

Article

# Stakeholder Capitalism, the Fourth Industrial Revolution (4IR), and Sustainable Development: Issues to Be Resolved

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**Abstract:** Stakeholder capitalism is gaining traction among academics and management practitioners in the Fourth Industrial Revolution. The World Economic Forum (WEF) embraced stakeholder capitalism as the key principle guiding the summit's subject and the organizations' focus at its 50th annual meeting in Davos 2020. In addition, the Business Roundtable issued a new declaration that articulates the corporation's new purpose, which was endorsed by 181 chief executive officers (CEOs), who pledged to lead their companies for the benefit of all stakeholders. In this context, the study analyzed and reviewed the stakeholder capitalism theory to better understand the challenges that will need to be addressed if it is embraced as a philosophy to guide corporate management in the Fourth Industrial Revolution. The study, using the document analysis technique, concludes that embracing stakeholder capitalism can lead to the achievement of sustainable development and the various sustainable development goals. However, it was revealed that there are still several challenges that are linked to the ideas of stakeholder capitalism that need to be addressed before it can become a core ideology for corporate management. For instance, the issues around: stakeholder capitalism and positive contributions; the fact that meeting stakeholder expectations may not guarantee long-term viability; the challenge of balancing the needs of companies and stakeholders; the definition of a "stakeholder", which is not clear in theory; the purpose and character of the company and the duties of managers, which are also unclear; and there is a lack of a theoretical base to describe the company's behavior, among the other issues that were raised. As a result, when embracing stakeholder capitalism as a major element that will deliver healthy capitalism and sustainable development, it is critical to understand these significant flaws.

**Keywords:** Fourth Industrial Revolution; stakeholder capitalism; sustainable development; problems to be solved



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## 1. Introduction

The 4IR represents a foundational "shift in the way people live, work, and relate with one another" [1]. The extraordinary advances in technology are bringing about a new chapter in human development. The changes in human development that are being witnessed in this revolution correspond to the previous industrial revolutions: The First, the Second, and the Third Industrial Revolutions [1,2]. The technological advances amalgamate "the physical, digital, and biological worlds in a manner that creates hope and potential peril" [2]. "Klaus Schwab the founder and executive chairman of the World Economic Forum (WEF)", was the first person to coin the term, the "fourth industrial revolution". The 4IR is described as a world where humans can manage their lives by "moving between the digital domains and the offline reality" by using connected technology [3]. The 4IR is defined as a "Revolution that is blurring the lines between the physical, the digital, and the biological worlds. Massive advances in artificial intelligence (AI), Internet of Things (IoT), robotics, 3D printing, quantum computing, genetic engineering, and various other technologies" [2]. Because of the 4IR's speed, breadth, and depth, scholars are being compelled to reconsider how nations should evolve, how organizations produce

value, and what it means to be human [2]. One thing that sticks out in the 4IR is that technological developments are moving at such a rapid pace and scale that no one can ignore them [4]. Schwab [2] also argues that the 4IR is more important than technological progress since it provides opportunities for everyone in society, including leaders, the poor, women, and policymakers.

The 4IR is seen to have the ability to use converging technology to create a more inclusive human-centered future. It is no secret that the 4IR will have its share of issues. Scholars and the proponents of the stakeholder theory, such as Klaus Schwab, think that fulfilling the interests of all stakeholders, rather than just shareholders, is the key to the long-term profitability and health of enterprises, and even of the environment [5]. Research on sustainable development has grown in recent years; for instance, Yang and Li [6]; Gao et al. [7]; Mhlanga and Moloi [3]; Ochieng [8]; Petrick [9]; and Boutilier [10]. Despite the growing number of studies on sustainable development, a review of the literature reveals that there is a paucity of data on studies that look into stakeholder capitalism in terms of the Fourth Industrial Revolution. In comparison to other types of capitalism, scholars such as Ochieng [8] suggest that stakeholder capitalism is an acceptable framework for natural resource management and rural development in Africa. When compared to Anglo-Saxon types of capitalism, Ochieng [8] argues that stakeholder capitalism appears to be the ideal capitalism for managing the Lake Victoria fishery resources and other forms of resources since it is more appropriate, philosophically and empirically, for sustainable development. Ochieng [8] goes on to state that, while ownership and management rights are contentious economic, social, and political constructions, they have a significant impact on long-term growth. The surge in China's economic development, according to Yang and Li [6], poses a threat to human health and sustainable development. According to Yang and Li [6], rapid economic expansion is accompanied by an increase in the emission of industrial waste, gas, and even ineffective air pollution control. The tobacco business was one of the industries in China that kept gas emissions at an ideal level from 2003 to 2014, according to Yang and Li (2018), although the major sectors with the highest industrial waste gas emissions had inadequate waste control from 2003 to 2004. Air pollution, according to Gao et al. [7], is a prevalent concern for many countries around the world because of growing industrialization. Gao et al. [7], similar to Yang and Li [6], believe that rapid industrialization hurts long-term development. Gao et al. [7], in a study that was aimed at enriching the current literature on the air pollution control in the Chengdu-Chongqing region of China, discovered that, on the basis of historical data, the air pollution in the Chengdu-Chongqing region was trending in the same direction from 2015 to 2019.

Gao et al. [7] discovered that the air pollution control policies of the various cities had significantly improved. Petrick [9] also noted the micro-, meso-, and macro-level financial-risk-shifting dynamics that contributed to the Great Global Recession, as well as the fact that the economic crisis was prolonged because of the lack of a morally compelling moral vision for financial risk management. As a result, Petrick [9] proposes a completely new theoretical model for stakeholder capitalism that can assist in supplying the moral imagination that is needed to balance multilevel elements and to promote long-term global prosperity for present and future generations. Arun and Babu [11] investigated whether Indian corporations are adopting stakeholder capitalism in place of shareholder capitalism. According to Arun and Babu [11], corporations have been working under the maximization of the shareholder value premise for about four decades. As a result, major firms are preoccupied with the pursuit of profits and stock prices, rather than with a consideration of the impact of their actions on stakeholders, such as consumers, employees, and other stakeholders. Arun and Babu [11] discovered that it is important to promote sustainable and responsible business practices for current and future generations. Furthermore, the authors argue that communication and stakeholder capital principles can be used to achieve balance and relationships among stakeholders. Mhlanga and Moloi [3] also investigated the effectiveness of stakeholder capitalism in tackling the global concerns that the Fourth Industrial Revolution is bringing forth. The conclusion of Mhlanga and

Moloi's study [3] is that, if the stakeholder theory concept is accepted by firms that are working in the Fourth Industrial Revolution, good capitalism can emerge, which allows stakeholders to collaborate. According to Mhlanga and Moloi [3], the issues that impact the world will be better addressed when there is teamwork. Stakeholder capitalism is seen as both a practical and ethical business decision. The subject, o "Stakeholders for a Cohesive and Sustainable World" was the emphasis of the World Economic Forum's 50th annual conference in Davos, which was based on stakeholder capitalism. This subject demonstrates that, if businesses are encouraged to adopt the stakeholder capitalism concept, the world will be a better place to live, and the sustainable development goals will be met. What remains to be seen is to what extent. As a result, the goal of this research is to investigate the implications of instilling stakeholder capitalism into corporate management and organization in the 4IR. The study will also look at the gaps in stakeholder theory as it applies to the organization and management of businesses in the 4IR. It is crucial to emphasize that pointing out the holes that still exist is not a criticism of the stakeholder theory; rather, it raises issues about the 4IR's principles and assumptions that remain unresolved. The rest of the paper is organized as follows: The materials and methods will be covered in the second part. The review of the important literature will include a discussion of sustainable development and the Sustainable Development Goals (SDGs), which will be followed by a discussion of the Fourth Industrial Revolution and its problems, and finally, a discussion of the history and roots of stakeholder theory. The sixth section will address the discussion of the findings, which is followed by the conclusion. Before discussing the results, the paper is constructed in such a way that the critical features of the topic, such as stakeholder capitalism, the Fourth Industrial Revolution, sustainable development, and the sustainable development goals, are clearly articulated. These parts are critical in laying the groundwork for the research.

