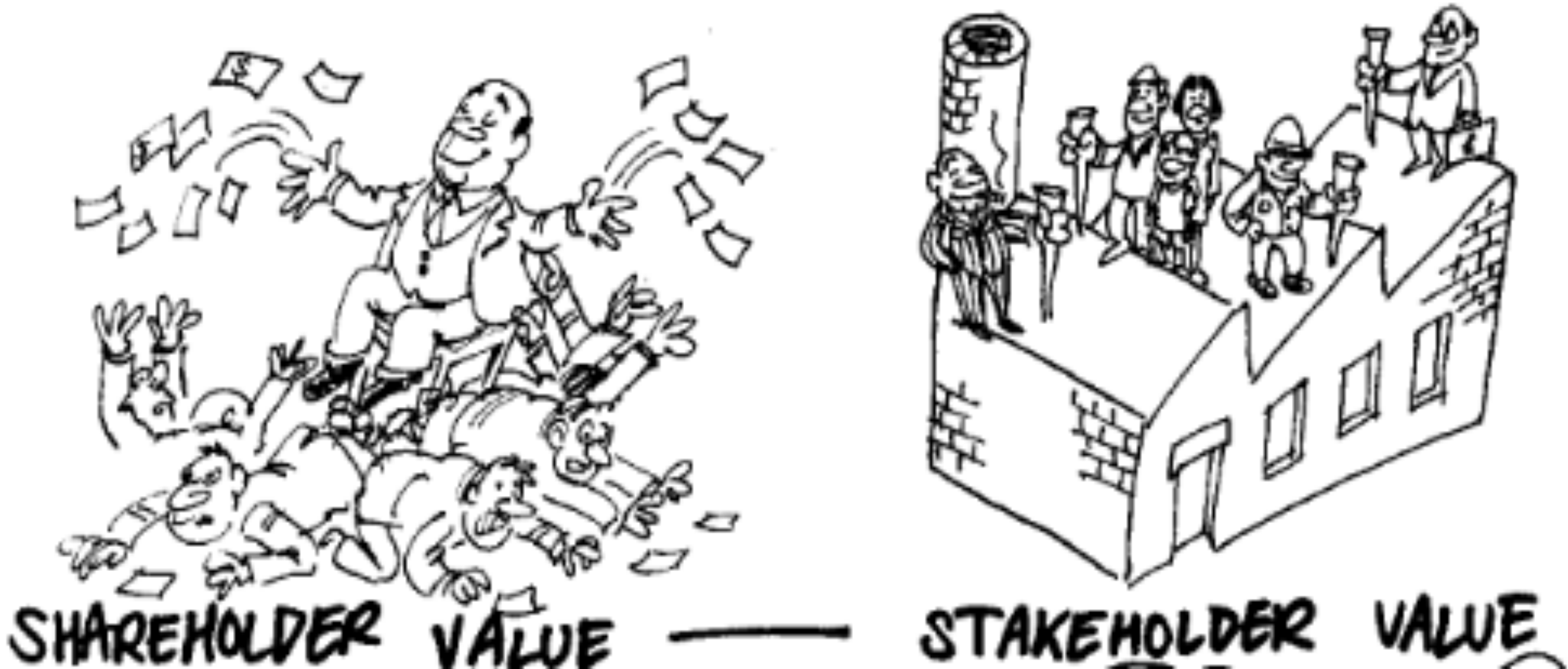


**Share
trading
crowds out
stakeholders:
Is its
influence
CANCEROUS ?**

**The Largest
Bird gets the
worm and
