

Inclusive capitalism and human nature: In search of a workable and realistic alternative to homo economicus for corporate governance and public policy

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Abstract

With the societal cracks resulting from decade-long neoliberal policies becoming increasingly visible in many countries, capitalism as the most suitable institutional system to produce material wealth, environmental sustainability and social stability has come under growing attack. In a previous contribution (de Jong 2021), I pointed out that ‘purpose’ rather than utility maximization or profit maximization is what novel economists and business scholars perceive as the key driver in ‘stakeholder-oriented capitalism’ or the ‘economics of mutuality’. This contribution takes Geoffrey Hodgson’s (2019) claim that it is one thing to claim that U Max (utility maximization) is a tautological, deficient and perverse representation of human thought and behavior as a starting point, but it is quite another to put a credible alternative in its place. It examines what a number of leading academic authors in the disciplines primatology, psychology, sociology and (heterodox) economics have to say on essential features of ‘human nature’, whether these insights can be used to base any essential model of human nature on and what its implications would be for the potential to revise and reform current neo-liberal capitalist institutions in a more socially and ecologically inclusive direction and how this would affect both government policy and corporate governance. Since corporate law and governance are at the heart of modern capitalism, throughout the argument is illustrated with an example of how replacing currently dominant agency theory as applied to corporate governance with an alternative depiction of human nature would affect public policymaking, corporate governance and the behavioral models that sustain them.

References:

- Hodgson, Geoffrey M. (2019): *Is there a future for heterodox economics? Institutions, Ideology and a Scientific Community*, Edward Elgar, Cheltenham UK.
- Jong, Martin de (2021): Inclusive capitalism; The emergence of a new purpose paradigm in economics and business administration and its implications for public policy, in: *Global Public Policy and Governance* 1 : 159–174

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