

# Economics: Centred on People and Nature

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# What is really happening with our economies?

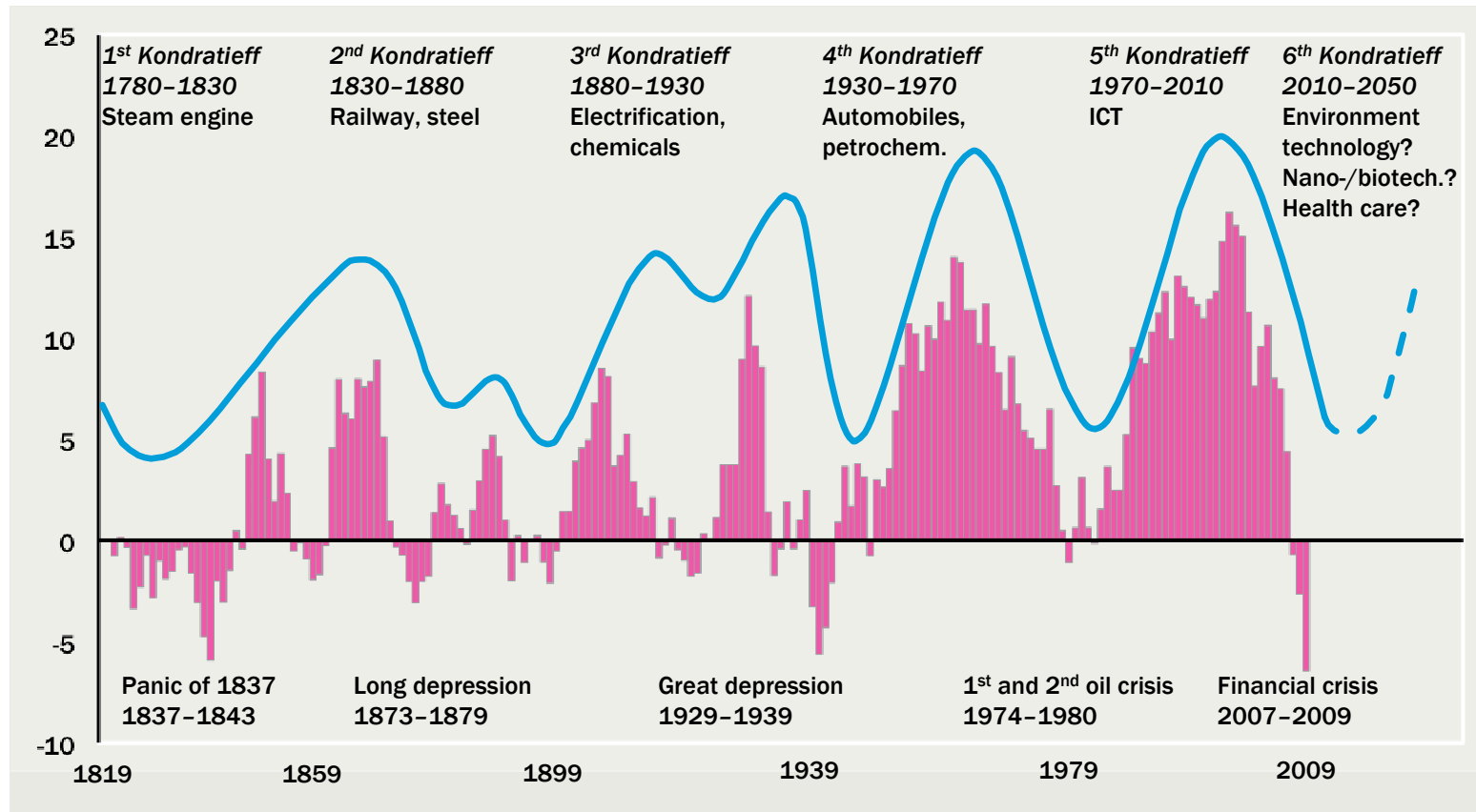
1. Paradigm shift on economic long waves is underway. Financial crisis marked this shift. Growing resource consumption & soaring prices will dramatically accelerate the change
2. The End of oil era means also the end of authoritarian governments and regimes. It means we are moving towards lateral power. People centred economics means leadership that leads to engagement

## Point 1

Economy operates in cycles of 40-60 years. We are at the shores of a new wave...