## 2. Materials and Methods

The study used secondary research, where document analysis research methodology was specifically used. "Document analysis is a systematic procedure for reviewing and evaluating documents both printed and electronic" [12]. One of the features of document analysis is that, just as do other analytical methods in qualitative research, it demands that data should be examined and interpreted to generate meaning, understanding, and the development of empirical understanding. In document analysis, the documents that are analyzed contain words and images that are recorded, without any intervention of the researcher [12]. Wach and Ward [13] also posit that document analysis involves the rigorous and systematic analysis of the contents of written documents in order to obtain impartial and consistent information from them. Figure 1 below outlines the process of document analysis.

As is outlined in Figure 1, the process of document analysis has several stages, which include coming up with the inclusion criteria for the documents, the collection of the documents, outlining the key areas of analysis, the coding of the documents, verification, and the final analysis. By using the document analysis, a review of scholarly articles, reports, and books was performed in order to obtain a description, summary, and critical evaluation of the stakeholder theory. The method was used to understand issues that need to be addressed in the 4IR when adopting stakeholder capitalism as alternative capitalism. The original stakeholder theory was used in the analysis. According to Bowen [12], documentary analysis is an efficient method because it is less time consuming because it involves the selection of available documents rather than data collection, which requires time to collect the data. The other advantage of documentary analysis is that many documents are available, and they are in the public domain, and, with the increase in the popularity of open-access publishing, it makes it easier for authors to obtain the information without soliciting permission from the original author. This alone makes document analysis attractive for qualitative researchers. In terms of the cost, document analysis is less costly, and it is the most appropriate method when the collection of new data is not feasible. The

number of documents that helped in shaping the trajectory of the study are presented in Table 1 below.

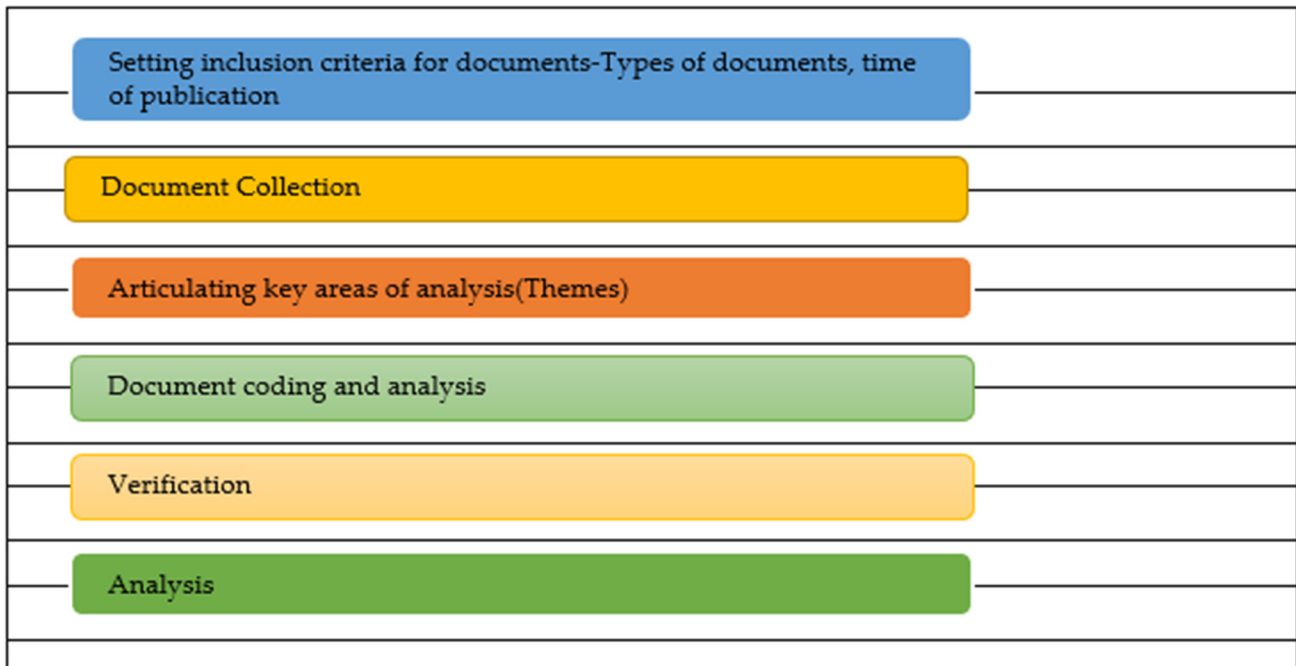


Figure 1. The process of document analysis. Source: the author’s analysis.

Table 1. Sources that helped in shaping the trajectory of the study journal articles.

	Reports	Media Articles	Others
	33	30	77
Journals targeted were those published from the year 2000 onward, although work from previous years was considered. Publishers: Springer Nature, Multidisciplinary Publishing, Es, Elsevier Institute of Electrical and Electronics Engineers, etc.	The United Nations, The World Bank, The World Economic Forum, and the OECD, among others.	Media articles from various countries were used, for instance, from the United State of America, South Africa, the United Kingdom, among other nations.	Various other documents were consulted to come up with the ideas that shaped the trajectory of the study.

Source: the author’s analysis.

### 3. Review of Important Literature to the Study

This section will go over the key aspects of the research, such as sustainable development; the history of the Sustainable Development Goals; the Fourth Industrial Revolution; the new developments and technologies that are driving the Fourth Industrial Revolution; the Fourth Industrial Revolution’s challenges; the history and origin of the stakeholder theory; and stakeholder capitalism in principle. This review is crucial because it helps to put the research into context. The literature also aids in shedding light on the following crucial study components: stakeholder capitalism; the Fourth Industrial Revolution; sustainable development; and the sustainable development goals.

#### 3.1. Sustainable Development

“Sustainable development” is defined as: “Development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. The concept of sustainable development contains two key concepts the needs particularly the essential needs of the poor which should receive priority and the second concept is the limitations around the state of technology and social organization imposed on

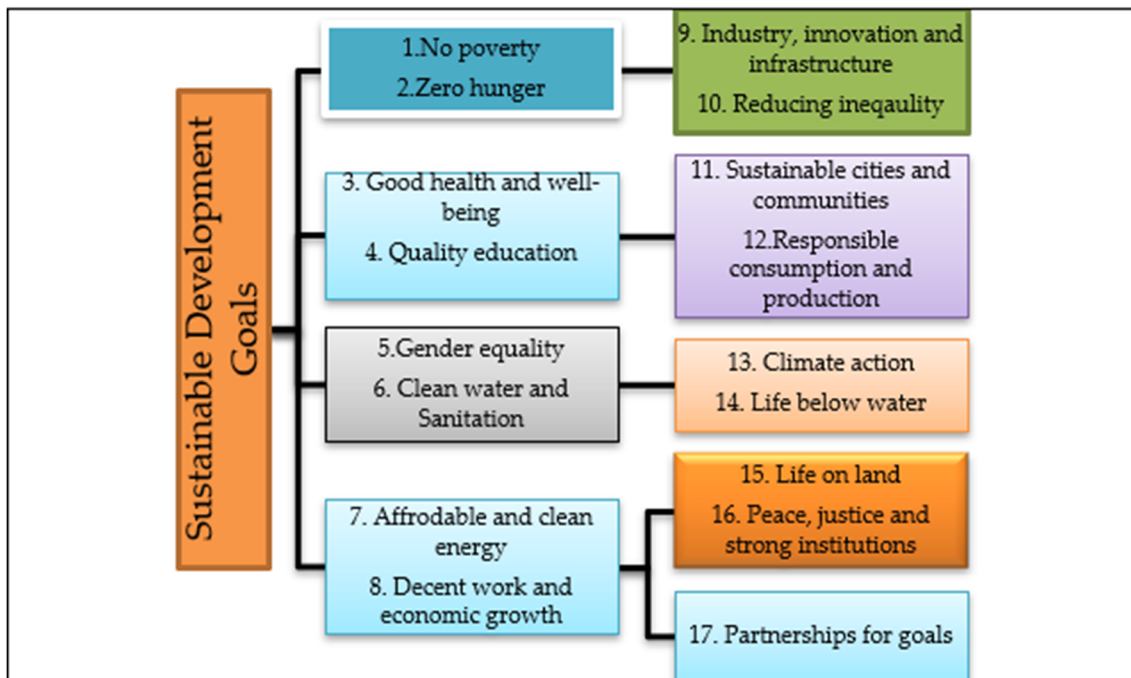
the environment's ability to meet present and future needs" [14,15]. The Commission on the Environment (1987) reported that the goals and objectives of economic growth and social development should be explained in line with sustainability in all the nations, whether they are developed or developing. It was also stated that this should apply whether the nation is centrally planned or market-oriented. The other important aspect that is important in the concept of sustainable development is that its interpretations may vary from one country to another, but the definitions should share certain general features that flow from a consensus on the basic concept of sustainable development [14]. Youmatter [15] also define development as the progressive transformation of an economy and society. It is believed that a sustainable development path can theoretically be applied, even in settings that are socially and politically rigid.