deprives
others**

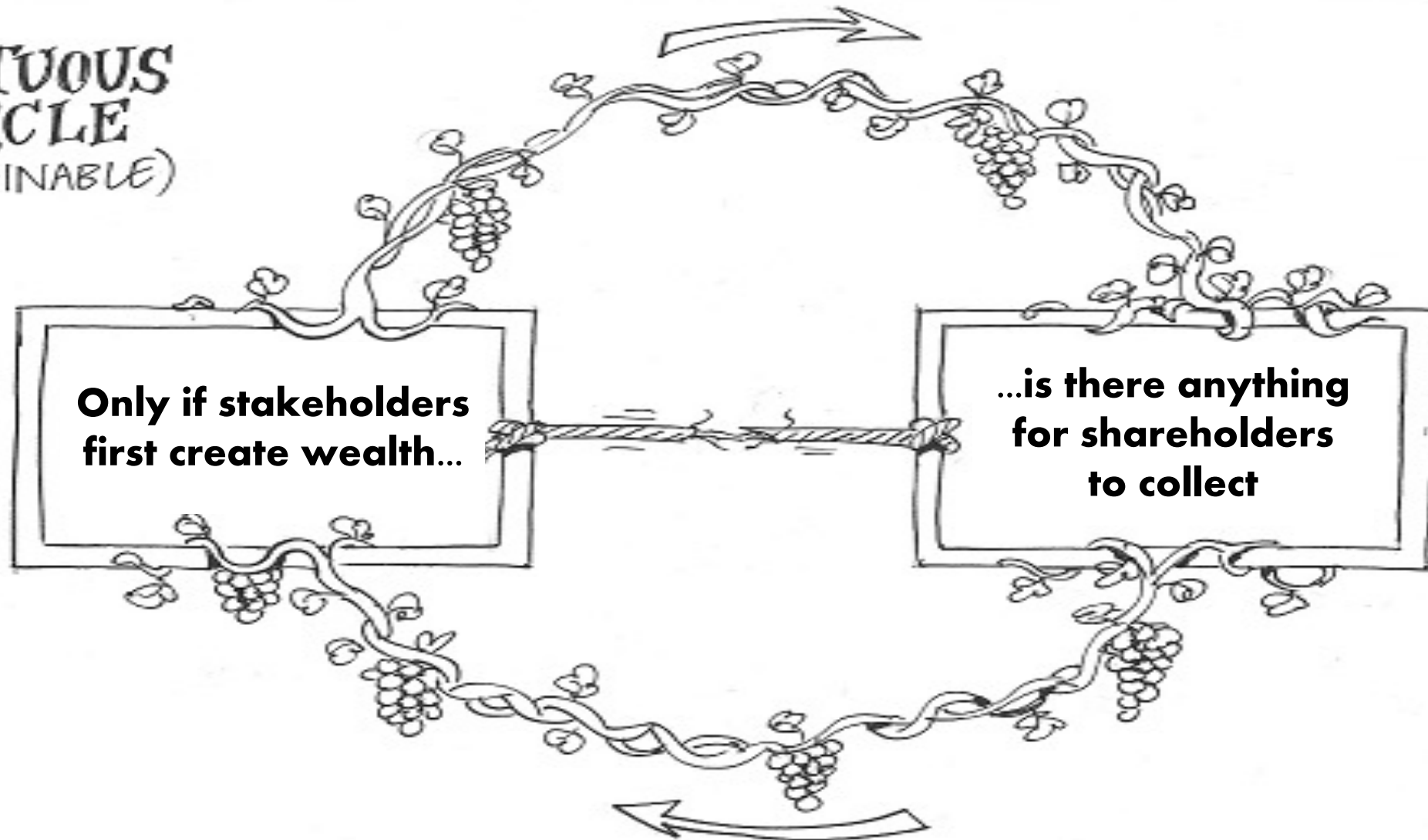


How much does the shareholder care about the stakeholder?



Shareholders come last in time....