### Modern economies fluctuate in a cycle of 40-60 years

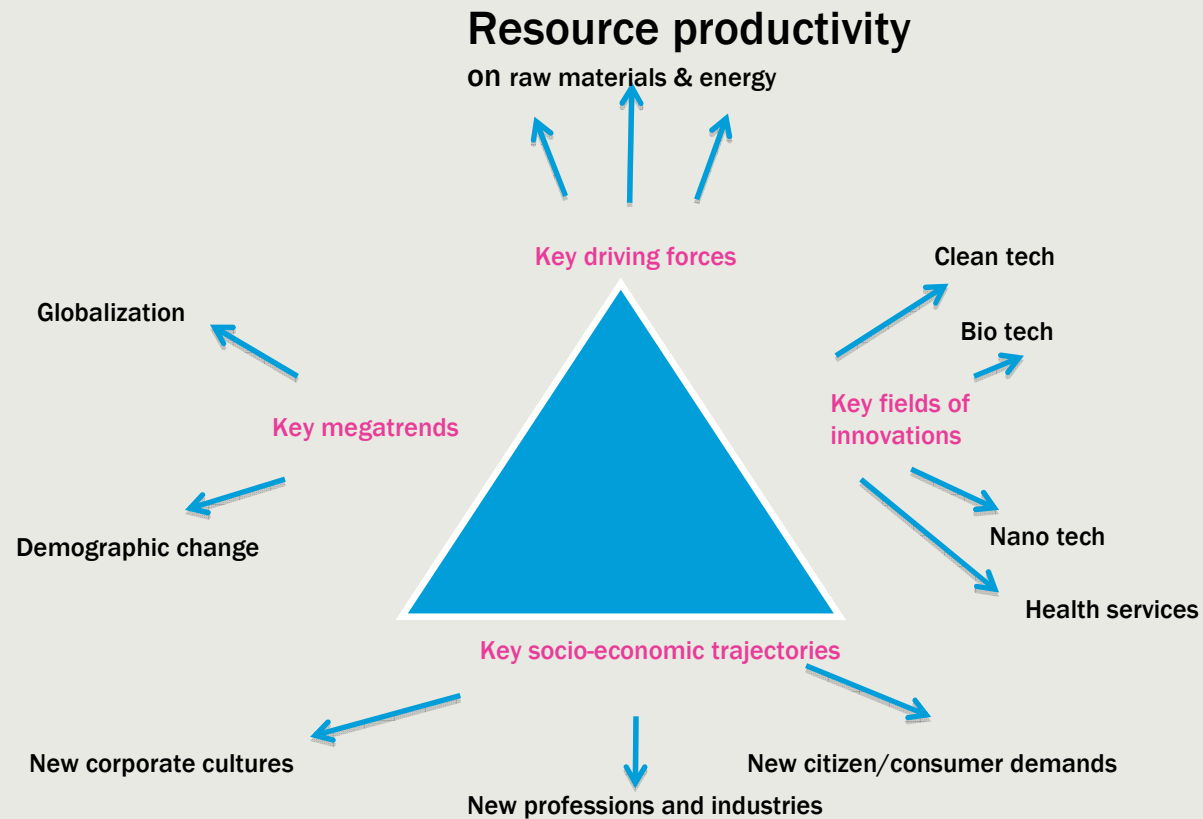
Rolling 10-year yields of the Standard & Poors 500 equity index and the Kondratieff's waves



Trajectories for a new cycle: exhaust of old innovation, excess financial capital, severe recession, social change...

Data source: Datastream. Allianz Global Investors Capital Market Analysis.

