The Pledge Organization

Shifting the technological ecosystem away from exuberant technological colonialism toward a more humane and virtuous landscape.

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Abstract

Many of our technological products today grew out of an environment of entrepreneurship that emphasized quick iterations in order to beat the competitors and be the first to capture the market. Facebook's slogan of "Move Fast and Break Things" embodies this era of exuberant technological colonialism, in which young engineers and designers, empowered with newfound skills and a time period ripe with opportunity, pushed themselves to the limit for the purpose of laying claim to market territory and dominating the competition. Using research into stakeholder capitalism, behavioral economics, and organizational infrastructure, this paper proposes a new type of business framework that would cultivate a more virtuous and humane form of entrepreneurship.

1 Introduction

Many of our technological products today grew out of an environment of entrepreneurship that emphasized quick iterations in order to beat the competitors and be the first to capture the market. Facebook's slogan of "Move Fast and Break Things" embodies this era of exuberant technological colonialism, in which young engineers and designers, empowered with newfound skills and a time period ripe with opportunity, pushed themselves to the limit for the purpose of laying claim to market territory and dominating the competition. The implications of this mindset have become increasingly evident, as misinformation and political polarization infect our social infrastructure, youth mental health problems are at an all time high, technological addiction abounds, and new episodes of technology-induced market volatility have emerged. However, with the pace of technological progress, what can be done so that we can prevent this same entrepreneurial mindset from determining our future relationships with technology? Through research on behavioral economics, business management, stakeholder capitalism, and virtue ethics, a new structure of entrepreneurship will be proposed that rethinks the incentives of the main shareholders, pushing them to develop a sense of moral virtue and orient them toward a more humane approach to business.

2 The Current Narratives

The traditional views on capitalism and entrepreneurship present a very limited model of the human as a self-interested, rational being. Through their writings in the Journal of Business Ethics, Professor Edward Freeman (University of Virginia), Professor Kirsten Martin (University of Notre Dame) along with doctoral student Bidhan Parmar outlined many of the issues surrounding the assumptions in current narratives of capitalism. These current narratives include labor capitalism (led by Marx and Engels), government capitalism (from Keynesian economics), investor capitalism (attributed to Milton Friedman), managerial capitalism (from writings by Berle and Means), and entrepreneurial capitalism (a combination of Schumpeter, Kirzner and Baumol). Freeman, Martin and Parmar claim that all five of these narratives carry "a similar set of assumptions about markets and capitalism" with "market participants hav[ing] a naive version of self-interest, [believing] that morality is separate from (or even antithetical to) economic prosperity, and that competition for limited resources (value as a zero-sum game) is the dominant mode of prosperity" (Freeman et al., 2007, 307). These views insist that "the nature of business and capitalism focuses on the pursuit of profits" and human actors are "self-interested economic beings who are in constant competition with each other, either individually or within their business organizations" (fre, 2016, 135).

With this limited view, entrepreneurs and the leaders of companies are pushed to "focus on value-capture rather than value-creation" (Freeman et al., 2007, 303), looking out for the "naive self-interest" of their own organizations. CEOs and leaders of public companies are enslaved to a metric along a single dimension, stock-price, and are generally pushed out of leadership if they are not gaining high returns on this metric over the short-term (Shiller, 2013, 21). With this external pressure, it is in the best interest of company leaders to make decisions that further their company valuation, as they are at risk of losing their jobs and livelihoods if they do not pursue this metric. Thus, they are "in a constant survival mode," with ethics having a "limited (and even detrimental) role in capitalism" (Freeman et al., 2007, 308). Company leaders are often forced to make "business" decisions or "moral" decisions, without much overlap between the two.

With this separation in decision making combined with the external pressure, one can realize why leaders of such companies may make decisions that do not seem the most virtuous or in line with society's best interests. As professor and philosopher Shannon Vallor writes in her book Technology and the Virtues, technologies are "extensions of the human value contexts in which they operate" (Vallor, 2016, 177), illustrating why many of our technologies today seem to exhibit an exploitive nature. In the context of self-interested, competitive capitalism, a tech CEO who is forced to make a design decision that will make the platform 1.5 times more addictive will do so in order to prevent a competing company from taking the market share, or another individual from taking their job. With the mindset of value-capture instead of value-creation, human minds, attention, and data are mined and harvested through social media, livelihoods are replaced for the sake of algorithmic efficiency, and our lifestyles are reshaped in ways beyond our control. These are the rules of the game, and there is no single individual at fault for the harmful externalities that arise out of this type of system. This form of capitalism and economics is what we know as a society, and our barometers of success in a Western society are largely ingrained in these rules. This capitalistic machine has pushed many tech entrepreneurs to act robotically themselves, attempting to mathematically maximize the desired result along some sort of dimension, with a lack of empathetic understanding toward the incalculable human interests that are impacted through their business decisions.

