

# A Human-Centered model of doing business

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*“The decadent international but individualistic capitalism, in the hands which we found ourselves (...), is not a success. It is not intelligent, it is not beautiful, it is not just, it is not virtuous – and it doesn’t deliver the goods. In short, we dislike it and we are beginning to despise it. But when we wonder what to put in its place, we are extremely perplexed “*

**J. M. Keynes, 1933**

More than eighty years after Keynes’ observation, we continue to struggle with the challenges he identified. Naked capitalism is deeply flawed, and we have not yet identified a real alternative.

With the globalization that has occurred since Keynes’s challenge, the tensions between profit maximization and sustainability have widened in many places, despite a broad range of mitigating initiatives, such as social enterprises, corporate social responsibility policies, and new forms of social and environmental reporting. Poverty and inequality are growing, with 767 million people, or 10.7 percent of the global population, estimated to be living below the international poverty line of \$1.90 per person per day. Some 4.5 billion people lack proper sanitation, and 2.1 billion people do not have ready access to safe drinking water.<sup>1</sup> According to the World Bank, global inequality – defined as inequality among all citizens worldwide, regardless of country of residence – is wider today than it was in the 1820s.<sup>2</sup> In the rank of the 100 richest economic entities sixty-nine are businesses;<sup>3</sup> child and bonded labor are still widespread in countries that, supposedly, are run under the rule of law. Water, air, and soil pollution are making many areas of the planet inhabitable or unfit and changing our climate with devastating impacts on people and natural environment.<sup>4</sup> The net worth of the world’s top ten billionaires is higher than the GDP of Myanmar, Ethiopia, Luxembourg, Croatia, Belarus, Tunisia, Lithuania, Jordan, Libya, and Ghana combined,<sup>5</sup> while the world’s eight richest people now have as much wealth as the bottom half of the world’s population.<sup>6</sup>

An increasing number of people realize that this situation is “deeply wrong,” and many or most political scientists, economists, and policy-makers agree. Since Keynes called attention to the perplexing problem of what comes after capitalism, humankind has made tremendous progress in understanding the cosmos, in manipulating nano-particles, in developing artificial intelligence, and in probing the limits of human mortality. Yet, we are still struggling to find better ways of doing business; and intellectuals, political scientists, economists, lawyers, entrepreneurs, development practitioners, judges, lawmakers and policymakers are divided regarding what should improve our current system.

The world urgently needs a paradigm shift – a new social compact between entrepreneurs, investors, regulators, and consumers.

Towards this end, the “Human-Centered Business Model” project has convened a group of professionals from over 46 organizations to design, develop and test a new model of doing business that is centered on the well-being of humanity and the environment in which we live. We are seeking to codify an economic model rooted in the foundational moral and ethical values that we have all inherited from our ancestors – values such as human rights, integrity, equity, accountability, and stewardship. The values and principles that we refer to are, in many cases, already embedded in globally accepted legal and political instruments, such as OECD Guidelines for Multinational Enterprises, the UN Global Compact, ILO conventions, ISO standards, UNFCCC, just to mention a few.

We envision an alternative, sustainable business ecosystem which respects the profit motive, within a framework of social and environmental sustainability. We propose to approach the entire business ecosystem through an agreed set of guiding principles, which would ultimately inform a legal and institutional framework that would lay out specific guidelines for enterprise governance, financial instruments, investment policies, procurement, and other matters. We are seeking to redefine the relationship between enterprises and their many stakeholders. We believe in the possibilities of a paradigm rooted in complementarity and synergies, instead of competition and exploitation.

We propose to embed principles of economic, social and environmental sustainability in the Human-Centered Enterprises’ bylaws. We see these principles as a minimum common denominator for all enterprises that would participate in the project.

These will be accompanied by an evolving portfolio of financial instruments, including both equity and debt, which would govern financial arrangements between participating enterprises.

We will also develop models of regulatory incentives and disincentives that could be promulgated by governments seeking to encourage socially and environmentally sustainable behaviors.

Finally, we will propose a procurement framework that will reward values such as integrity, accountability, and equity (as measured by defined indicators) throughout the entire supply chain.

Human-Centered Enterprises will be suitable for the private sector: for new entrepreneurs looking for a more equitable and sustainable way of doing business, while still earning a profit; and for existing social enterprises looking for a broader approach to social and environmental impact, while pursuing long-term economic sustainability.

The model will also be suitable for enterprises that involve public institutions, such as State owned enterprises that are already pursuing some form of public interest; for public private partnerships; and for enterprises saved from bankruptcy with public interventions.

Human-Centered Enterprises will be instrumental for governments seeking to reduce social tensions by encouraging a more equitable economy; to address inter-generational equity; to pursue shared prosperity and inclusive economic growth: and to fulfil commitments made in international conventions and environmental treaties (such as the Paris Agreement), as well as, to the pursuit of the Sustainable Development Goals (in particular SDGs 8.3, 8.4, 8.5, 8.7, 8.8, 10.2, 10.4, 12, and 16.5).

Human-Centered Enterprises will be in line with consumers' growing attention to socially and environmentally responsible consumption and, a more holistic relationship with the ethical producers.

The Human-Centered Business model may be especially suitable in middle and low-income countries where the legal and regulatory frameworks are weak, offering clear frameworks for a sustainable business ecosystem.

The time has come to answer the Keynesian challenge and move to the next phase of economic and enterprise organization, which allow humanity to pursue social and environmental sustainability on a par with economic development.

Source: <https://www.thesolutionsjournal.com/article/human-centered-model-business/>

## References

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