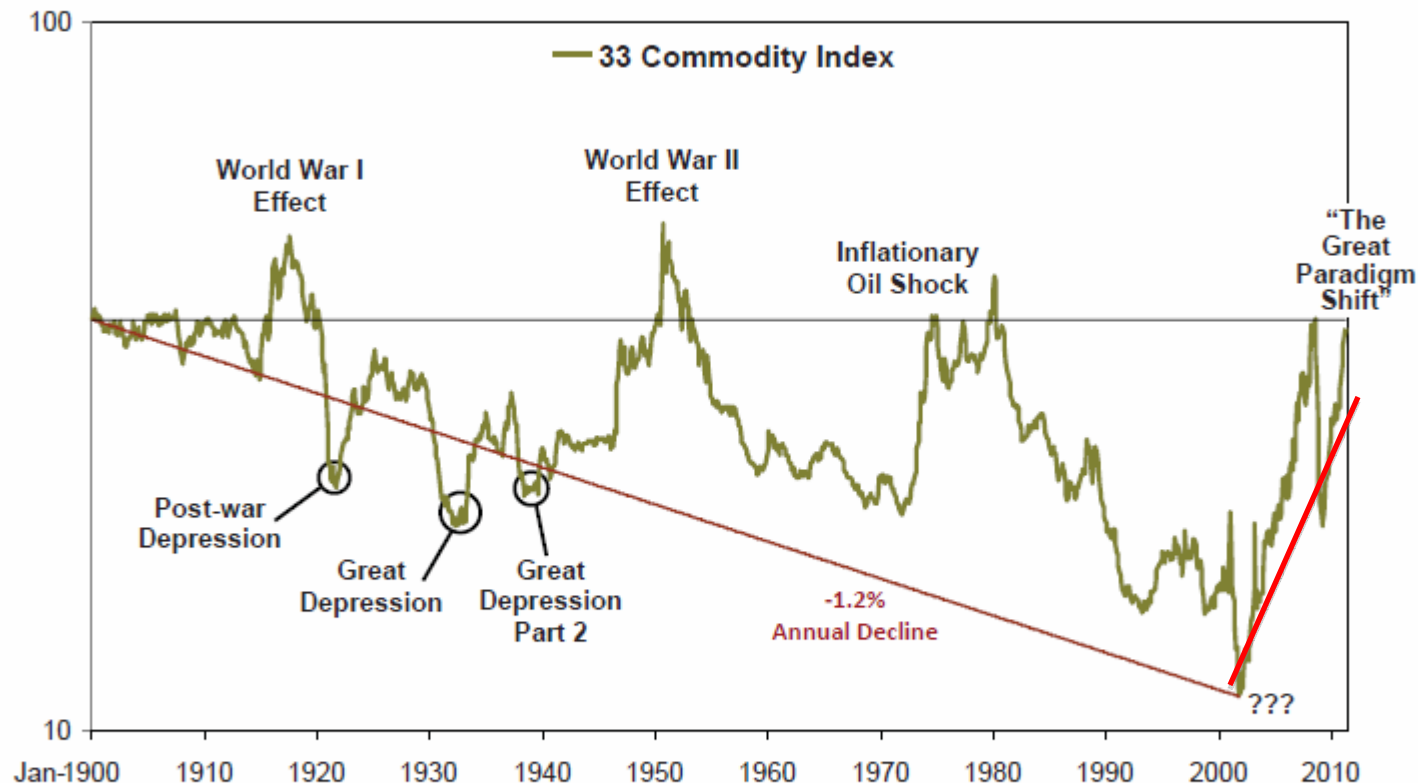
**In the next wave 2010-2050 resource productivity will be the key driver...**



Particularly because there is fundamental change of trend in commodity prices...

## Exhibit 2

### GMO Commodity Index: The Great Paradigm Shift



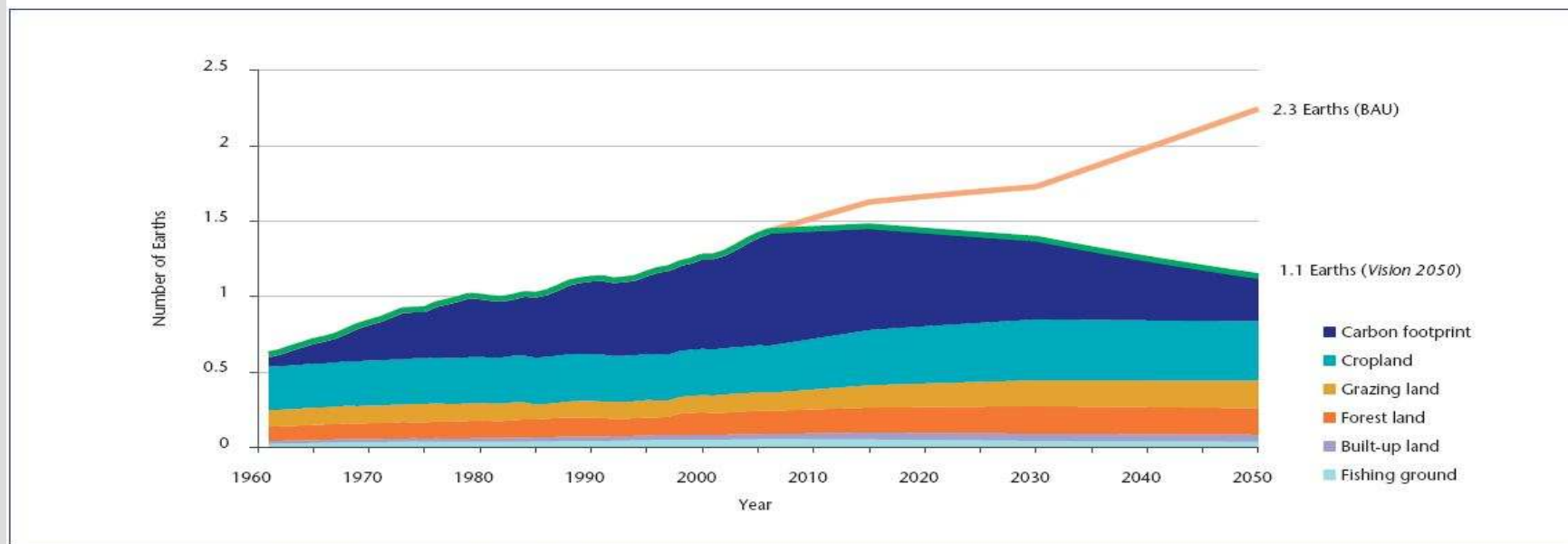
Note: The GMO commodity index is an index comprised of the following 33 commodities, equally weighted at initiation: aluminum, coal, coconut oil, coffee, copper, corn, cotton, diammonium phosphate, flaxseed, gold, iron ore, jute, lard, lead, natural gas, nickel, oil, palladium, palm oil, pepper, platinum, plywood, rubber, silver, sorghum, soybeans, sugar, tin, tobacco, uranium, wheat, wool, zinc.