So how might we rewrite the rules surrounding the incentive structure surrounding young enterprises to incentivize more virtuous and socially responsible behavior? Before proposing a new entrepreneurial infrastructure, a foundation of human behavior must be laid out in the following sections. With behavioral economics, prospect theory will be covered and applied to the psychological value placed on an increase in personal wealth. The section after that will introduce some of the multidimensional motivations that are present in literature on business management, angel investing, philanthropy, and stakeholder capitalism. Finally, using writings on technomoral virtue, it will be explained how this deeper understanding of human complexity and broadening of motivations is necessary for the development of a virtuous individual.

3 Applying Prospect Theory to Personal Wealth Maximization

Prospect theory was developed by Nobel Laureates Daniel Kahneman and Amos Tversky and stemmed from theories developed by Gustav Fechner and Daniel Bernoulli (Kahneman, 2013, 272). Fechner and Bernoulli previously had developed theories surrounding the logarithmic relationship between the subjective experience and physical quantity of an object. Fechner specifically applied his theory to the relationship between the psychological utility of money and the actual amount, arguing that humans experience a logarithmic response. In short, "a 30% raise may evoke fairly similar psychological responses for the rich and for the poor, which an increase of $100 will not do" (Kahneman, 2013, 272). Another important characteristic of this logarithmic curve is the diminishing sensitivity. For example, a gambler would perceive a large difference between betting (and potentially losing) 5% of their chips versus 25% of their chips. In contrast, the psychological perception between a bet of 80% of their chips and going 100% all-in would be much smaller, even though the difference in the bets is both 20%.

Prospect theory extends from this foundation of human logarithmic sensitivity, with two key additions. The first addition is loss aversion, meaning that "the response to losses is stronger than the response to corresponding gains" (Kahneman, 2013, 283). As seen in Figure 1, the logarithmic curve is much steeper in the losses region than the gains region, illustrating how humans would tend to avoid losses than seek gains. For example, when offered an individual bet with a 50% chance to win $150 with a 50% chance to lose $100, most individuals would not take the risk despite the greater win total, illustrating loss aversion (Kahneman, 2013, 284). The second important addition in prospect theory is the introduction of a reference point. Bernoulli's theory on wealth does not address the impact of a reference point, with the state of wealth being the sole determinant of its utility (Kahneman, 2013, 281). For example, consider two opposing situations. In the first situation, you have been given $1000 and are asked to choose between a 50% chance to win $1000 OR get $500 for sure. In the second situation, you have been given $2000 and are asked to choose between a 50% chance to lose $1000 OR lose $500 for sure. These situations are identical in Bernoulli's model, with a "for sure" option of $1500, or an equal gamble between $1000 or $2000.

However, findings show that a large majority of individuals preferred the "for sure" option in the first situation while a large majority preferred the gamble in the second option (Kahneman, 2013, 281). These results illustrate the impact of a reference point on the perception of psychological utility, as the gambles are equal otherwise. The com-