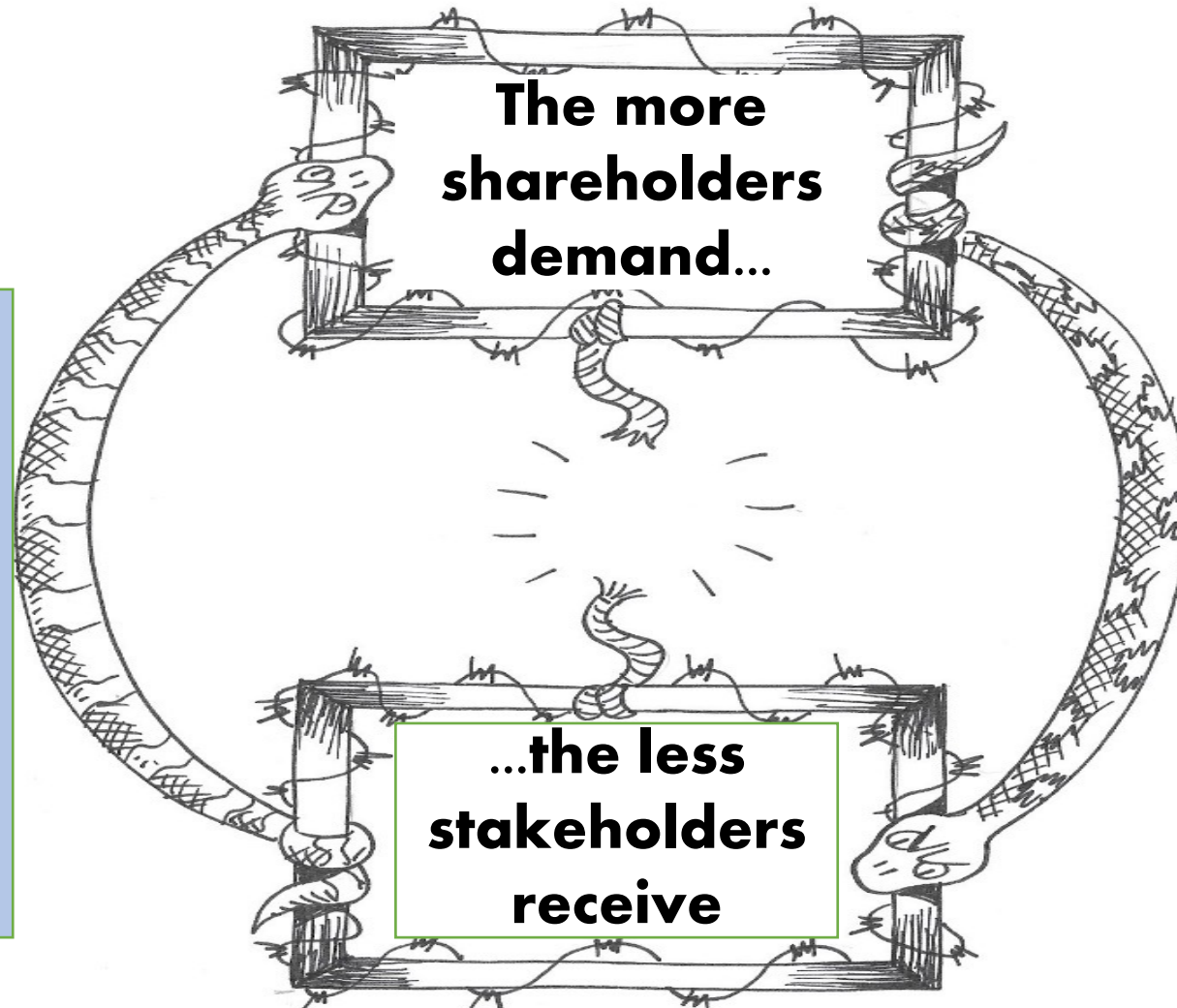
**VIRTUOUS
CIRCLE**
(SUSTAINABLE)



But they push to the head of the line...

VIOLENT
CIRCLE

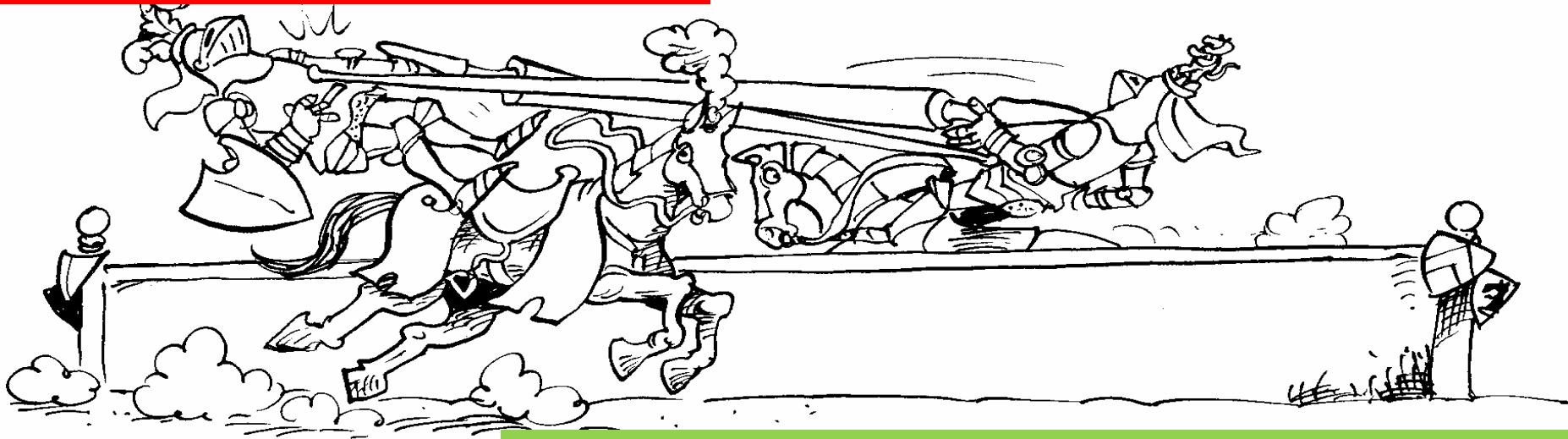
Shareholders
are supposed
to receive the
RESIDUE but
that is not
what happens