Source: GMO As of 2/28/11



# So: increasing ecological footprint is just not possible

Figure 3.12: *Vision 2050* ecological footprint against business-as-usual – How many Earths do we use?



Source: Global Footprint Network and WBCSD *Vision 2050*, 2010

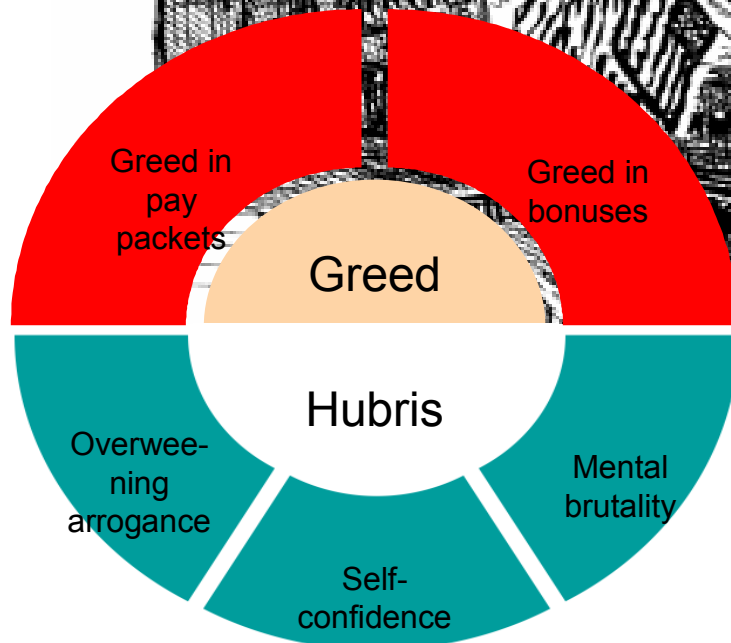
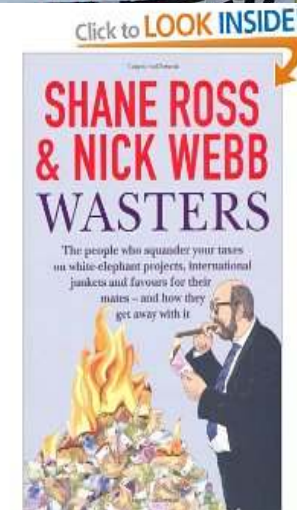


*Point 2: The end of the oil era means the end to authoritarian governments and fundamental shift to lateral power*





# The limits of financial lunacy has been reached





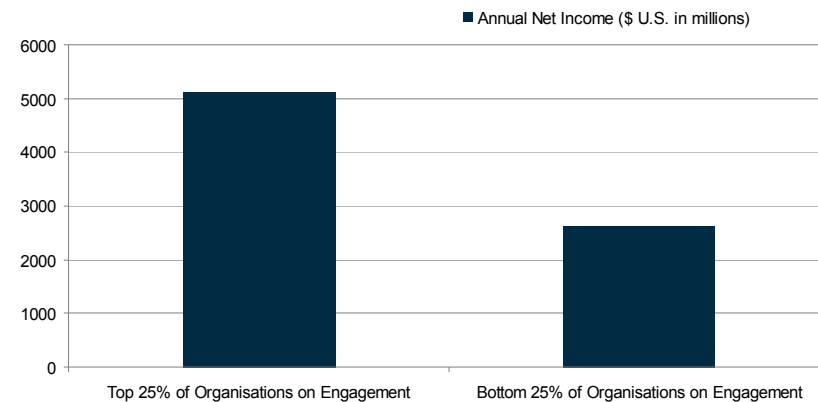
# Within organisations, people centre economics/business means engagement