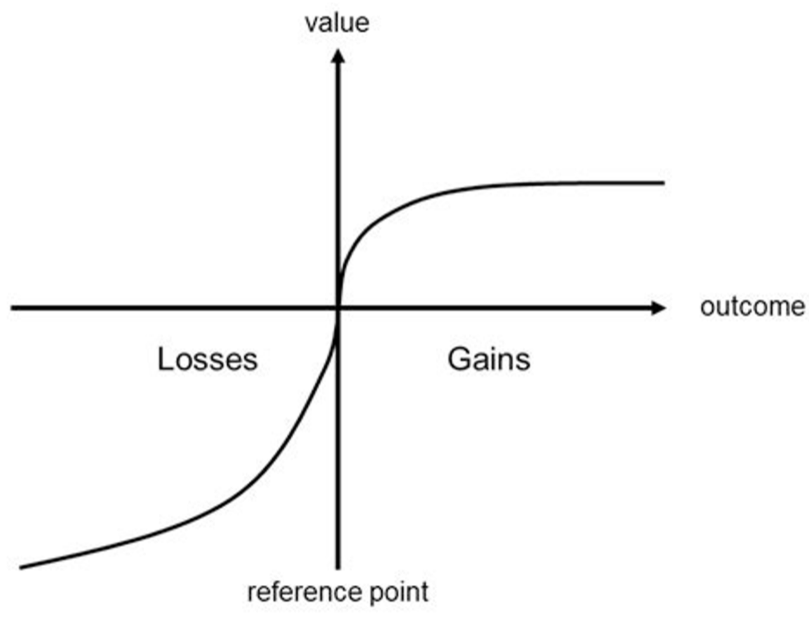

Figure 1: Prospect Theory Curve

bination of this reference point, along with the diminishing sensitivity of the logarithmic curve, bring up another important example. Someone who has a wealth of $100,000 as a reference point would perceive a large difference between gaining 1 million dollars and 20 million dollars. However, the psychological perception between 81 million dollars and 100 million dollars is much less even though it has the same absolute difference of 19 million dollars. From their reference point, the individual would perceive both 81 million and 100 million as a lot more money than they currently have and would have difficulty perceiving the difference between the two. Values that are closer to their reference point, such as 1 million and 20 million, are more easily comparable.

How might the self-interested pursuit of profit and personal wealth be perceived through the lens of prospect theory? At first, the entrepreneurial journey must be exhilarating for a successful venture that achieves quick traction, as one can have a large increase in value in a short amount of time. This corresponds to the steep slope of the logarithmic curve in the gains region, in which the entrepreneur's original reference point of wealth can be quickly increased, causing a high boost in their psychological value. However, as their reference point increases, the units of gains change, and the entrepreneur will need to obtain a significantly higher amount of wealth in order to achieve the same psychological value. For example, a venture that has quick traction, causing the entrepreneur to own a portion of the company worth $20 million in a short amount of time, will cause the individual (with an original reference point of a few thousand dollars) a large increase in psychological value. But when the reference point of the entrepreneur adjusts to this new $20 million valuation, the entrepreneur will need a much higher increase in company valuation in order to gain the same psychological value. Another $20 million will not evoke the same feeling of achievement, and they will need to gain an amount like $100 million or $150 million in order to receive the same psychological value.

For venture investors, the psychological payoff of profit maximization would look more like the entrepreneur in the late stages of a venture. Since angel investors consist of wealthy individuals who have a high initial reference point, they would not experience the same boost in psychological value as a young entrepreneur when their share's value increases. Instead, they will have to experience a much larger return in their personal wealth, such as in the $100 million dollar range, in order to feel the same psychological rush, from an increase in personal wealth, that the entrepreneur is feeling in the early stages.

4 Multidimensional Motivation

Yet entrepreneurs and stakeholders are not solely driven by wealth maximization, which is not addressed through existing theories on capitalism, as laid out previously. Luckily, humans are much more complex than a one-dimensional pursuit of gain and have many aspects that factor into their quest for achievement and meaning in life. At the onset of their venture, most entrepreneurs are driven by factors beyond simply the pursuit of their own personal wealth. In fact, Stanford business management professors Jim Collins and Bill Lazier argue that "financial incentives don't - indeed cannot - cause companies to achieve greatness" (Collins, 2020, 31). Collins and Lazier argue that the most successful entrepreneurs are the ones who "catalyze a clear and shared vision for the company" which "forms the basis of extraordinary human effort" (Collins, 2020, 90, 95). Furthermore, they write that "profit maximization doesn't provide the type of inspirational aim that people throughout the company are willing to put their full energies towards, to commit a part of their spirit to" (Collins, 2020, 108). Thus, they quote Peter Drucker, "the founder of modern management" Denning (Denning), when he says that "the first test of any business is not the maximization of profit, but the achievement of sufficient profit to cover the risks of economic activity" (Collins, 2020, 108). Profit, and the cash flow it generates, are essential in any business, but it is not feasible for profit to be among the main motivators for why individuals dedicate most of their daily lives to working with a particular organization. In order to really build a successful venture, entrepreneurs must turn to motivations beyond profit in order to further push themselves and their team of workers.