Companies set
profit targets
and these
come from the
pockets of
stakeholders

Both shareholders and stakeholders unhorsed

Where you guarantee shareholders so much money in advance of actual performance, this will reduce the rewards of other stakeholders



...and you will never know what employees, suppliers & customers **MIGHT** have contributed had sufficient been spent on paying them, training them, equipping them, & growing them

The Frisbee can only fly on even keel...

Industry is a means of making money



Money is a means to making industry

Values in general must achieve balance and equilibrium to fly straight...

Competing individuals

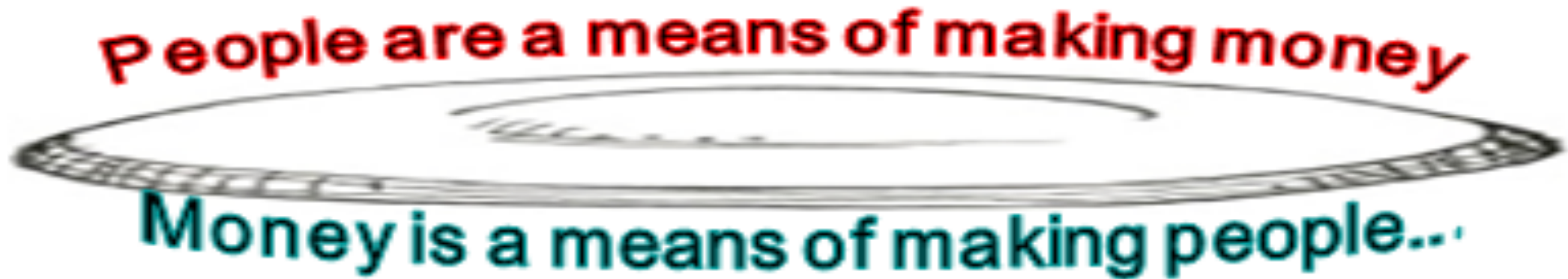


Cooperating community

"I compete to develop my fitness to cooperate"

**We can write two rational sentences, both
of which are true ...**

...but also form a circle that flies straight



**The more that money is used to make people, the
better will people make money, but **NOT** the other
way around, money first fails**

Here are some companies that respondents said they LOVED



Johnson & Johnson..