However, it was highlighted that physical sustainability is difficult to achieve if development policies are not paying attention to the issues related to the access to resources and the distribution of costs and benefits. The other important issue that has been raised is that, to achieve sustainability, it is critical to ensure that there is social equity between generations. Youmatter [15] highlights that the idea of sustainable development gained relevance because of the emergence of the industrial revolutions in the second half of the 19th century. Societies, especially in the West, started to realize that their economic activities were seriously affecting the environment and the social balance. Moreover, the rise in several ecological and social crises that happened in the world started to create an awareness that a more sustainable model was required. Some of the examples of the economic and social crises that seriously disturbed the whole world in the 20th century are the 1907 American banking crisis; the 1929 financial crisis of the 1930s; the 1968 worldwide protests against the bureaucratic elites; the 1973 and 1979 oil shocks; as well as the 1982 debt shocks of developing countries. Some examples of the ecological crises include: the 1954 Rongelap nuclear fallout; the 1956 Mercury crisis of Minamata; and the 1957 Torrey Canyon oil spill. Others include the 1976 Seveso disaster; the Bhopal disaster of 1984; the 1986 Chernobyl nuclear disaster; the Exxon Valdez oil spill of 1989; and the Erika disaster of 1999. Other current problems that are affecting the world now that warrant that sustainable development be taken seriously are the issues that are related to global warming, air pollution, ozone layer depletion, and the loss of biodiversity, among other issues that are related to rising oceans.

### 3.2. Sustainable Development Goals (SDGs)

The SDGs were taken on by the United Nations (UN) in the year 2015 as a universal call to action to terminate poverty, protect the planet, and make sure that, by 2030, the world can enjoy peace and prosperity. The United Nations adopted 17 SDGs that are integrated, which means that the actions that are taken in one area affect the outcomes in other areas. The idea behind the SDGs is that any form of development must optimize the balance of social, economic, and environmental sustainability. It is generally argued that the SDGs were designed to "end poverty, hunger, AIDS and discrimination against women and girls". The other argument that is given is that the creative and financial capacities, knowledge, and technologies of all societies are very important to the attainment of the SDGs. There are 17 SDGs, and they are clearly outlined in Figure 2 below.

In Figure 2 above, the 17 SDGs are clearly outlined. As was highlighted before, the sustainable development goals are integrated, which means that the actions that are taken in one area affect the outcomes in other areas, and that any form of development must optimize the balance of social, economic, and environmental sustainability. The next section will present a brief history and background of the SDGs.



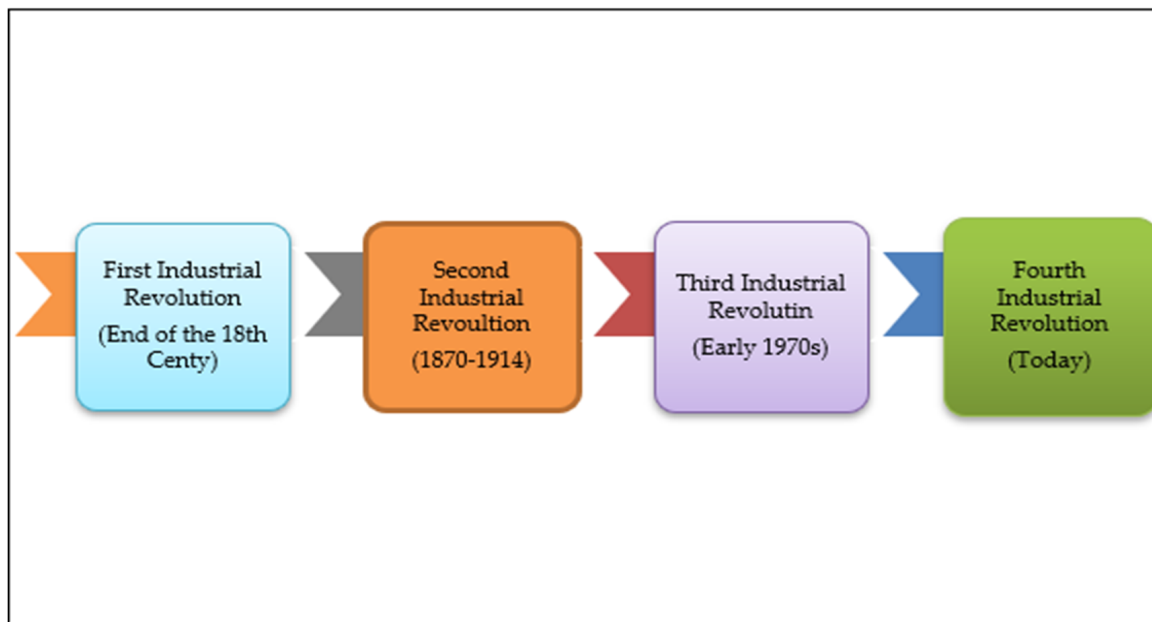
**Figure 2.** Sustainable development goals. Source: the author’s analysis.

### 3.3. Brief Background of the Sustainable Development Goals

The idea behind the development of the 17 SDGs was born from the United Nations Conference on sustainable development in Rio de Janeiro in the year 2012. The need to address the environmental, political, and economic challenges that the world is facing motivated the actions that led to the universal goals. The SDGs have replaced the Millennium Development Goals (MDGs), which were introduced in 2000 to address the indignity of poverty (United Nations 2021). The MDGs came about with reasonable progress over 15 years in the reduction of income poverty, access to water and sanitation, and child mortality and maternal health. All these variables registered considerable improvements. The MDGs also started the notable global movement for free primary education. There was also significant progress in combating some treatable diseases, such as HIV/AIDS, malaria, and tuberculosis. The progress of the MDGs provided the much-needed experience to start work on the SDGs, which put more emphasis on a world shift towards a more sustainable path of development. As indicated before, the SDGs are interconnected, which implies that the successes of the global goals in one area affect the other areas. For instance, “dealing with the threat of climate change impacts how we manage our fragile natural resources, achieving gender equality or better health helps eradicate poverty, and fostering peace and inclusive societies will reduce inequalities and help economies prosper” [16].

## 4. The Four Industrial Revolutions

According to Schwab [2], the word, “revolution”, refers to a radical change, and revolutions occur in the world when new technologies and novel ways of perceiving the world come about, with changes in the economic systems and the social structures of the world. As was noted before, the 4IR is defined as: “Revolution that is blurring the lines between the physical, the digital, and the biological worlds. Massive advances in artificial intelligence (AI), Internet of Things (IoT), robotics, 3D printing, quantum computing, genetic engineering, and various other technologies” [2]. One of the easiest ways of understanding the 4IR is to start gathering knowledge about the First Industrial Revolution, the Second Industrial Revolution, and then the Third Industrial Revolution. Figure 3 below shows the progression of the four industrial revolutions that have happened in the world. These are generally referred to as the “First Industrial Revolution”, “The Second Industrial Revolution”, and the “Fourth Industrial Revolution”.