Investors, like entrepreneurs and their teams, are not solely driven by profit maximization as well. Wealthy investors have reached a point where they are starting to experience what Robert Shiller, another Nobel Laureate in the field of economics, calls the "diminishing marginal utility of consumption; that is, one cannot really consume a large amount of wealth" (Shiller, 2013, 197), which corresponds to prospect theory's logarithmic relationship between psychological value and personal wealth. Since investors simply cannot personally consume these large quantities of wealth, they must look for fulfillment elsewhere, using their wealth as a tool in the process. There are a few places that these individuals could turn toward for fulfillment beyond personal consumption, including angel investing or philanthropy. Beyond profit, angel investors can be driven by public respect or a chance to "live vicariously through entrepreneurs, many being former business owners themselves" (Advani, Advani, 1). These factors live on a dimension outside of traditional economics, but absolutely provide meaningful value to the investor in their pursuit of fulfillment.

Philanthropy is more similar to angel investing than one might initially think. The philanthropist is experiencing a gain through their donation, whether it be the joy of giving, receiving a higher status or respect, or furthering a specific cause dear to their heart. Those receiving the donation are also obviously gaining in wealth and support from a wealthy individual. Therefore, philanthropic "giving" is a form of investment in which the philanthropist is still looking to receive some sort of return, even though this return is not in the domain of personal wealth. Shiller recognizes this phenomenon as well, arguing for further incentive structure for the philanthropist to receive their return, whether it be in the form of public recognition or even simply enabling the individual to "put a human face on the need" to experience the personal impact of their giving (Shiller, 2013, 197). Another way to increase philanthropic engagement and "return on investment" is through Shiller's proposal of a new form of a non-profit, called a participation non-profit. While nonprofits typically reinvest any sort of profits back into their own organization, this type of nonprofit would "raise money by issuing shares, but buying shares would be a charitable contribution for tax purposes." Any profits would be distributed to shareholders "with the stipulation that they could use their share of the profits only for charitable purposes, including possibly investing in other participation nonprofits" (Shiller, 2013, 205). This expansion of profit distribution would eliminate the problem of "trapped capital" for certain nonprofits, and gains could be distributed to other broader purposes beyond the same organization under the investor's discrecion. The overall goal of this nonprofit investment would be to create a "psychological stake, akin to ownership, in the nonprofit" in which "one can look forward to receiving dividends and watching one's stake in the organization grow" (Shiller, 2013, 205) while becoming more inclined to be engaged in the nonprofit due to their active investment. In this way, philanthropists would treat their investment in this nonprofit like a venture, having a continuous psychological stake in the organization and benefitting from the nonprofit's success. However, "philanthropic investors" will invest with the expectation that their engagement will not lead to increased fulfillment in personal wealth. Instead, the philanthropist knows that the return they are actively seeking is the furtherment of a cause, helping a community, or improving their public image.

All of these motivations, for both the entrepreneur and the investor, are not encapsulated by traditional economic theories, which Freeman and Martin seek to correct in their formation of a new theory called stakeholder capitalism. In this theory, there are two new assumptions that are especially relevant to this project: the principle of complexity and the principle of continuous creation. The principle of complexity states that "human beings are complex psychological creatures capable of acting from many different values and points of view" (Freeman et al., 2007, 312). Humans do not simply pursue one dimension, and are not adequately motivated by a singular pursuit. This assumption encapsulates the need for a clear vision beyond profit maximization, which Collins and Lazier emphasize in their research. Business is a voluntary cooperation of individuals, and humans will need to be satisfied in a variety of dimensions in order to continue with this voluntary cooperation. The assumption of human complexity leads into the next assumption of continuous creation. Continuous creation asserts that "cooperating with stakeholders and motivated by values, businesspeople continuously create new sources of value" (Freeman et al., 2007, 312). With human complexity, businesses do not have to simply focus on value-capture along a single dimension. Instead, they are able to create value in different dimensions, as in the case of Shiller's philanthropic investing. This type of investing is creating value in multiple dimensions, with the nonprofit gaining financial support and engagement from the philanthropist, while the philanthropist is gaining value in terms of public recognition or furthering a cause close to their heart. This type of complex investment, which previous capitalistic theories cannot address, can be explained by these new assumptions in stakeholder capitalism.

