‘There is a blind spot in capitalism’: Acer’s Stan Shih

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Taiwanese computer giant's founder says companies must 'think of others', focusing less on short-term profit and more on social responsibility

Stan Shih, the legendary founder and chairman of Taiwanese computer giant Acer, says global and local business leaders should take more social responsibility and focus less on short-term profit maximization.

“There is a blind spot in capitalism”, he told Asia Times at the sidelines of a conference focusing on sustainable business development in the city of Guilin in south China. “Today, shareholder interest is too strong.”

Under Shih’s command, Acer has adopted a new business philosophy that he says is based on selflessness and community responsibility and requires business leaders to take into account all elements of a society. He calls it Wangdao, which refers to a tenet of Confucian thought which describes how rulers should govern with benevolence.

According to Shih, the philosophy runs contrary to traditional Western capitalist approaches, which are underpinned by a “winner takes all” mindset. The Western approach makes businesses more profitable in the short term, he said, but comes at the expense of sustainability and stakeholder relationships.

Shih added that too many business leaders work for their own personal interest, something he believes is destructive to companies’ long-term development. Instead, Shih encourages young entrepreneurs to carry out altruism in order to grow their businesses in the long run.

“As a manager, you must focus on intangible interests and future value. Without this focus a company can’t make a sustainable contribution to society,” he said in a speech at the conference. “Only if you think of others first, can you do good for yourself.”

The Integral Conversation conference, at which Shih spoke, is an annual platform for thought leaders from diverse fields to share insights on topics related to sustainability – including innovation, education and manufacturing.

His comments echo those of other senior business leaders, such as Bill Gates, who have lashed out at aspects of capitalism.

Gates recently said that the private sector is too self-interested and inefficient to cut carbon dioxide emissions, and that fighting climate change will be impossible without the help of government research and development.

“There’s no fortune to be made. Even if you have a new energy source that costs the same as today’s and emits no CO_2, it will be uncertain compared with what’s tried-and-true and already operating at unbelievable scale and has gotten through all the regulatory problems,” Gates told The Atlantic. “Without a substantial carbon tax, there’s no incentive for innovators or plant buyers to switch.”

Goldman Sachs’ Asia Pacific vice-chairman, Tim Freshwater, said during last year’s Integral conference that increased emphasis on sustainability and non-financial issues could give companies an edge when it comes to attracting investors and gaining long-term commercial advantages.

“As a company, if you ignore sustainability, you’re going to be worth less,” Freshwater told the conference, explaining that investors are showing increased demand for data related to environmental, social and governance (ESG) factors when screening businesses.

In a 2015 report by CFA Institute, a global association of investment professionals, 63 percent of portfolio managers and research analysts interviewed said they take wider information, including ESG data, into account because it helps them better manage investment risks.

In a recent study by YouGov, meanwhile, 86 percent of respondents in Hong Kong agreed that companies with effective corporate social responsibility programs are likely to deliver better business performance.

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