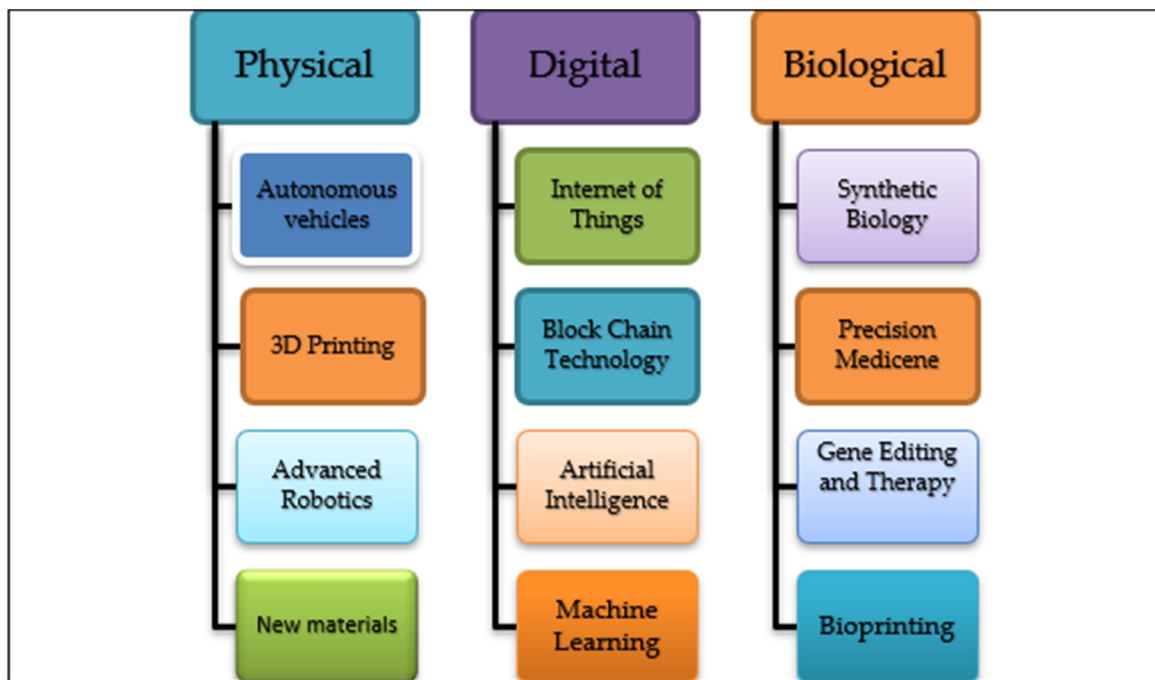
**Figure 3.** The four industrial revolutions. Source: the author’s analysis.

Figure 3 above depicts the industrial revolutions. The First Industrial Revolution came with urbanization, and with the shift from the use of “animal, human and biomass as sources of power to the use of fossil fuels as alternative sources of energy”. The revolution was brought about with the mechanization of the manufacturing sector and the steam engine, and with industrialization and urbanization [2,16]. The Second Industrial Revolution happened between the end of the 19th century and the first two decades of the 20th century (1870–1914). It came with breakthroughs in electricity distribution, wireless communication, wired communication, and even the synthesis of ammonia and new forms of power generation [17,18]. The “revolution enabled mass production and widespread adoption of early technology such as telegraph, transportation, communication, and the introduction of the assembly line” [19,20].

The Third Industrial Revolution started in the 1950s with the development of digital and communication systems. The Third Industrial Revolution began with massive advances in computing power, and it also enabled new modes of generating, processing, and sharing information [1]. Internet technology, renewable energy, and information communication technology (ICT) also began during this revolution [19]. The 4IR is believed to have started in the early 21st century. The 4IR is coming, with swift changes in almost all the sectors. The uniqueness of the 4IR is the rate of the displacement of human beings from their traditional jobs by computers, robots, and many other technologies [19]. The 4IR is driven by various technologies in the 21st century, which help scholars to understand the 4IR. These technologies include, “artificial intelligence and robotics, ubiquitous linked sensors, blockchain and distributed ledger technology, neurotechnology, additive manufacturing, biotechnologies, internet of things and the new computing technologies, among others”. The next section will give a sense of the new developments and technologies that are driving the Fourth Industrial Revolution.

#### 4.1. New Developments and Technologies Driving the Fourth Industrial Revolution

The new developments and technologies are a collection of the technologies that are driving the 4IR today, as explained by Schwab [2]. This list of new developments and technologies that are driving the 4IR helps in understanding the Fourth Industrial Revolution are shown in Figure 4 below.



**Figure 4.** New developments and technologies driving the Fourth Industrial Revolution. Source: the author's analysis.

The above is a summary of the technology that will drive the Fourth Industrial Revolution in the 21st century. As was noted before, the Fourth Industrial Revolution comes with opportunities that will transform the lives of people, but it also comes with its challenges. As Schwab [2] explains, the scientific breakthroughs and the new technologies all ride on the power of digitization. The rise in computing power has allowed for activities such as gene sequencing and the massive application of artificial intelligence. Though Schwab [2] chose to group the technologies into three groups (the physical, digital, and biological spheres), these developments and technologies are highly interrelated, and they highly depend on one another. As was noted before, the 4IR comes with opportunities that will transform the lives of people, but it also comes with its challenges.

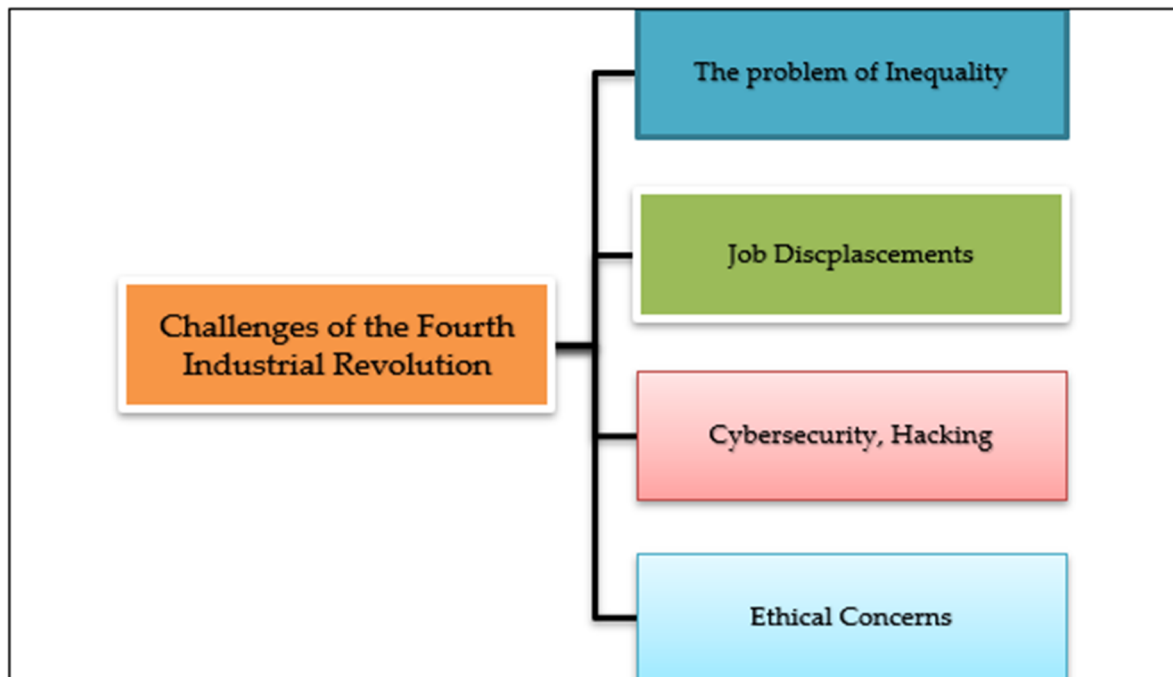
#### 4.2. The Challenges of the Fourth Industrial Revolution

For this article, a section on the challenges is included in order to attain a sense of the purpose and direction of this paper. Xu et al. [4] state: "We stand on the brink of a technological revolution that will fundamentally alter the way we live, work, and relate to one another. In its scale, scope, and complexity, the transformation will be unlike anything humankind has experienced before. We do not yet know just how it will unfold, but one thing is clear: the response to it must be integrated and comprehensive, involving all stakeholders of the global polity, from the public and private sectors to academic and civil society." It is believed that the Fourth Industrial Revolution will come with benefits, but there are also several key challenges that are associated with this revolution [4,15].

These challenges are outlined in Figure 5 below.

Figure 5 above outlines the challenges that are associated with the technological developments of the Fourth Industrial Revolution. These challenges include issues that are related to inequality, job displacements, cybersecurity, and ethical concerns as shown in Figure 5 below.





**Figure 5.** Challenges that are related to the Fourth Industrial Revolution. Source: the author’s analysis.

#### 4.2.1. Inequality

Schwab [1] believes that the revolution will yield greater inequality, particularly in terms of its potential to disrupt the labor markets. It is believed that automation will be substituted for labor across economies, and the net effect from the displacement of workers by machines will be a massive increase in the gap between the returns to capital and the returns to labor. The people who will be able to create ideas and innovations will stand to gain more compared to the holders of labor and those with capital who do not fully utilize it through innovation. This may also result in a situation where low skills will attract low pay, while high skills will result in high wages. In this revolution, the people with ideas will be scarce resources, and not the workers or investors [4].