5 Multidimensional Motivation and Virtuous Development

Understanding the complexity of human multidimensional motivation is not only important in the context of capitalistic theories and assumptions, but it is also essential to connect it to the virtuous development of the individual person. In her book Technology and the Virtues, Shannon Vallor lays out a guide to how one may cultivate their technomoral virtue in today's digital age. She writes that virtue is found by especially focusing on the moral habits of "relational understanding, reflective self-examination, and intentional self-direction of moral development" (Vallor, 2016, 76). For an entrepreneur, the only way that these three moral habits can be cultivated is through the shift in motivation beyond simple profit maximization.

Vallor writes that relational understanding is the "the habitual pursuit of an increasingly nuanced and accurate yet holistic understanding of how one is bound to other members of one's moral community by friendship, kinship. . . or other morally salient ties" (Vallor, 2016, 83). With relational understanding, one is pushed to form their own identity "through a network of relationships" (Vallor, 2016, 76). Contrary to deontology or utilitarianism, in which the individual acts autonomously, most virtue traditions argue that the responses of others in a moral community "continually inform, and often correct" the sense of self for a virtuous person (Vallor, 2016, 77). Therefore, one cannot develop this sense of relational understanding following a framework that is simply mathematical or rule-based. For an entrepreneur, this relational understanding will never be cultivated while the individual continues to maximize their profit, user base, or whatever metric they are considering. Instead, they must develop a deeper sense of values and create nuanced relationships with those in their community to push themselves to develop this moral habit. With the basis of human complexity, an entrepreneur can realize that pursuing the development of this moral habit does not have to be against their business interests and can be ingrained in their company's vision and value system, promoting a strong business community that is based in individuals seeking relational understanding. Additionally, a wealthy entrepreneur or investor who is experiencing a diminishing marginal utility of consumption and wants to invest in young ventures or nonprofit can jointly develop their sense of relational understanding. They can do this by ensuring that the venture they are investing in expands their own sense of self in the world, pushing them to develop virtuous traits such as empathy, care or justice.

With reflective self-examination, one must "evolve into a lifelong practice that aims to discern how well one's actions, feelings, thoughts, and beliefs conform with the moral self to which one aspires" while paying "close attention to those particular weaknesses and faults to which one is generally subject as a human being" (Vallor, 2016, 90). This practice requires the thoughtful and careful consideration of one's action and is, once again, not compatible with simply following a mathematical or rule-based framework. Thus, the entrepreneur who is simply trying to pursue a single dimension cannot develop this ability for reflective self-examination. For an individual to develop this moral trait, they must have a deeper understanding of their own human complexities beyond a trivial economic model, examining their own weaknesses and faults. Pushing the entrepreneur away from a one-dimensional economic model will lead them toward developing this moral trait, where they will have to reflect on themselves and their own values to see what truly motivates them toward fulfillment.

Finally, the intentional self-direction of moral development, which "presupposes attainment of a certain degree of moral habituation, relational experience and understanding, and a habit of reflective self-examination," requires a "sincere, internal desire to become morally cultivated for its own sake" (Vallor, 2016, 97). With this self-direction, one cannot simply have a "passive submission to external authority" and must put in the effort to direct their own cultivation. For example, requiring an individual to give money toward a certain cause does nothing for the moral development of the individuals, even if the cause is moral. An individual must have a sense of ownership over their destiny and building their development path. The open-ended nature of philanthropy cultivates this trait to a certain extent, as wealthy individuals are forced to look inward and ask themselves in what direction they should turn to find fulfillment. Of course, it must be mentioned that philanthropic giving does not have to be virtuous and can be done for egotistical reasons. However, the nature of the giving and the individual's ownership over the destination of the money allows philanthropy to have the potential for virtuous development.

6 A Brief Recap

As an overview, prospect theory, complex human motivations, and moral habituation were covered to describe the complex human. With prospect theory, it is important to note why the logarithmic curve describing the relationship between psychological value and a singular dimension, such as personal wealth, does not lead to as much satisfaction as one might initially think. The singular pursuit of personal wealth may be exhilarating at first for an entrepreneur, but they will quickly need higher increments of personal wealth in order to achieve the same psychological value in their lives. For a wealthy investor who has reached a high reference point of wealth already, they will not receive the same psychological value as the entrepreneur for their gains in personal wealth when the venture gains traction.