John Lewis

jetBlue

Google





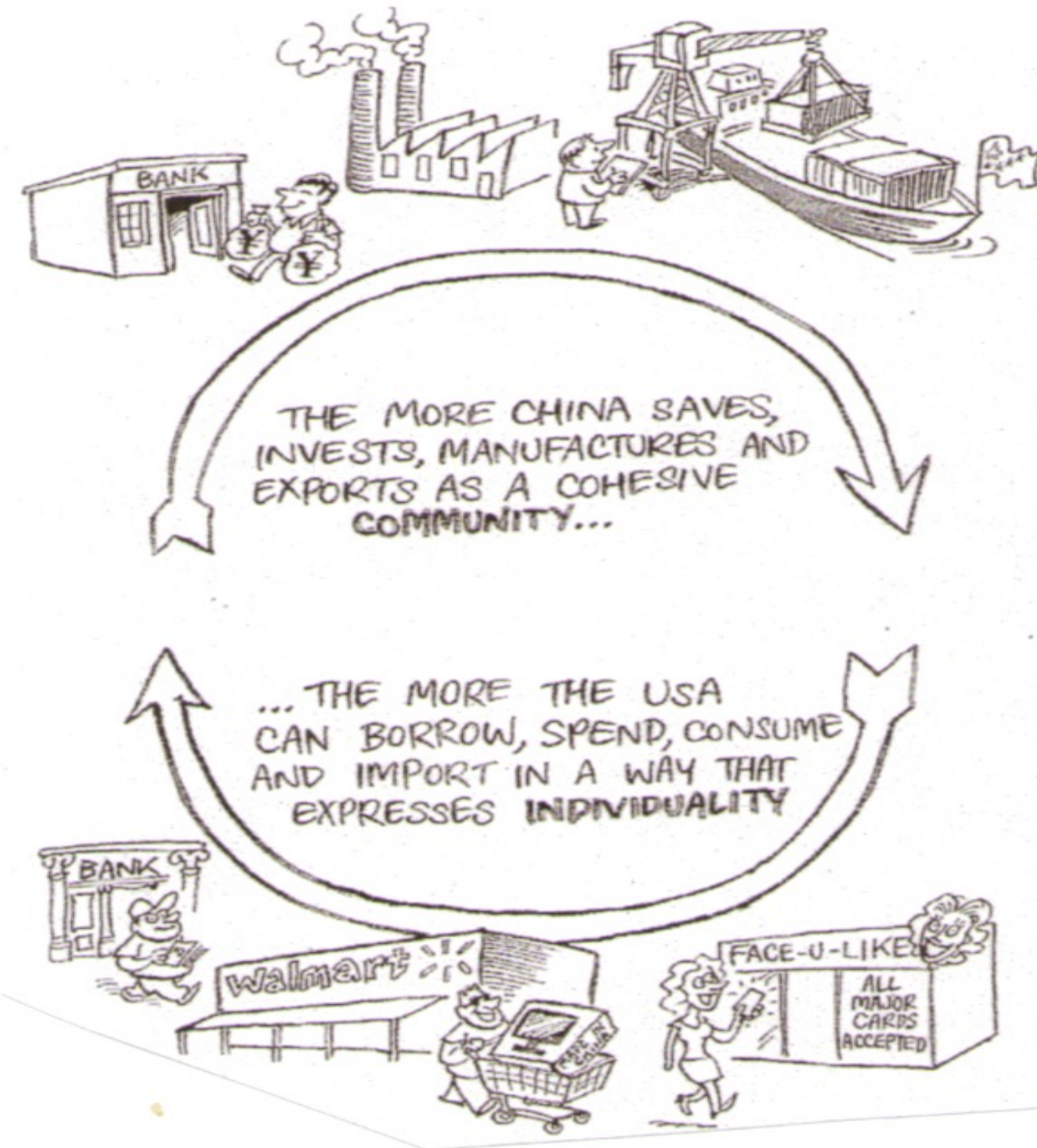
**Wholefoods
(\$12 billion) is
very much a
leader of this
pack, with
campaigns for
healthy eating**

Were they too generous? Did they give away the store? Judge for yourself...

| | 5 Year | 10 Year | 15Year |
|-------------------|--------|---------|---------|
| Return Cumulative | | | |
| FoE | 56.4% | 254.4% | 1646.1% |
| S&P 500 | 15.6% | 30.7% | 157.0% |
| Return Annualized | | | |
| FoE | 9.4% | 13.5% | 21.0% |
| S&P 500 | 2.9% | 2.7% | 6.5% |

**FOE stands for
“Firms of
Endearment”
S&P 500 is the
Dow Jones
Average. FOE’s
were ten times
better**

The longer the period the better they do



**A major problem
with affluent
nations is that we
want it NOW,
SHORT-TERM**

The two biases polarize each other

National differences on Self-indulgent short-termism and Self-restrained long-termism (Geert Hofstede)

Self-Indulgence

AU UK US CA NL HK GER FI NO GR KOR CHI

71 69 68 68 67 61 58 57 55 40 29 24

Self-restraint

Long-term view

CHI HK TAI KO GER NL SWE GR US KE UK

11 96 87 75 52 44 33 31 29 25 25

Short-term view



**What this
amounts to is
TRUST, JFK was
once trusted by
71% of Americans**

PERHAPS THE MOST IMPORTANT LEADERSHIP CONCEPT OF ALL IS ... **TRUST**

Nations give their corporations trust...