## Employee engagement and business performance by Kenexa Research Institute

“Employee engagement is significantly and positively related to all three performance metrics.”

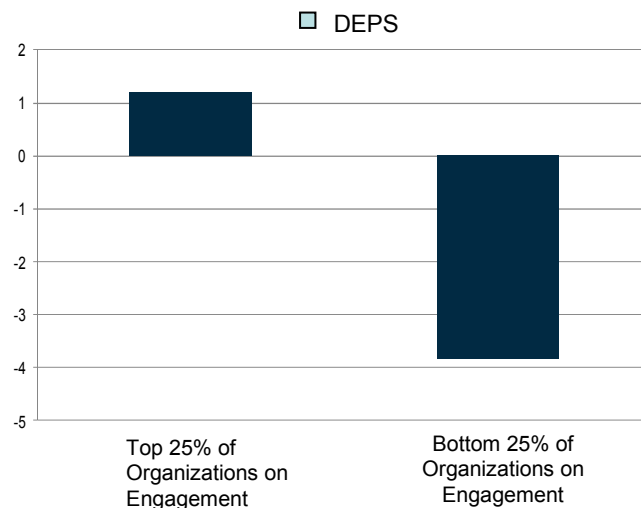
(Wiley, 2010)

### Engagement and Annual Net Income



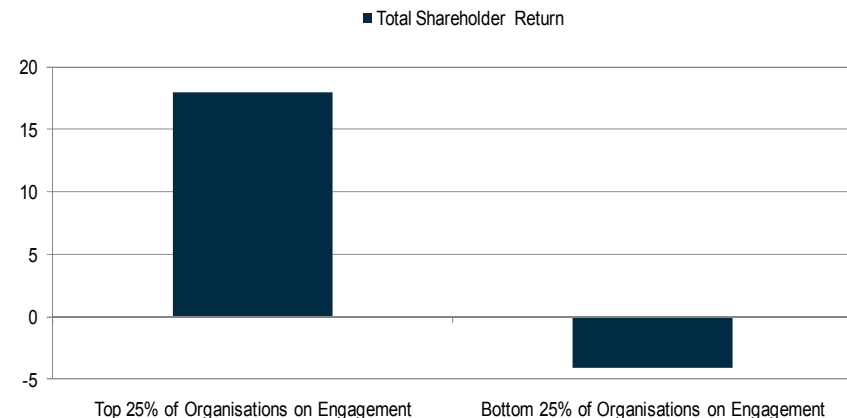
Note one-tailed Pearson correlation;  $r = 0.32$ ,  $p < .05$

### Engagement and Diluted Earnings Per Share (DEPS)



Note: one-tailed Pearson correlation;  $r = .27$ ,  $p < .01$

### Engagement and Five-Year Total Shareholder Return



Note: one-tailed Pearson correlation ;  $r = .45$ ,  $p < .01$

# People do care about the future!

## What most influences employee engagement index scores

1. Confidence in organization's future
2. Promising future for one's self
3. Organization supports work/life balance
4. Contribution is valued
5. Excited about one's work
6. Opportunity for growth and development
7. Safety is a priority
8. Leadership has communicated a motivating vision
9. Organization's CR efforts increase overall satisfaction
10. Quality and improvement are top priorities

## **The Global Top 10 (Kenexa Research)**

The Global Engagement Drivers derive from 25 years research by Work Trends / Kenexa Research Institute. Listed in order of importance, linked to business results.

# What should be done?

- Governments should do everything to keep the price of food low
- At the same time every possible means should be done to build a less material intensive economy
- Investments should be directed by all means to build up a more sustainable and decentralized energy system based on renewables. New jobs are created there.

A world map at night, showing city lights as bright yellow and white dots against a dark blue background. The map is centered on the Atlantic Ocean, with North and South America on the left and Europe, Africa, and Asia on the right. The lights are most concentrated in North America, Europe, and East Asia.

Thank you for your attention

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