

**Purpose-Led Recovery Submission
for Pre-Budget Consultations in Advance of the
Federal Budget**

Submitted by:

Social Purpose Institute at United Way of the Lower Mainland

August 2020

Recommendations to Accelerate a Purpose-Led Recovery

- **Recommendation 1:** That the Federal Government invest in measures to accelerate a Purpose-Led Recovery so that our future economy is powered by the pursuit of long-term well-being for all in which business and regulatory and financial systems foster an equitable, flourishing, resilient future (pg. 3).
- **Recommendation 2:** That the Federal Government fund the development of tools, resources, and other supports to allow small- and medium-sized enterprises to transition to purpose-led business models (pg. 3).
- **Recommendation 3:** That the Federal Government work with industry to identify priority sector clusters where an existing critical mass of high-potential businesses exists and establish the infrastructure and regulatory environment that best supports cluster growth and sustainability. Prioritize Social Purpose Business as an economic cluster and support the enabling ecosystem to foster its growth (pg. 3).
- **Recommendation 4:** That, to advance the Social Purpose Economic Cluster, the Federal Government support and fund intermediaries and social innovation hubs to create the enabling environment that builds the capacity of, and demand for, Canadian business to define and accelerate social purpose in business and their communities (pg. 4).
- **Recommendation 5:** That the Federal Government fund the creation of a Social Purpose Roadmap or Transition Pathway that sets out how it plans to accelerate social purpose in business and scale the contribution businesses can make in collaboration with others to address challenges in society. Included should be a game plan for channeling government's regulatory and economic influence towards companies with a social purpose who are creating benefits for stakeholders, not just shareholders (pg. 4).

Introduction

While the COVID-19 pandemic has been devastating for so many, it has opened an extraordinary opportunity to “build back better” and lay tracks for a just, sustainable and resilient economy for the long-term.

Canada is in a ‘moment’ where it can lead the way in the economic recovery by hastening the transition to a Purpose-Led Economy. The Social Purpose Institute has a growing list of almost 30 business and civil society leaders endorsing this approach.

This Policy Brief sets out our definition of a Purpose-Led Economy and a Social Purpose Business and describes the trend to businesses adopting and advancing their social purpose to address society’s needs and challenges and build a better world.

Section 2 summarizes our recommendations to Canadian policymakers to accelerate this trend and accelerate our economic recovery for good.

Building a Purpose-Led Economy

A Purpose-Led Economy is an economy powered by the pursuit of long-term well-being for all in which business and regulatory and financial systems foster an equitable, flourishing, resilient future.

Social purpose companies, that have an authentic ambition to create a better world as the reason they exist, are positioned to fuel this economy.

As this fledgling business movement grows, ignited by humanity’s response during COVID, timely public policy measures can stimulate and accelerate their expansion across Canada, creating meaningful jobs and thriving communities for all – building back better!

Section 1. Social Purpose Business

1.1 What is Social Purpose Business?

A Social Purpose Business is a company whose enduring reason for being is to create a better world. It is an engine for good, creating societal benefits by the very act of conducting business. Its growth is a positive force in society.

1.2 The Social Purpose Business Trend

Businesses around the world are redefining their role in society to foster business *and* societal success. They are adopting a Social Purpose to navigate turbulent times and attract and engage top talent, customers and investors. During the pandemic crisis, purpose-driven companies are leading in a way that will last long after this and help them recover. ([Here is an article we published on this leadership.](#)) The more social purpose companies there are as the economy rebuilds, the more opportunity for them to partner, collaborate and innovate for more societal good and for growing their business and the economy – creating a virtuous circle of economic growth and social impact.

“According to a report published by the Conference Board of Canada “businesses with a sustainable or social purpose at their core will lead the way and not only survive but thrive” in the emerging economy.” (Emerging Economy Task Force, Final Report, March 2020; p.17)

The US Business Roundtable – CEOs of 180 of the world’s largest companies – issued a statement in August 2019 endorsing this new view on the purpose of the corporation and the need to consider all of their stakeholders, not simply shareholders, for the future success of their companies, their communities and society at large.

Larry Fink, CEO of BlackRock – the largest investment firm in the world with over \$6T US in assets – said this: “[E]very company needs a framework to navigate this difficult landscape, and [...] must begin with a clear embodiment of [its] purpose in [its] business model and corporate strategy.” “Purpose is not a mere tagline or marketing campaign; it is a company’s fundamental reason for being – what it does every day to create value for its stakeholders.” “Purpose is not the sole pursuit of profits but the animating force for achieving them.” “Profits are in no way inconsistent with purpose – in fact, profits and purpose are inextricably linked.” In an April 2020 letter to Shareholders, Fink again noted that **“Companies and investors with a strong sense of purpose and a long-term approach will be better able to navigate this [COVID] crisis and its aftermath.”**

1.3 Rationale for why a government should support a purpose-led recovery

Having a purpose-led economy:

- **Drives competitive advantage.** Social purpose gives businesses a leading edge by creating deeper and more long-lasting connections with customers and the communities in which they work.
- **Fosters innovation.** Social purpose is a profound driver of innovation, enabling within- and cross-sector collaboration and incubating growth and new opportunities. This is particularly important in an unstable business environment where business as usual may no longer apply.
- **Creates economic resilience.** Social purpose businesses attract and retain top talent as well as entrepreneurs and investors from around the world. Social purpose businesses are also more likely to invest in their local communities, contributing to the health and vitality of local economies.
- **Maintains and provides meaningful jobs.** Social purpose businesses have demonstrated through the pandemic that they are less willing to eliminate jobs. They place a priority on their workforce, investing in them and offering purpose-driven jobs – a choice favoured by millennials and women.
- **Builds business as social partners.** Social purpose business, who exist to address society's challenges and create a better world, become ideal partners for governments with similar goals. Sharing stakeholders with governments, social purpose businesses also engage them in social progress.