Trust in a nation's major corporations (out of 10)

Singapore 8.04

CHINA 8.00

Chile 7.62

Malaysia 7.52

Finland 7.48

Hong Kong 7.43

Switzerland 7.27

Canada 6.75

Japan 6.67

Taiwan 6.44

Israel 6.38

Germany 6.24

Belgium 6.15

Brazil 6.14

Australia 6.07

USA 5.77

France 5.63

Portugal 5.58

Italy 5.56

Spain 5.41

Greece 5.32

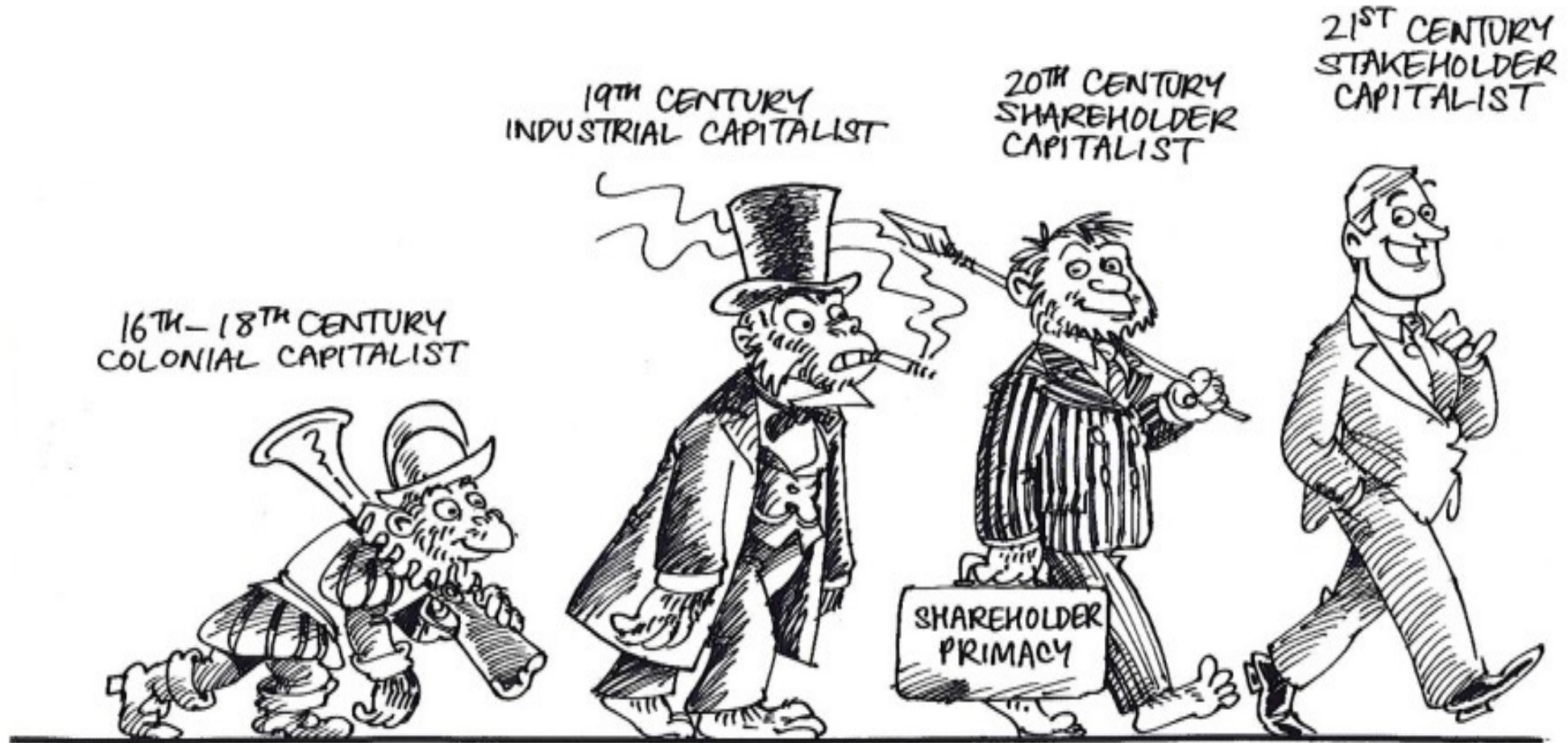
UK 5.30

Venezuela

4.50

**Singapore
has twice
the GDP
per capita
of the UK
its one-
time
colonial
master**

It is stakeholders who must be led so that they produce wealth between them



Should the Government act as a Referee or a Coach towards companies?