#### 4.2.2. Loss of Jobs

Apart from the challenges of inequality, which is caused by job displacements, the loss of jobs will be a huge problem in the Fourth Industrial Revolution. The quest for talent will give rise to a job market that may become increasingly segregated [4]. Low-skilled and low-wage jobs will be replaced by computers and digitization [4]. There is also the general belief that higher-paid jobs, which require more skills, will be less likely to be replaced by computers and digitization [1,2,17]. The fears with regard to the impact of technology on jobs is not a new phenomenon. In 1931, the economist, John Maynard Keynes, warned of widespread technological unemployment. He argued that the discovery of other means of economizing the use of labor may outrun the speed at which people find new uses for labor [1]. However, this proved to be wrong; but the question remains: What if this time, it is true? The debate on the loss of jobs has been on the cards because of the widespread evidence of the losses of jobs for bookkeepers, cashiers, and telephone operators [1]. The reasons are put forward in the following statement: “Why the new technology revolution will provoke more upheaval than the previous industrial revolutions are its speed, breadth, and depth. Everything is happening at a much faster pace than ever before so many radical changes are occurring simultaneously, and there is a complete transformation of entire systems” [1,2].

#### 4.2.3. Challenges Related to Cybersecurity and Hacking, among Others

Moreover, in addition to the problems of “job displacement in the fourth industrial revolution, are many other challenges, such as cybersecurity, hacking and risk assessment among others” [4]. People are generally encouraged to be alert, especially when human life becomes “extensively connected to various devices, from cell phones, cars, and light switches to home security cameras, and smart speakers” [3,4]. The fact that all things will be connected on the Internet of things will increase the vulnerabilities that are present in any given network [3,4]. As a result, greater cybersecurity will be required in the Fourth Industrial Revolution. Organizations will need to map their networks and assess the risks and critical factors that are related to security. Xu et al. [4] believe that, “company assessments should examine accessibility to systems, such as possible threats from internal sources, from disgruntled employees to internal human error, and external sources including hackers and cyber terrorists”.

#### 4.2.4. Challenges Related to Ethical Concerns

Lastly, the Fourth Industrial Revolution will feature technologies such as artificial intelligence, automation, robotics, and genetic engineering, and, as a result, new ethical concerns are emerging. Many debates have taken place with regard to genetic engineering and the use of tools and research technologies. However, the prevention of genetic diseases by genetic engineering is desirable. On the other hand, the question remains as to what guidelines, regulations, or ethical boundaries should be established in order to avoid the over manipulation of genetics for desirable traits [3]. Concerns about over manipulation exist in situations where artificial intelligence and robots that are capable of machine learning are becoming smarter and more independent, but they have the limitation of lacking the important feature of moral reasoning. This limits their ability to come up with ethical decisions in complex situations [4]. The other problem concerns whose moral standards robots should adopt, since moral values are different from one individual to another across nations. As a result, there is uncertainty as to which moral framework to adopt, which is one of the difficulties and limitations of ascribing moral values to artificial systems [21]. The next section will provide the background on the history and origin of the stakeholder theory.

### 5. The History and Origin of the Stakeholder Theory

The business science literature has marked the origin of the stakeholder concept, and it is traced as far back as Adam Smith and his Theory of Moral Sentiments [22,23]. The use of the concept in management literature came about because of the internal memo report of the Stanford Research Institute (SRI) in 1963 [24,25]. The SRI introduced the term as a generalization and expansion of the notion that shareholders are the only group that managers should be sensitive towards [25,26]. Within this understanding, Freeman [23] asserts that businesses must be concerned with the interests of other stakeholders when coming up with strategic decisions, rather than with managers alone.

Freeman [23] makes it clear that his view of the stakeholder theory is premised on the perspective of the company. The process works of Ian Mitroff, Richard Mason, and James Emshoff helped Freeman [23] to build this concept. The use of the word, “stakeholder”, came from the pioneering work that was conducted at the SRI in 1963, as was highlighted before. The concepts that were developed in the planning department of the Lockheed Company also influenced the idea highly. Moreover, these ideas were developed by Ansoff and Robert Steward. It is believed that Ansoff was working for the SRI around the 1960s with Lockheed [24,27]. The objective of Freeman’s (1984) work was to portray another form of strategic management that responds to the rise in competitiveness, globalization, and the complexity of company operations [25]. The stakeholder concept gained traction with time because of significant public interest, greater coverage by the media, and concerns about corporate governance [25,28]. However, Fontaine et al. [24] argue that, before the 1960s, business leaders were already expressing the stakeholder concept. Fontaine et al. [24]

concur with Dodd [29] that, already, the business leaders in the General Electric Company (GCE) identified four main groups of shareholders: employees, shareholders, customers, and the public with whom they had to deal with. Moreover, Fontaine et al. [24] state, “In 1947 Johnson & Johnson identified customers, employees, managers, and the public as the important groups that needed attention. The GCE company sears named four parties to any business in the order of their importance as customers, employees, community, and stockholders in the year 1950”.

The foundations of the stakeholder theory came from four academic fields, which include the following: sociology, economics, politics, and ethics [25]. Wagner Mainardes et al. [25] state that the literature on corporate planning, systems theory, corporate social responsibility, and organizational theory contributes a lot to the arguments and the dictates of the stakeholder theory. Freeman [23], in his work, sought to expound on the relationship between the company and its external environment, and the behavior of the company within this environment. In this way, the company is usually at the center and it influences, and is influenced by, the various stakeholders of the company [25].

The main argument of Freeman [23] is that the “idea of stakeholders or stakeholder management or a stakeholder approach to strategic management was that managers were supposed to come up with a process, to be implemented which will seek to satisfy all and only those groups who have a stake in the business” [24]. Fontaine et al. [24] concur with Freeman [23] in terms of the argument that the main duty of managers in this process is to manage and integrate the relationships, as well as the interests, of the stakeholders, (shareholders, employees, customers, suppliers, communities, and other groups) in a manner that assures as to the long-term success of the firm [24]. Wagner Mainardes et al. [29] also posit that the stakeholder approach is more concerned with the active management of the business and its environment and relationships, as well as in promoting shared interests to develop business strategies. In short, the model by Freeman [21] is based on the idea that the relationships between the company and the stakeholders are dyadic and mutually independent [25,30].

According to Wagner Mainardes et al. [25], the stakeholder model by Freeman [23] was motivated by a tool that originated from sociology: the sociogram, which can visualize the rate of the interactions among individuals and groups. The design of the model was highly influenced by the traditional capitalist organizational production model, where the company was viewed to be related to only four groups of stakeholders: the groups of suppliers, the employees, and the shareholders that carry out the economic activities to supply goods and services to the fourth group: the customers. However, Freeman [23] also came up with other groups that are influenced by the activities of the company. Freeman also saw the organization as the focal point for a sequence of interdependent relationships [25]. In this way, according to Fontaine et al. [24], Wagner Mainardes et al. [25], Wagner Mainardes et al. [29], and Orts and Strudler [22], the ideas of Freeman [23], which resulted in stakeholder theory, came out of an organizational context where the company was viewed to be dependent on the external environment, which comprises external groups of the organization. In this way, it is believed, from the conclusions of the stakeholder theory, that the company is not viewed as self-sufficient and independent. These external groups were referred to as “stakeholders” by Freeman [23]. From the works of Jones and Wicks [31], Savage et al. [32], and Wagner Mainardes et al. [25], it is believed that the premises of the stakeholder theory are as follows: “The organization enters into relationships with many groups that influence or are influenced by the company; the theory focuses on the nature of these relationships in terms of processes and results for the company and stakeholders; the interests of all legitimate stakeholders are of intrinsic value, and it is assumed that there is no single prevailing set of interests. Again, the stakeholder theory focuses on management decision making; the theory explains how stakeholders try and influence organizational decision-making processes to be consistent with their needs and priorities; and as regards organizations, these should attempt to understand and balance the interests of the various participants” [32–34].

