Stakeholders and technology will rule the next decade

Roberto Waack is a biologist, businessman, and a global expert in sustainable forestry. He is the Board Chairman of AMATA Brazil, a company dedicated to timber production from Forest Stewardship Council (FSC) certified logging plantations. Most of his time is dedicated to speaking with long-term investors from around the world – in his words “dealing with natural and social capital, finding new frontiers of investment.” Waack is also involved in multi-stakeholder dialogue to solve large-scale environmental and social conflicts. This article reflects his unique contribution to the discussion on the future of reporting, with highlights from his full one-hour interview.

Waack believes that the next decade will lead to the emergence of the “multi-stakeholder real-time report”; stakeholders will be the major regulators, he says, and communication will be key.

Society: ethics will need to regulate technology

Waack emphasizes the changing role of technology in what he sees coming as major topics for society in the next decade. “It will be more broadly available, so the restrictions on the use of new technologies will be reduced; in general, technology will be easier for the population to access,” he says. “The internet will play a major role here; it will enable a different competitive environment for high-tech companies.”

While fast-moving technology opens the door for new communication opportunities, it also brings unexpected ethical considerations, he says.

“The technology ‘life cycle’ is becoming shorter and shorter, so you have this process where the product will reach the market, be a success and, two years later, disappear. This dynamic demands a different approach, as do any resulting ethical consequences.

“For instance, take bio-hacking. Do-it-yourself biologists now have the capacity to generate genetic material; you can even ‘build’ your own bacteria these days. Are we prepared to deal with the possibility of everybody on this planet building their own living organism in the very near future? Are genetically modified organisms (GMOs) allowed or not? The only way to deal with this question is to use an ethical approach; no big ‘machine’ will exist to regulate how people can create their own living organisms.”
Companies: stakeholders will define the value and governance of corporations

Fast-moving technology will empower stakeholders, whose role will be enhanced in the next decade.

“Reputation is becoming more important in defining the value of corporations,” explains Waack. He believes stakeholders have a significant role to play here, on two levels. “Stakeholders are vital in understanding how to shape the institutional environment. Market is one dimension, regulation is another; both of them are influenced by stakeholders.”

To truly appreciate their stakeholders and to benefit from them, companies will need to communicate more coherently, more readily and more freely. “The name of the game is communication,” says Waack. “It’s broader than reporting, it’s an integrated process that needs to be completely connected: the way you advertise your product and the way you communicate the impact of your corporation will be completely synchronized. I see a new communication process being established, very open and transparent, and with the internet, it may be something that the companies will not control – perhaps the population will control that through an app.”

And because of the key roles stakeholders and reputation will play, Waack believes that the future will not be in the hand of ‘super executives’. Instead, successful companies will operate on a collaborative basis, with stakeholders and investors providing valuable input.

“We need to pay more attention to governance,” he says. “I don’t envisage a future where strategic investors and shareholders just rely on ‘super executives’. I believe that the role of these magic executives will be discontinued. The development of corporations will be much more of a joint effort, and messages coming from the shareholders and investors on how to shape the business will be much stronger than just one CEO saying, ‘This is the way to go. That’s what I think is right or wrong.’

“The governance model will need to be closer to the stakeholders, in general,” adds Waack. “This connection between shareholders and stakeholders will need to happen on an upper level of an organization’s governance. More elements will be taken into consideration in the decision-making process. It’s complex, but we’ve found more powerful tools to deal with the information. Data and business intelligence will be much more accessible and more easily available.”

Get ready: the ‘multi-stakeholder real-time report’ is coming

“Reporting will be completely different, much more dynamic,” says Waack. “It’s going to be something that you need to do every day, every hour. I think it’s going to be an online process, using different measures, and different sources of information – with you not only supplying information, but also capturing information from the supply chain and your most important stakeholders.

“There will be no such thing as overall control. It will be in the hands of society, with stakeholders as the major regulators.”