WEST

**Government as
referee**

**Distrusted
Bureaucratic
Adversarial
Redistributive
Tax burden
Neutral**



**Visible or
invisible?**

**All governments
do both but it is a
matter of degree**



EAST

**Government as
a Coach**

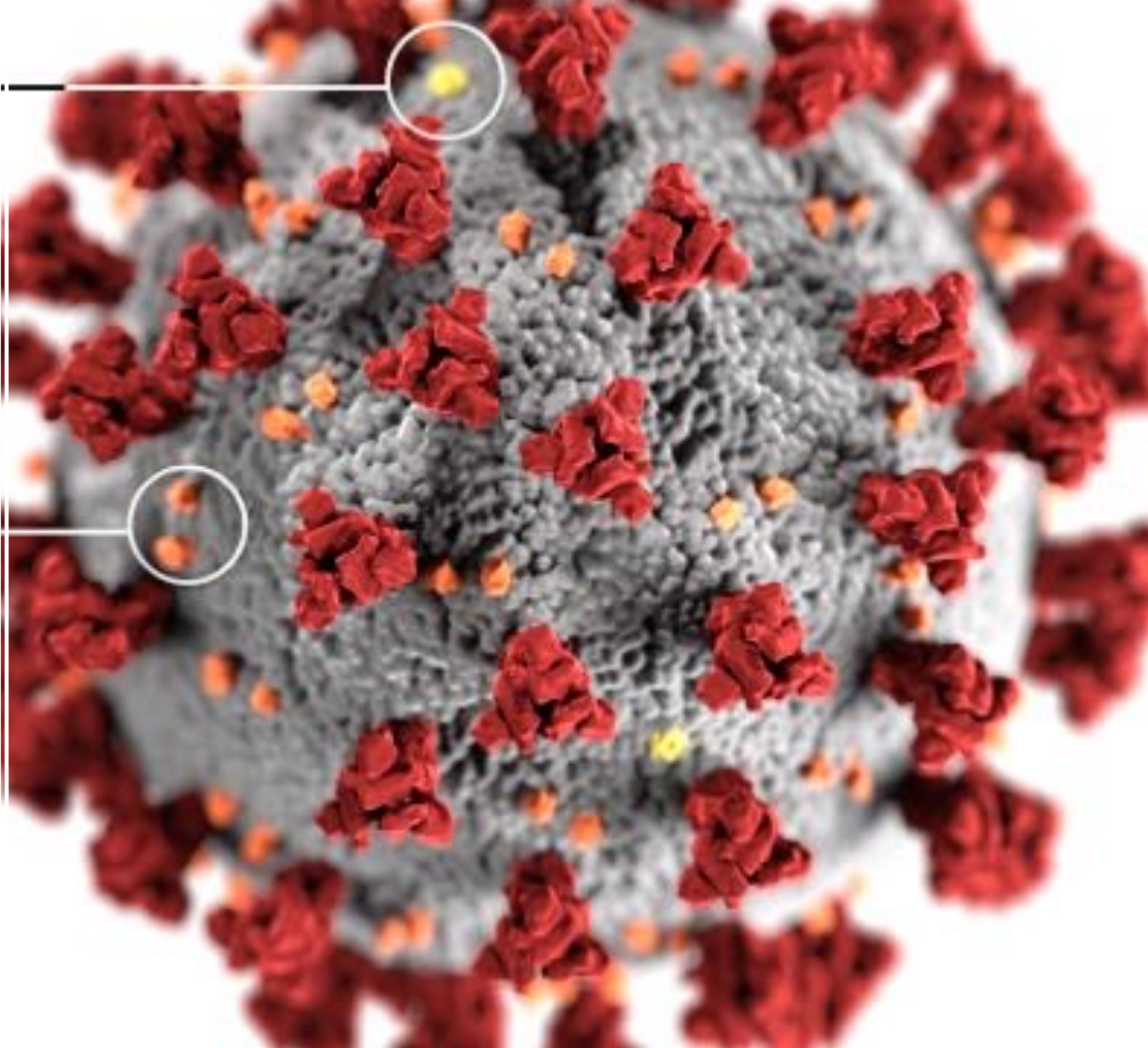
**Trusted
Enthusiastic
Supportive
Generative
Catalyst
Cheer leading**

The Environment is also a Stakeholder

S protein

M protein

The Revenge of
Nature upon
commercializing
wild animals?



