Economic Purpose

Where social purpose and good business intersect
Methodology

• Global survey of 1,497 executives, including:
  o C-Suite (27%)
  o Managers to MD (43%)
  o Sr. Analysts or below (30%)

• Company background:
  o Size: Under $1bn (65%); Over $1bn (31%), not disclosed (4%)
  o Footprint: Global/MNC (52%); Regional/domestic (48%)

• Survey fielded online in July and August 2017

*Survey conducted in English among the Economist Group Opinion Leaders and Reader panels.
Commitment to social purpose

ECONOMIC PURPOSE

Financial business health
Economic Purpose

Making the COMMITMENT

Redefining PROFIT

Changing MEASUREMENT

Acting with COURAGE & AUTHENTICITY
It starts with a commitment

Commitment needs to come from the top:
• 66% say the CEO is the greatest influencer on whether or not a company operates with social purpose

But people feel good about the concept:
• Top motivation of social purpose commitments: desire to make a difference (57%)
• 82% of executives believe social purpose can create pride in being a customer of a company

But there are barriers:
• Lack of funding to support efforts (36%)
• Risk to performance/operations (20%)
• Lack of C-Suite buy-in (16%)
• Lack of employee interest (15%)
Can we redefine profit? Must brands choose one form of success?

The majority of companies don’t connect purpose to profits:
• Only 19% make the connection to financial gains or returns
• Aspects most positively impacted: employee engagement/satisfaction, brand reputation, societal well-being, and customer satisfaction
• Few executives cite this as a factor that most contributes to the success of their company’s growth strategy (12%)

Not an either/or proposition
• 61% of executives report operating with social purpose is part of their company’s overall growth strategy
• 69% believe companies that operate with social purpose have a competitive advantage over their peers
• Executives that tie operating with purpose to growth are more likely to also report strong financial performance and to believe they are performing better than their peers.
“Great companies create frameworks that use societal value and human values as decision-making criteria. At great companies [financial] profit is not the sole end; rather, it is a way of ensuring that returns will continue.”

— Rosabeth Moss Kanter
Harvard Business School
What if we measured profit differently?

We can move the mindset so profit becomes something greater than money.
• 89% report having at least one metric in place to measure the success of their social purpose initiatives:
  • Employee engagement (30%)
  • Positive impact on the issue (25%)
  • Ranking 5th is overall performance/growth (14%)

There is a connection between social purpose and brand stakeholders:
• 63% of execs believe operating with a social purpose benefits their customers and
• 61% believe operating with a social purpose has improved the lives of their employees

And unsurprisingly millennials are a factor:
• 85% of millennial employees would prefer to work for a company that operates with a social purpose
• 81% would prefer to purchase products from a company that operates with a social purpose
• 78% are proud to be a customer of a company that operates with a social purpose
Community impact and well-being
Employee engagement
Customer satisfaction
Brand reputation

+  $$$

THE NEW PROFIT
Courage and authenticity
(Let’s face it – taking a stand isn’t easy.)

Brands understand the need:
• Nearly two-thirds of executives (62%) believe that companies need to be willing to take a vocal public stand on issues affecting society

And know they’re being judged:
• Nearly three-quarters of executives (73%) believe consumers are increasingly judging companies on the humanness of their corporate character
• 43% say that, for companies, it is just as damaging to stay silent as it is to take a stand on a particular social issue

Yet they still hold back:
• Half of all executives (51%) wish their company would take a more visible stand on issues
Backlash.
Backlash grows in the gap between a brand’s declared stance and authentic action

- Seven in ten executives (72%) report consumers are holding companies accountable for the corporate values they express.
- 87% of younger workers feel it is sometimes hard to tell if a company cares about a social cause or is just trying to sell more products/services.
- Six in ten execs believe consumers quickly tire of companies who jump on the bandwagon of popular social issues.
- Most executives agree (85%) that a mismatch of social purpose initiatives and corporate practices can negatively impact a company’s corporate reputation.
- 68% of execs report companies are increasingly facing a backlash over inauthentic social initiatives.
Authenticity matters.
Economic Purpose

- Making the COMMITMENT
- Redefining PROFIT
- Changing MEASUREMENT
- Acting with COURAGE & AUTHENTICITY
Thank you.