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Stock Market Paradigm Shift

Spread of stakeholder capitalism and impact investment

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Summary

- There is growing demand for companies to provide value not only to shareholders, but also to stakeholders. This represents a shift from the shareholder-first principle to stakeholder capitalism. Investors who provide funds to companies are also required to evaluate the enhancement of corporate value over the medium to long term rather than the short term.
- ESG investment, which incorporates environmental and social factors in investment decisions, is also on the rise. An increasing number of investors are considering the impact of investment on society.
- In the United States, there is a new type of corporation called a Benefit Corporation that allows management to take stakeholder interests into account. In recent years, cases have begun to emerge in which a Benefit Corporation goes public. In the UK, Canada, and elsewhere, the creation of a social stock exchange linking social enterprises and impact investors has also been implemented.
- Traditionally, companies that can provide economic benefits to shareholders have been valued in the stock market. The movement of companies to offer value to stakeholders, and of investors to consider the responses to environmental or social issues of the companies they invest in and to assess their social impact can be said to be a paradigm shift in the stock market. These developments are expected to accelerate in the future.

Attention

This report is a summary translation. The official document is only in Japanese.