From there, we covered the dimensions of motivation beyond personal wealth that both entrepreneurs and investors experience in business interactions. For a company, not only are these dimensions of motivation relevant, but they are absolutely necessary to build into the foundation of the company in order to adequately motivate an entrepreneur and their workers. Wealthy investors, who are experiencing a diminishing marginal utility of consumption, will naturally turn to these motivations in order to still find meaning and fulfillment in their life beyond personal wealth. These motivations are not adequately addressed by traditional economic theories, and stakeholder capitalism's assumptions of human complexity and continuous creation were introduced as alternatives that address the dimensions of human business interests.

Finally, the moral habits of relational understanding, reflective self-examination and intentional self-directed moral development were introduced. All three of these habits cannot be cultivated in a business environment that seeks to simply maximize profit and the entrepreneur must have a deeper understanding of the complexity of the human in order to develop into a more virtuous person. Additionally, due to the multidimensional nature of humans and the assumptions introduced in stakeholder capitalism, pursuing this virtuous development does not have to be at odds with one's business interest, and one can jointly better themselves and further their company's success at the same time.

7 The Pledge Organization

With this foundation in place, a new entrepreneurial organization can be proposed, one that shifts the landscape away from this technological colonialism and motivates the entrepreneur to develop a stronger sense of morality and virtue. This organization requires a central and uniting commitment by the entrepreneur and the main stakeholders of a young company at the onset of their venture. This commitment is as follows: *Any shareholder who also holds voting shares in the company must pledge to spend no more than a certain absolute amount of their profits (made up of their capital gains and dividends) on themselves or their family, the rest of their profits must be allocated for charitable causes or invested into other "pledge" organizations or nonprofits.* The shareholder can potentially be two types of individuals: one who is investing their personal wealth and one who was previously involved in pledge organizations and is investing their allocated wealth (wealth gained through a pledge organization that cannot be spent on personal use cases). The investors who are investing their personal wealth would be able to use their initial investment, plus any profits up to the pledge amount, for their personal use. Any profits beyond this pledge amount must then be used for charitable purposes or invested into future pledge organizations. The previous pledge organization investor, who is investing this allocated portion of their wealth, can solely use the profits up to the pledge amount for their personal use and may not use the initial investment for their personal spending.

The pledge organization is partly inspired by the idea of the participation nonprofit that Robert Shiller proposed, with shareholders having a stipulation regarding what type of organizations they are able to allocate any profit toward. With the pledge organization, an amount of the profits can still be used for one's personal use, however, anything over this certain amount is subject to a similar stipulation of where the money can be used. For example, an organization that agrees to a pledge value of $20 million would enable an entrepreneur to use up to $20 million of their profits for whatever they would like. They could buy a few houses with this money, pay for their children's education, or even invest in a retirement account, as long as this money is not simply reinvested into the same organization. The rest of the value of the shares would have to be allocated for broader charitable purposes or investment into other pledge organizations. However, these extra shares can still be counted toward the net worth of the individual and would not be "taken away" from them in any sort of way. This is important as it is essential for the investor to have a psychological ownership over this wealth and see it as their own. Thus, they would be more thoughtful and careful in where they send their wealth due to this nature of ownership (see Kahneman's research on the endowment effect). There would be restrictions on the type of organizations that would be able to receive value from these "extra" shares, but the entrepreneur would need to have a sense of self-direction over where they are deciding to send their money in order to promote virtuous development. Additionally, the individual would still have the convenience of the net worth metric to gauge their business progress, but would obviously need to recognize that the metric itself would not provide fulfillment.

Pledge organizations would still allow for one's spending wealth to play a large part as an early motivator, which can be supported by prospect theory. Using a pledge amount of $20 million, budding entrepreneurs with a reference point of a few thousand dollars would see a personal wealth of $20 million as an extremely high increase in their psychological value. From this same reference point, an entrepreneur would view a substantially smaller psychological value between gaining $20 million and $40 million. Generally, they would view these multi-millionaire lifestyles as having generally similar psychological values (due to the logarithmic curve), and would simply view the accomplishment of getting to the point of a multi-millionaire as the biggest increase in their psychological value and spending wealth. Thus, in the early stages, entrepreneurs would still have a very high psychological value of personal spending wealth that can be obtained through getting the venture to this point.