Social purpose businesses are good for society, creating jobs, building thriving economies and fostering community resilience.

“As a purpose-driven business, Chandos sees the value of social purpose companies. We believe governments should build an ecosystem that encourages companies to pursue an authentic social purpose because they ultimately reduce the strain on social systems. For example, we hire at risk youth, get them off the street and give them high-paying construction jobs. This also benefits our company. Increasing the prevalence of social purpose companies benefits society, governments and companies, and creates meaningful jobs.

- Tim Coldwell, President, Chandos

Section 2. Recommendations to Accelerate the Purpose-Led Recovery in Canada

2.1 Our overarching recommendation is:

Recommendation 1: That the Federal Government invest in measures to accelerate a Purpose-Led Recovery so that our future economy is powered by the pursuit of long-term well-being for all in which business and regulatory and financial systems foster an equitable, flourishing, resilient future.

The following recommendations lay out a Purpose Pathway the Federal Government can follow to jump-start this vision.

2.2 We endorse the purpose-led vision and recommendations of the BC Government's [Emerging Economy Task Force Report](#) and believe they apply equally to the Federal Government as follows:

Recommendation 2: That the Federal Government fund the development of “tools, resources and other supports to allow small- and medium-sized enterprises to transition to [...] purpose-led business models”.

Tools, resources and supports could include:

- Information, education, and capacity building programs to generate interest and foster effectiveness in authentic social purpose activation
- Financial support for non-profit intermediaries with proven models to engage business and equip them to become authentic social purpose companies
- Resources for business schools and post-secondary institutions to include social purpose business models and concepts in curriculum, ensuring business students graduate with this knowledge

Recommendation 3: That the Federal Government “Work with industry to identify priority sector clusters where an existing critical mass of high-potential businesses exists and establish the infrastructure and regulatory environment that best supports cluster growth and sustainability.” Prioritize Social Purpose Business as an economic cluster and support the enabling ecosystem to foster its growth.

There is an emerging critical mass of high-potential social purpose businesses in Canada, as such social purpose business should be granted status as a priority economic cluster. In its economic response to COVID-19, the Federal Government is encouraged to support the enabling ecosystem to build capacity and accelerate the success of social purpose businesses – as it does other emerging clusters such as digital, cleantech, etc.

Organizations like the Social Purpose Institute and other ecosystem actors (e.g. B Corporation Canada, Canadian Business for Social Responsibility, UN Global Compact Canada, Boards of Trade, BC Co-op Association and Co-operatives and Mutuels Canada) are examples of intermediaries well-positioned to build the capacity of business to determine its social purpose and use it as a driver of business growth and social impact.

Recommendation 4: That, to advance the Social Purpose Economic Cluster in Canada, the Federal Government support and fund intermediaries and social innovation hubs to create the enabling environment that builds the capacity of, and demand for, Canadian business to define and accelerate social purpose in business and their communities.

The Social Purpose Institute and its ecosystem partners are examples of intermediaries and social innovation hubs ready to support and scale social purpose in business. They could provide the tools, resources, and supports identified above. They could increase awareness of social purpose in business among government suppliers, collaborate with business schools providing business education on social purpose, partner with boards of trade and industry associations, and engage in collaborations to build the Social Purpose Economic Cluster – and the social impact of participating businesses.

2.3 In addition to the BC Government’s Emerging Economy Task Force recommendations, we propose:

Recommendation 5: That the Federal Government fund the creation of a Social Purpose Roadmap or Transition Pathway that sets out how to accelerate social purpose in business and scale the contribution businesses can make in collaboration with others to address challenges in society. Included should be a game plan for channeling government’s regulatory and economic influence towards companies with a social purpose who are creating benefits for stakeholders, not just shareholders.

We would like to see the Federal Government develop a 10 – 20-year plan to transition the economy to one powered by the pursuit of long-term well-being for all in which regulatory and financial systems and business growth foster a flourishing, resilient future.

The Roadmap could establish through consultation the criteria for qualifying a Social Purpose Company if they are in direct receipt of public benefits. It could also put in place requirements for incorporated companies to have an explicit purpose that clarifies why they exist.

Appointing a blue-ribbon panel to make recommendations for how to build a purpose-driven economy and create a Transition Pathway is an ideal route to identify further public policy measures to kick-start the Purpose-Led Recovery and realize the future we want.



The [Social Purpose Institute](#) is an initiative of United Way of the Lower Mainland. It has developed proven resources, tools and programs to help companies of all sizes to transition to Social Purpose Business models. To date the Institute has worked intensively with 27 B.C. companies and engaged with many hundreds of business leaders around Social Purpose.