Influenced by the above premises and the works of Clarkson [32], Donaldson and Preston [31] and Wagner Mainardes et al. [25] argue that, “The concept of stakeholder management was developed so that organizations could recognize, analyze, and examine the characteristics of individuals or groups influencing or being influenced by organizational behaviour. Thus, management is carried out over three levels: (1) the identification of stakeholders; (2) the development of processes identifying and interpreting their needs and interests; and (3) the construction of relationships with the entire process structured around the organization’s respective objectives”. Moreover, Neville et al. [35], Post et al. [33], and Wagner Mainardes et al. [25] state that stakeholders have the power to prescribe their expectations, their experiences within the organization, and their evaluation of the results obtained, and that they can act with regard to these evaluations to strengthen (or otherwise) their relationship with the company. Freeman [23] further explains that, “the stakeholder theory was originally developed within a framework of four distinct lines of organizational management research, as demonstrated by the original work of Freeman [23], strategic organizational planning; systems theory; corporate social responsibility and organizational theory”.

The strategic organizational planning argument reasons that the concept of leadership is that all of the strategies that are put into place should, “correspond to the integration of all stakeholders’ interests against the argument of maximizing one group’s position to the detriment of others” [24]. The “arguments from the systems theory and organizational theory are directed upon the ideas that organizations are open systems that interact with different third parties and it is needful to come up with collective strategies and mechanisms that perfect the whole system beyond the actual recognition of all the relationships where organizations depend on for survival” [25]. It is important to note that the principles and arguments of the stakeholder theory revolve around three branches: the normative approach; the descriptive approach; and the instrumental approach [24,36]. The argument given as to why the stakeholder theory should be adopted in the Fourth Industrial Revolution is the fact that, by doing so, it will present mechanisms to reduce some of the negative impacts of the challenges that are associated with the Fourth Industrial Revolution.

#### *Stakeholder Capitalism in Principle*

“Stakeholder capitalism” is generally defined as “a system in which corporations are oriented to serve the interests of all their stakeholders” [37,38]. The “key stakeholders are customers, suppliers, employees, shareholders, and local communities” [37,38]. Freeman et al. [39] present the new version of capitalism that is termed, “stakeholder capitalism”, which is based on the “libertarian and pragmatist lines. Stakeholder capitalism is not founded on private property, self-interest, competition, and free markets” [37,38]. This view is based on the belief that authoritarian alternatives should be avoided. Freeman et al. [39] also “argued that stakeholder capitalism is also based on freedom, rights, and the creation by consent of positive obligations”.

Stakeholder capitalism digresses from the “traditional narratives of capitalism which rely upon the assumptions of competition, limited resources, and a winner-take-all mentality as fundamental to business and economic activity” [39–41]. Freeman et al. [39] reiterate that the approaches of traditional capitalism leave “little room for ethical analysis, they have a simplistic view of human beings and focus on value capture rather than value creation”. Freeman et al. [39] came up with the principles of stakeholder capitalism. These principles include: “the principle of stakeholder cooperation, the principle of stakeholder engagement, the principle of complexity, the principle of continuous creation, the principle of emergent competition” [39].

## **6. Discussion of the Findings**

This section will outline the findings from the document analysis that was undertaken to investigate the implications of adopting the doctrine of stakeholder capitalism in the management and organization of corporations in the 4IR, and to assess the gaps that still

exist in the stakeholder theory as it is embraced in the organization and management of firms in the 4IR. As is highlighted in the introduction, the assessment of the gaps that still exist is not a critique of the stakeholder theory, but it raises questions that remain unanswered from the principles and assumptions of this theory in the 4IR.

### *6.1. Stakeholder Capitalism and Sustainable Development in the Fourth Industrial Revolution*

The stakeholder theory has gone through a period of rapid growth, with a lot of research ongoing, and it has been adopted by researchers in the academic field and by many organizations. The WEF, in its 50th annual meeting in Davos 2020, adopted stakeholder capitalism as the central philosophy, and it shaped the theme of the meeting and the focus of the organization [5]. The theory gained popularity among academics and management practitioners. Moreover, “the Business Roundtable announced the new statement on the purpose of a corporation signed by 181 chief Executive Officers (CEOs) who commit to lead their companies for the benefit of all stakeholders” [42]. The Stanford University study, which is based on a survey of over 200 CEOs of companies, highlights that, “most executives believe they are already doing a satisfactory job of incorporating stakeholder concerns into their corporate planning and not receiving sufficient recognition” [42]. This shows that stakeholder capitalism is increasingly gaining traction in many organizations in the 21st century.

In terms of stakeholder capitalism, it “Can either be an ideology adopted by leaders at individual companies or a model enforced by governments through laws and regulations [5]. Some of the ways companies can independently demonstrate a commitment to stakeholder capitalism, paying fair wages, reducing the CEO-worker pay ratio, ensuring safety in the workplace, lobbying for higher tax rates, avoiding tax loopholes, providing good customer service, engaging in honest marketing practices, investing in local communities, preventing environmental damage among others” [5]. The WEF’s 50th annual meeting in Davos has “focused on stakeholder capitalism with the central theme, “Stakeholders for a Cohesive and Sustainable World”. This theme shows that if organizations are encouraged to instil this doctrine of stakeholder capitalism in their businesses, the world will be a better place to live, the sustainable development goals will be achievable, and some of the imminent challenges that are associated with the Fourth Industrial Revolution will be addressed. A study by Mhlanga and Moloji [3] assesses the usefulness of the stakeholder theory in addressing the challenges that affect the world in the 4IR. Mhlanga and Moloji [3] discovered that the challenges of cybersecurity and warfare, climate change, inequality, digital exclusion, and even job losses, among a variety of challenges, can be addressed if stakeholder capitalism is taken as the philosophy that guides the operation of corporations. These challenges can be addressed because good capitalism emerges as companies incorporate stakeholder capitalism as the central philosophy. Mhlanga and Moloji [3] indicate that stakeholder capitalism, when embraced, encourages collaboration among stakeholders. The United Nations, in Goal 17, indicate that the only way of meeting the SDGs is by working together. It was highlighted that collaboration through international investments and support is required to allow for innovation and technical development, fair trade practices, and equal access to markets. The United Nations went further to indicate that, for us to build a better world, there is a need to create supportive institutions, and to be empathetic, inventive, passionate, and collaborative.

The other argument that is given by Mhlanga and Moloji [3] is that the only way for companies to better save society is for them to embrace stakeholder capitalism. Embracing stakeholder capitalism will result in companies coming up with various social responsibility activities, and in companies that pay their fair share of taxes, which can be used to address the problems that are related to inequality and various economic and social challenges. In addition, the challenges that are related to climate change also require a massive investment in clean energy, which can prove to be impossible in some developing countries, but, when companies pay fair taxes, the money can be used to come up with projects that promote the use of clean energy, even in developing nations, which will help to address the challenge

of climate change. The other outstanding contribution of stakeholder capitalism is its principles, which encourage a better kind of capitalism, where companies strive to offer their customers a better value proposition that meets their needs, and to accept and promote fair competition and a level playing field. These principles, if adopted in firms, will help us to deal with the problems that are related to job losses, cyber warfare, and technological exclusion, among others. What this points to is that the only way to attain sustainable development and to, subsequently, meet the SDGs, is through the encouragement of good capitalism, which allows corporations and the various stakeholders to work together. The only way for this to happen is when corporations embrace stakeholder capitalism. Nevertheless, some gaps still exist, which raises a lot of questions, especially in terms of the quest to achieve a sustainable world.

### 6.2. The Stakeholder Theory and Issues to Be Resolved in the 4IR

Despite the benefits that exist when stakeholder capitalism is taken as the central philosophy for guiding the operations of firms, gaps still exist, which raises a lot of questions, especially in the quest to achieve a sustainable world. Figure 3 below summarizes some of the issues that require clarity in the process of the embracing of stakeholder capitalism by corporations.

Figure 3 above outlines some of the issues that should be resolved when stakeholder capitalism is embraced as the central philosophy that guides the operations of firms. It is important to highlight that embracing stakeholder capitalism is a positive shift that can help in the attainment of sustainable development, but some of the issues do not render the shift adequately to address the disruptive risk that is posed by the decline in socioecological systems, by climate change, and even by the rise in technology across the world. These issues are: the definition of a “stakeholder”; the absence of a theoretical base that describes the behavior of the company; and assumptions about the static environment, as well as about stakeholder theory and human managers. Sometimes the positive contributions from the company do not offset the adverse impacts in another setting and the challenges that are related to balancing the needs of various stakeholders. Sometimes meeting stakeholder expectations may not yield long-term sustainability, and sometimes stakeholder capitalism risks ignoring the bigger systems at play in the operations of the company. Detailed explanations of these issues are given in Figure 6 below.