As a venture becomes more successful and the value of the entrepreneur's capital gains mature to the pledge amount, the entrepreneur will need to turn toward motivation dimensions beyond personal wealth in order to continue to push themselves, and their company, to continue to grow. They would have to switch their personal goals toward domains such as gaining respect, social change, or developing virtue. At this point in an organization's lifetime, the main product for this company is having an increasingly large impact on the general society, and it becomes more important for the leaders of this organization to think deeply about the impact that their decisions have. This company must have had some sort of vision and value system in place to become this successful (as Collins and Lazier discuss), but these values would now become even more essential for this larger societal impact and for the leaders of the organizations to ensure that the values are inline with their deeper motivations beyond personal wealth. Thus, if the company continued to grow at this stage, it would reflect a successful shift in motivations. On the flip side, if the company stagnated, it would illustrate that the leaders of the company were not adequately motivated by factors beyond personal wealth. While this might disturb some investors, this motivational shift protects the general society from being exploited solely for the pursuit of personal wealth by larger tech organizations.

While the shift in motivations does not necessarily imply a virtuous shift, as the entrepreneur can still be largely motivated by non-virtuous attributes, such as social status due to their increasing net worth, it does take a step in the right direction. For example, an entrepreneur who is solely focused on increasing their social status will need to decide at some point what to do with their large amount of wealth beyond the pledge amount. They would need to do some self-directed soul searching, while also gauging from their surroundings what action could increase their social status even more. While this person may not be classified as virtuous, they are still developing a sense of relational understanding, self-examination, and self-direction that illustrate a growth in their mindset beyond maximizing their own profit. Additionally, this individual would be pushed to make decisions for their company's product that would not harmfully impact the general society, as this would lower their social status. Therefore, society would still be benefiting from this more nuanced form of decision making. While not every entrepreneur leading a pledge organization will need to develop virtuous behavior, it would give them access to an ecosystem in which to develop this sense of virtue if they so wish. The current incentive structure for CEOs of large companies, entrapped in a competitive value-capture environment, does not allow room for the development of moral character. Virtuous behavior can only be developed through a more nuanced understanding of human complexity, which pledge organizations allow for in their shift in motivations past the pledge amount.

Would entrepreneurs realistically agree to this sort of pledge at the onset of their venture when they have the choice to still pursue profits unbridled? In today's technological era, there is a cultural shift occurring from tech insiders, exhibited through documentaries such as The Social Dilemma, organizations such as the Center for Humane Technology, and books such as The Age of Surveillance Capitalism, which lay bare the deep wounds that the current Silicon Valley mindset has inflicted upon humanity. There are calls for changes, for both investors and the entrepreneurs alike, to create new guidelines and renewed mindsets when approaching technological innovation Taneja (2019). So while not every entrepreneur would agree to this pledge (and there would still be many with greed at the center of their pursuit), pledge organizations offer the opportunity to those who carry these virtuous sentiments for more humane technology to enter a new innovation ecosystem. These individuals are still by no means taking an oath of poverty and would still have a large motivation of personal wealth for their young venture, but they are recognizing the limitations of profit in their own fulfillment and its impact on the health of society. Therefore, this decision by the entrepreneur is an investment into their own virtuous development as a virtuous human and a leader.

Would pledge organizations be able to receive strong investor support with the cap on the profits that can be allocated for one's personal use? Investors must first recognize their own motivations in investing, and discern whether they are simply investing to gain more money to spend on themselves and their family, or if there is a broader purpose of fulfillment. As discussed in the previous sections, many wealthy investors are experiencing a diminishing utility of consumption and cannot gain much fulfillment from spending their money on themselves. Thus, they must recognize, as many do, that their increase in wealth allows them to gain more social respect or the ability to explore fulfilling opportunities through investment or charity. Pledge organizations do not prevent an investor from gaining fulfillment in these complex domains of human motivations, as they allow all profits to be counted toward one's net worth (which can lead to more social respect and personal sense of achievement) and can be invested in future pledge organizations or used for charity (potential fulfilling opportunities). However, pledge organizations do force the investor to recognize the depreciating lack of fulfillment that can be obtained through spending on themselves. Further research must be done on the percentage of money that investors take from successful exits and actually spend on themselves, and what is allocated for future investment or charitable contributions.