COVID 19

**COVID-19 is but the nineteenth
of many more...**

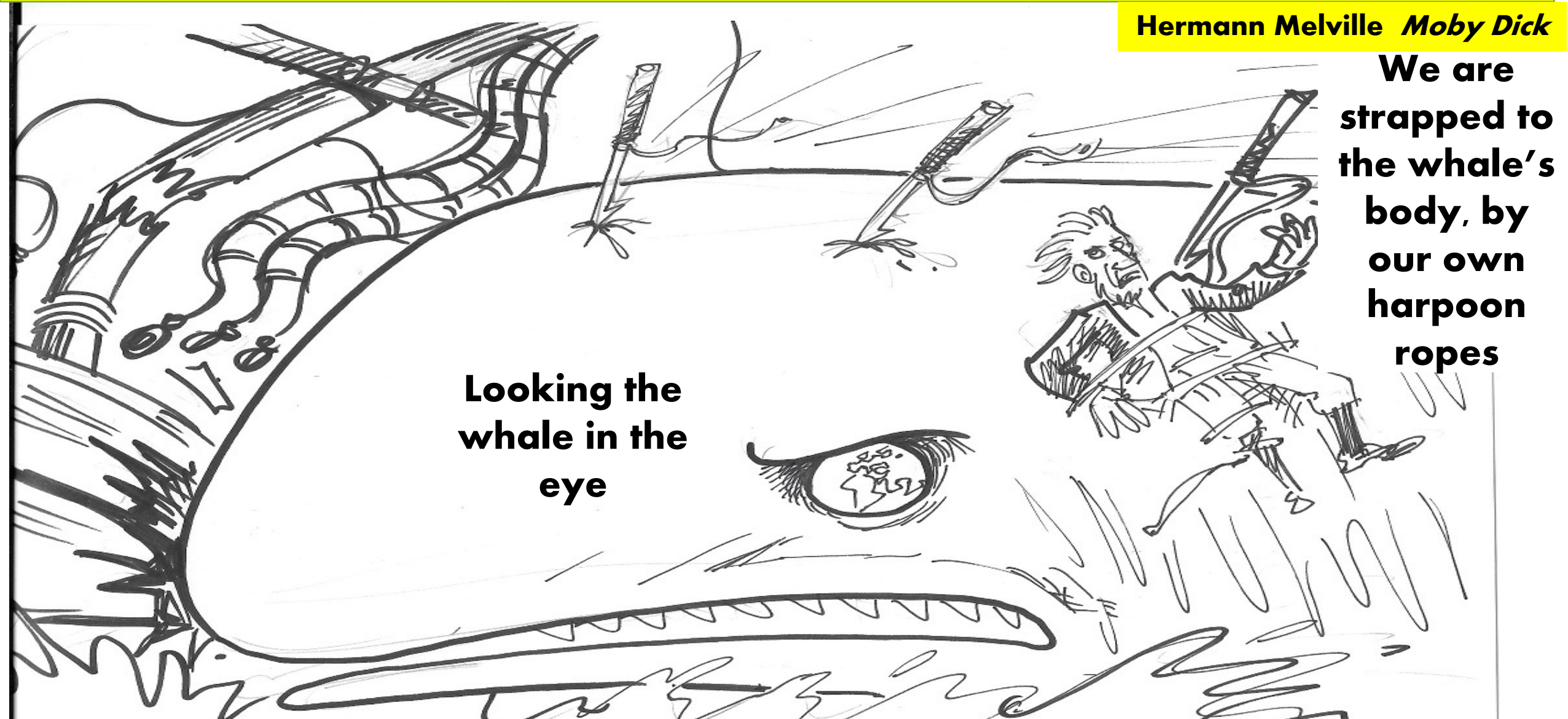


God's Creation, the Great White Whale, is benign, but when attacked **fights back...**

Hermann Melville *Moby Dick*

We are strapped to the whale's body, by our own harpoon ropes

Looking the whale in the eye



Saving the planet



To see the world in a grain of sand
And Heaven in a wild flower
To hold Infinity in the palm of your hand
And Eternity in an hour

**We are the
Stewards of
our eco –
system. We
have a stake
in our world**