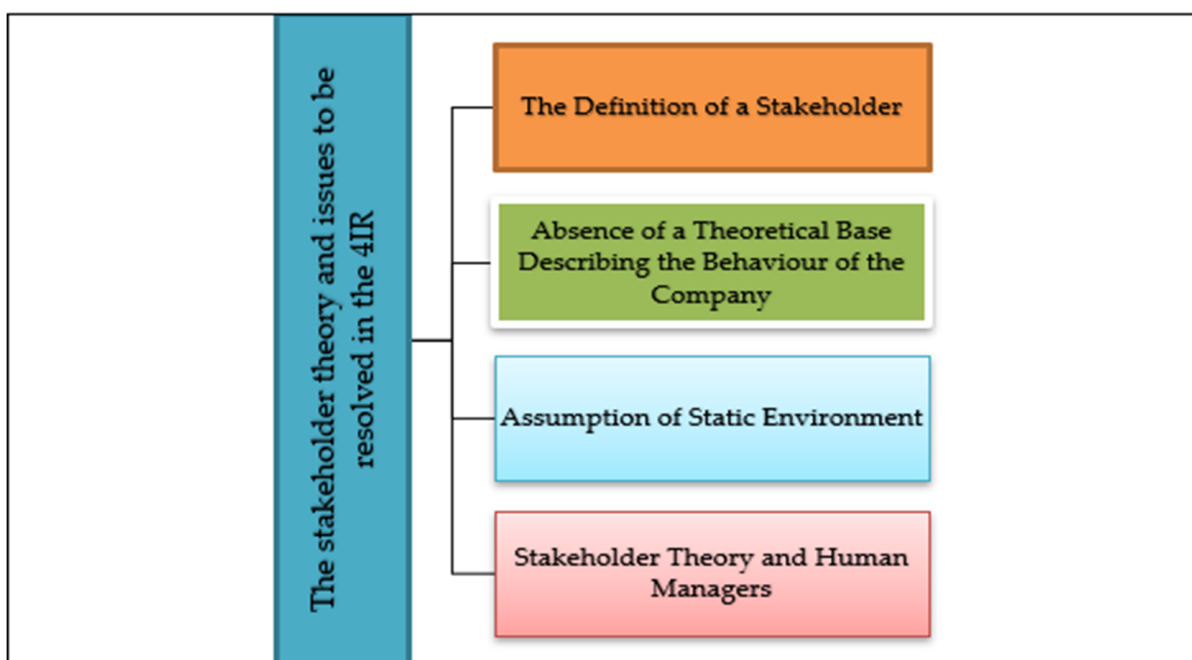


Figure 6. The stakeholder theory and issues to be resolved in the 4IR. Source: the author’s analysis.

### 6.2.1. The Definition of a “Stakeholder”

According to Wagner Mainardes et al. [25], one of the questions that arise from the stakeholder theory is not a criticism, but, rather, it targets the content of the term, “stakeholder”, which is relatively vague. Clarkson [32] also echoes the same sentiments when he clearly outlines terms such as “stakeholders, stakeholder models, stakeholder management, stakeholder theory”, and stakeholder capitalism, which have been used in different approaches and have been defined differently. This was necessitated by the fact that there is a diverse range of evidence and contradictory arguments around the stakeholder theory. The “definition of a stakeholder, the purpose and the character of the organization and the role of managers are very unclear and contested in literature and has changed over the years”. Freeman himself changed his definition over time [43]. Freeman [41] came up with a different definition altogether, where he defines “stakeholders” as, “those groups who are vital to the survival and success of the corporation”. Moreover, Freeman [39] came up with the “principle of stakeholder recourse where stakeholders can bring an action against the directors for failure to perform the required duty of care”. All this shows that the definition and the concept of the stakeholder theory are highly contested. The question that remains is who are the stakeholders of a company in the 4IR era? According to Ambler and Wilson [44], the process of determining stakeholders under the premises of the stakeholder theory should be performed exogenously. In fact, the outside interests should be arrived at exogenously, regardless of the board or management views. Ambler and Wilson [44] argue that it is not clear how the various groups of stakeholders can legitimately be identified. Again, the process of determining the company and the stakeholder groups’ mutual rights and obligations are not clear. Fassin [45] also highlights that the assertions of the stakeholder theory do not consider the intra-stakeholder heterogeneity (the groups of stakeholders), and the subgroups may also have different interests and sometimes multiple roles, which makes it difficult to articulate who is the “stakeholder”. Fassin [45] also alludes to the fact that sometimes stakeholders can have conflicting interests, where group interests and personal interests clash, and sometimes stakeholders may have different agendas and priorities. The assumption that the character of external holders is homogenous is completely different from what has transpired.

### 6.2.2. Stakeholder Theory and Human Managers

Moreover, the other argument that has been raised is the fact that the stakeholder theory only holds in situations where managers are human beings. The advent of the Fourth Industrial Revolution is bringing with it a change in the way that organizations are being run and managed. The coming of robotics and artificial intelligence will act as a blow to the stakeholder theory. Schawbel [46], in the article, “How artificial intelligence is redefining the role of the manager”, came up with surprising revelations. Schawbel [46] states that a study by the “Oracle and Future Workplace of 8 370 employees, managers, and human resources (HR) leaders across 10 countries, found that almost two-thirds of workers are optimistic, excited, and grateful about artificial intelligence (AI) and robot co-workers. Also, nearly one-quarter indicated they have a loving and gratifying relationship with AI at work, showing an appreciation for how it simplifies and streamlines their lives” [46]. The surprising thing was that, in 2018, a study that was carried out by Oracle and Future Workplace discovered that the majority of workers would trust orders from a robot [46]. As if that were not enough, in 2019, another study indicates that: “Almost two-thirds of workers said they would trust orders from a robot over their manager, and half have already turned to a robot instead of their manager for advice [46]. At American Express, decisions like figuring out what product offer is most relevant to different customer segments are now handled by AI, eliminating the need for managers and employees to discuss these tasks [46]. The survey found that workers believe robots are better than their managers at providing unbiased information, maintaining work schedules, problem-solving and budget management, while managers are better at empathy, coaching and creating a work culture” [46].

Schawbel [46] further states that organizations such as Hilton, that have started to use “AI to simplify their recruiting process are now expanding their use to other applications, like digital assistants, for certain processes including feedback and performance reviews. They envision those digital assistants will allow employees to say something like”, I want to take next Friday off, please schedule”, and the necessary HR steps are taken [3,46]. The “digital assistant will be able to be used from a mobile device or a desktop, whenever is most convenient”. All this will transform the role of the manager and, taken to the extreme, will eliminate it. When that happens, the stakeholder theory will dismally fail to apply. Even though robots are becoming smarter and autonomous, they have limitations, as they lack the important feature of moral reasoning. It will be very hard for a robot to consider the interests of the stakeholders. Moreover, Savage et al. [31] point out that the dilemma within stakeholder theory is that, in most cases, the stakeholders have different interests in the organization, which may induce them to make different claims about the organization. This can be because a singular decision or action by an organization may induce different responses from a set of stakeholders. However, several theorists have tried to address the validity, and the relative value, of the stakeholders’ claims to try and find ways of classifying stakeholders, but the question remains [32,47]. The theory did not provide the mechanisms for the management to respond to different stakeholder claims.