However, if pledge organizations are widely implemented, this would greatly expand the investment pool for young pledge organizations. Entrepreneurs of past pledge organizations who have exceeded their pledge amount, yet wanted to still increase their personal wealth, would be looking for young pledge organizations in which to invest their "excess" wealth. In this type of investment, only the profits from this investment (capital gains and dividends) up to the pledge amount would be able to be used for the investor's personal wealth. The original investment amount and any profits over the pledge amount would still need to be allocated for future pledge organization investment or charitable contributions. With this "excess" wealth not being able to be used for personal spending, previous pledge organizations would be more likely to take a risk on ventures that could potentially provide them fulfillment in the more complex human dimensions while also gaining a reward with some profits that can be devoted to their personal spending.

8 Further Research

There are many future areas of research that need to be done regarding pledge organization. For one, there needs to be research done on the pledge value. Should this pledge value be decided upon by the entrepreneurs, or set by some organizational law? If the entrepreneurs decide, what is stopping them from simply setting an exorbitant high pledge amount? If it is set by some organizational law, there must be research done on the point of societal wealth in which one has a sufficient amount of wealth for safety and pleasure, but is not able to spend in a way that is largely socially or environmentally harmful. Additionally, how do we ensure that no more than the pledge amount is spent on the personal wealth of the entrepreneur? There are a few routes for companies: they could remain private, they might be acquired by another company, or they may be taken public. In all of these cases, there must be some sort of separate financial vehicle that the profits over the pledge amount will be put in to ensure they are not used for personal spending. More research also needs to be done on the possibility of tax incentives for pledge organizations. Since these individuals are allocating large portions of their wealth to be given away, what sort of breaks would they, and the organization as a whole, be qualified to receive?

Venture investors also need to be engaged in the formation of pledge organizations, as they are the gatekeepers to entrepreneurship and have the expertise on organizational management and incentive structures. How would they view the restriction of the pledge amount, as members of society with a high amount of personal wealth? Also, how would late stage venture investors behave when they would have to invest large amounts of money with only a limited profit return that could be used for personal spending? Another investment area that must be researched is the behavior of pledge organizations as a publicly traded company. How would the stock price behave with stock market investors knowing that those holding voting shares in the pledge organization would not have as strong financial incentives as regular for-profit companies?

There should also be a set of rules regarding salary in pledge organizations. For the majority of non-executive workers who do not hold voting shares in the company, compensation can look much the same to tech companies today, with a mix of salary, benefits, and stock compensation. However, executives whose profits (from dividends and capital gains) have surpassed the pledge amount may want a different compensation structure and ask for an increase in salary instead of stock option. Should these pledge organizations have some sort of salary cap and, if so, how should this cap be determined?

Finally, shareholders in pledge organizations would need to be able to find ways to spend their allocated portions of wealth beyond the pledge amount, which leads to a need for improving incentives and the ease of philanthropy, which Shiller also emphasizes. We must be able to put pledge entrepreneurs and investors in a position to see the immediate impact of their personal wealth so that we can allow them to gain joy through their giving and encourage future altruistic behavior.

9 Conclusion

As technology becomes increasingly ingrained in our lives, it is essential that our decisions regarding its impact are more nuanced and socially responsible than they have been in the past. The current model of entrepreneurship facilitates quick iterations and fast progress, but lacks thoughtful thinking as a company scales. The shift in incentives that pledge organizations provide is absolutely critical in the next phase of technological growth. Leaders in the field have to gain a deeper understanding of human complexity and the broader impact that their tools will make on society and cannot be simply looking to maximize metrics. The issues that have arisen from this past mindset are gripping the world today, and anything short of a drastic reassessment of our business incentives will continue to further a global crisis. Pledge organizations offer one alternative, among others, that strives to establish a landscape of technological development that cultivates more humane thinking and the moral development of tomorrow's leaders. We must turn to these alternatives soon, or risk losing much of our own humanity in the pursuit of progress.

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