

# Cambridge Elements

Elements in Reinventing Capitalism

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## REINVENTING CAPITALISM IN THE DIGITAL AGE

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**Abstract:** This Element examines the current crisis of capitalism's legitimacy and concludes that it derives principally from business pursuing an aberration of capitalism known as shareholder capitalism, in which firms sought to maximize shareholder value as reflected in the current share price, at the expense of all other stakeholders and society. Shareholder capitalism began in the 1970s and was renounced by the Business Roundtable in 2019, but continues behind a façade of stakeholder capitalism. Stakeholder capitalism is the most widely cited form of capitalism today, but it is incoherent as a practical guide to action for an entire firm. This Element concludes that a recent evolution of capitalism – customer capitalism – which gives primacy to co-creating value for customers and users, enables firms to master the challenges of the digital age, shower benefits on society, and meet the needs of all the stakeholders.

**Keywords:** capitalism, shareholder, stakeholder, customer, purpose

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