#### 6.2.3. Assumption of Static Environment

Key [48] and Wagner Mainardes et al. [25] pose another important question that is related to the idea that the model that is presented by Freeman [23] views the environment as something static, and that, as a result, his theory puts more focus on the company, with several stakeholder groups. The environment is changing every day, and companies are also subject to change; however, this was not explained in the original stakeholder theory by the Freeman [21] model. The model did not provide possible ways of solving the problem of the changes that might happen as time progresses. Wagner Mainardes et al. [25] also posit that the stakeholder theory’s view on climate change is solely based on Freeman’s (1984) evaluation of climate change and how climate change affects the company, as well as the extent to which it will become necessary to impact the company to respond to stakeholders other than shareholders. Wagner Mainardes et al. [25] recognize this by arguing that network analysis can be used “to evaluate the environmental influence on the relationship between a company and its stakeholders”. The other important point that is raised by Wagner Mainardes et al. [25] is that the prepositions of the stakeholder theorists in their quest to replace the capitalist theories are unfounded because it is highly impossible to create value for all the stakeholders in an equalitarian fashion, which is normally referred to as “distributive justice”. Stieb [49] argues that the stakeholder theory has not proven to be a solution to the economic ills that affect society. All of the arguments that are given are just propositions without empirical evidence to validate the arguments. Stieb [49] and Wagner Mainardes et al. [25] believe that there is a “need to define the stakeholder theory according to the discipline of organizational management to avoid the theory spilling over into other fields such as philosophy, sociology, and psychology”.

#### 6.2.4. Absence of a Theoretical Base to Describe the Behavior of the Company

The other important aspect, which was also raised originally by Key [48], and which is supported by Wagner Mainardes et al. [25], is that Freeman [17] directed his theory towards a technical trajectory rather than a theoretical one. The explanation of the identifiable actors provides a valuable strategic tool for the stakeholder theory; however, Freeman [23] did not provide a theoretical base that is appropriate for describing the behavior of the company, or that of individual actors, whether they are internal or external. Wagner Mainardes et al. [25] further argue that the stakeholder theory provides incomplete explanations of the relationship between the internal and external variables, and the theory does not explain the environment in which the company operates. This makes the concept of stakeholder capitalism unclear and confusing. Companies operate in different environments, and the



number of stakeholders varies, so the inability to highlight whether the individual actors are internal or external, and to provide a theoretical foundation to describe the behavior of the organization, proves to be a big problem for the philosophy of stakeholder capitalism. Elson [50] also alludes to the fact that the idea that the managers should be accountable to various stakeholders has problems with accountability and performance. Elson [50] believes that when managers are accountable to everyone, they are accountable to no one. Elson [50] believes that the managers' performances can be measured easily by the board and by the public through the metric of the long-term shareholder value.

#### 6.2.5. Stakeholder Capitalism and Positive Contributions

With stakeholder capitalism, sometimes the actions of the companies to try and contribute positively to offset the negative implications of their actions may not yield positive results. This is one of the aspects of stakeholder capitalism that should be addressed. For instance, a mining company in Africa is involved in mining coal; however, upon realizing that its actions are causing a lot of damage to the community and the environment, sometimes it will build a school or a clinic to give back to the community. Some examples of this are the sponsorship of affordable housing, and the sponsorship of free housing after realizing that the employees of the company are the source of a rise in the prices of the houses in the community in which they are operating [51]. Some companies can promise employment to the community, or local entrepreneurship opportunities. Many times, the building of the school or the clinic does not translate into offsetting the negative adverse effects of the mining activities of the company in the area, and even in other areas. Batty et al. [52] argue that issues of corporate social responsibility sponsorship to offset the negative perceptions of the harmful effects of the company's products can be achieved if the companies engage in partnerships with local companies that provide benefits to the community. The partnerships would help to ensure that the positive contribution of the company aligns with the adverse effects that are caused by its actions. Lin-Hi and Müller [53] also argue that the "corporate social responsibility" topic is now common among many corporations as they try to contribute to the well-being of society. Lin-Hi and Müller [53] also argue that corporate social responsibility is normally associated with the concept of performing good actions, without specifically outlining how to avoid bad actions, and, as a result, Lin-Hi and Müller [53] argue that corporations have work to accomplish to ensure that they avoid bad actions to prevent any corporate irresponsibility, such as "cheating customers, violating human rights, or damaging the environment". When corporate social responsibility balances the two aspects of performing good and avoiding bad, the issue of the positive contributions offsetting the adverse impacts will be dealt with.

#### 6.2.6. Meeting Stakeholder Expectations May Not Yield Long-Term Sustainability

The other serious problem of stakeholder capitalism is that sometimes meeting the expectations of stakeholders may not yield long-term sustainability [51]. Sometimes, as is put clearly by Dekker [51], many crucial areas of the "socio-ecological resilience may be outside the interests of the business. What this means is that critical sustainability issues can be ignored." Dekker [51] also argues that companies will "end up engaging in well-intentioned win-win initiatives that often don't address the underlying issues or worse yet, end up with unintended consequences." The other issue is that sometimes the interests of stakeholders do not align with the needs of the environment or the society at large. In some communities, poverty may force the members to pursue economic prosperity, which may force them to engage in unsustainable projects to gain much-needed employment opportunities.

#### 6.2.7. The Challenge of Balancing the Companies' Needs and Those of Stakeholders

With stakeholder capitalism, companies should try their best to balance their needs and those of stakeholders. Thus, the dilemma is that companies have a limited number of resources, and so there is a great need to come up with strategic decisions as to how the

company should use the resources. As a result, responding to the needs of many stakeholders becomes a huge task on its own because companies, and the nature of their operations, can only respond to a limited set of expectations. On many occasions, companies respond swiftly to meet those stakeholder needs that align with the expectations of the company, and sometimes they respond quickly to the needs of the most influential stakeholders. The problem with this is that the actions of the corporations will not be beneficial to all of the stakeholders, and, as noted before, it will be difficult to address the adverse effects of their actions. The other problem with this is that social inequality will be entrenched in the communities. One example is the broad-based black economic empowerment (BEE) in South Africa, which is “a government policy to advance economic transformation and enhance the economic participation of Black people, African, Coloured and Indian people who are South African citizens in the South African economy”.

What happened with this policy is that a fraction of influential black elites in South Africa were the ones who benefited a lot from this program at the expense of the poor in the rural areas of South Africa. The policy, although it was a good policy, added to the high inequality of South Africa by creating a group of black elites with a lot of income, which created a huge inequality gap. This example is the reality that will happen with stakeholder capitalism, where companies will respond to the expectations of the most influential people and will exclude others. Quaglio [54] argues that one of the commonly voiced concerns about stakeholder capitalism is the “quality or state of having a veiled or uncertain meaning, there is a general lack of agreement on all fronts, including who counts as a stakeholder, what counts as doing right by them and how to measure success or failure”. Quaglio [54,55] goes further to argue that, “in the absence of clear prioritization among different stakeholders, the result was what management theorists called garbage can organizations”. Quaglio [54] also argues that, in order to come up with solutions to world problems, “executives must first decide which problems to solve collectively to avoid the opinions of powerful business leaders taking precedence over those of everyone else”. All the points that are discussed above only point out that there are still issues that are associated with the stakeholder companies when they are embraced in the organization and the management of firms in the 4IR.

## 7. Conclusions and Recommendations

The stakeholder theory is gaining popularity in the 4IR among academics and management practitioners. The WEF, at its 50th annual meeting in Davos 2020, adopted stakeholder capitalism as the central philosophy that shaped the theme of the meeting and the focus of the organization. The purpose of this study is to review the gaps that still exist in the stakeholder theory in the 4IR. This review is not a critique of the stakeholder theory, but it raises questions that remain unanswered from the principles and assumptions of this theory for it to be fully embraced in the 4IR, and for the world to achieve sustainable development goals, such as ending poverty in all its manifestations, zero hunger, good health and well-being, quality education, gender equality, clean water, and sanitation, among others, and for the world to be prepared to deal with the challenges that are associated with the 4IR. These challenges include inequality, the loss of jobs, and cybersecurity issues, among others. The results from the review show that, even though, if embraced, stakeholder capitalism can yield positive results towards the attainment of the sustainable development goals and sustainable development in the world, there are still several issues that need to be resolved concerning the principles of stakeholder capitalism that emanate from the original theory of the stakeholder principle, and other issues, for it to become the foundation of how businesses should conduct themselves in the 4IR, and for the world to be better prepared for the challenges that are associated with the 4IR. For instance: the definition of a “stakeholder”; the purpose and the character of the organization; and the role of managers, which are very unclear and are contested, among others, as is explained in the article. Therefore, it is important to take into consideration these important weaknesses of the stakeholder theory when embracing it as a central theme that will bring about good capitalism.

## 8. Limitations and Future Research

The limitation of the current study is that it is mainly based on a review of the literature. It is equally important that future researchers take a step further to come up with more sophisticated models and experiments to test the significance of the stakeholder capitalism theory in the context of the Fourth Industrial Revolution.

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