



What Does It Really Mean To Be A Purpose-Driven Company?

Dr Victoria Hurth, Fellow of the Institute for Sustainability Leadership, University of Cambridge

Thursday, 14 July 2022



A Word From Today's Chairman

Professor Michael Mainelli
Chairman
Z/Yen Group





Platinum Sponsors



Gold Sponsors



Silver Sponsors



Bronze Sponsors



Contributor Sponsors





Today's Agenda

- 11:00 – 11:05 Chairman's Introduction
- 11:05 – 11:25 Keynote Presentation – Dr Victoria Hurth
- 11:25 – 11:45 Question & Answer



Today's Speaker

Dr Victoria Hurth

Fellow of the Institute for
Sustainability Leadership
University of Cambridge





Poll 1

Firms I know are increasingly looking to become purpose-driven:

- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree



Poll 2

Ensuring firms who say they are purpose-driven act in line with this is going to become an increasingly important governance and management agenda:

- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree

Rethinking Business – The Paradigm Shift To Purpose

Dr Victoria Hurth

4 key points:

- 1) the firm outcomes you get depend on the decisions you make**
- 2) the decision you make depend on what organisational logic dominates**
- 3) three logics explain how far firms are likely to affect unsustainability and are able to respond to it**
- 4) purpose is the logic fully aligned with a sustainable future and a Wellbeing Economy**

4 key points as to why purpose isn't going anywhere soon:

- 1) purpose is the practical, operational answer to the biggest problem we have ever faced (existential threat to our collective long-term wellbeing/unsustainability). Unless we solve the problem, purpose will attract more and more energy
- 2) purpose resolves tension and pain at the heart of business while it is misaligned with the future we want – which are only going to get worse
- 3) purpose is the only business logic that truly unleashes the innovation of an enterprise to solve our issues and create the positive world we want

the economy is purpose-driven

an economy is about allocating scarce resources to optimise wellbeing (welfare/ flourishing/ prosperity) for society over the longer-term

wellbeing:

positive state of being where current and future needs are met, such that there is the capacity and opportunity to flourish

NOTE 1 Wellbeing is also referred to as “flourishing” or a “good life”.

NOTE 2 Wellbeing exists at the individual, household, country and global level and can be applied to people and nature, and to individuals and systems.

NOTE 3 Wellbeing can be assessed by subjective and objective measures.

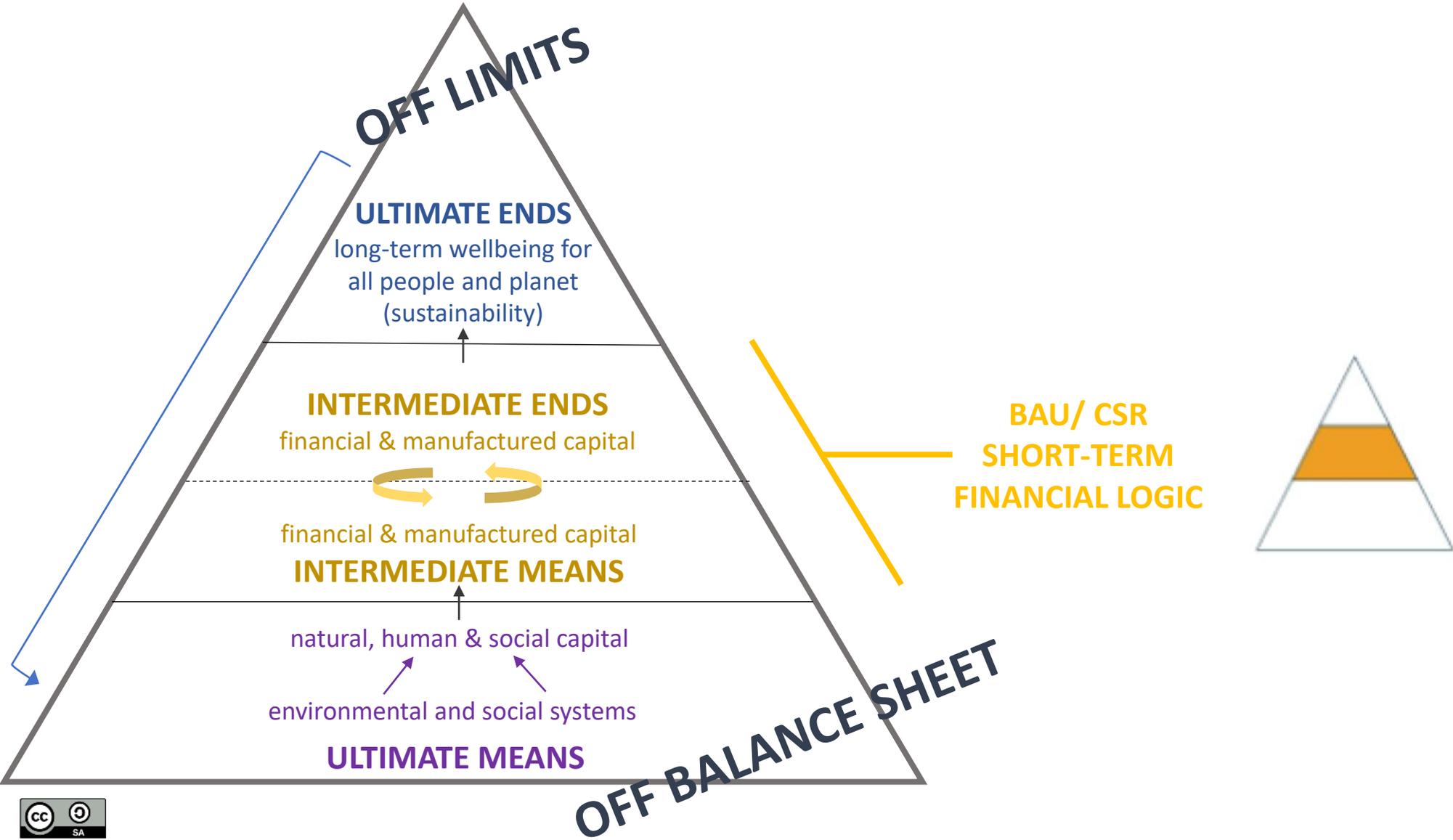
NOTE 4 Wellbeing can be achieved on varying timescales and to varying degrees.

NOTE 5 Sustainable development underpins the achievement of wellbeing for all people and planet.

[SOURCE: BS 8950:2020, 3.7, adapted]

Sustainable development: “development that meets the needs (*wellbeing*) of the present without compromising the ability of future generations to meet their own needs” (WCED 1987)

the unsustainable economy – Business-as-Usual/CSR logic



WELLBEING CREATION: wellbeing is optimised for society **automatically** as a direct consequence of companies engaging in competitive focused, self-interested profit maximisation for itself/shareholders

HUMAN BEHAVIOUR: customers and companies are (boundedly) rational – they can and will act in their own self-interest and are financially motivated (because money buys wellbeing in the market place).

RULES OF THE GAME: Obey the law (compliance orientation). Focus on accurately reading customer demand – not questioning or seeking to change it and government will sort out the rest. Basing decisions on competitive behaviour will limit negative issues of self-interest

the rise of unsustainability



**unsustainability
science and data**



**stakeholder
pressure**



**threats to
reputation**

the ability to respond depends on the firm logic



CSR



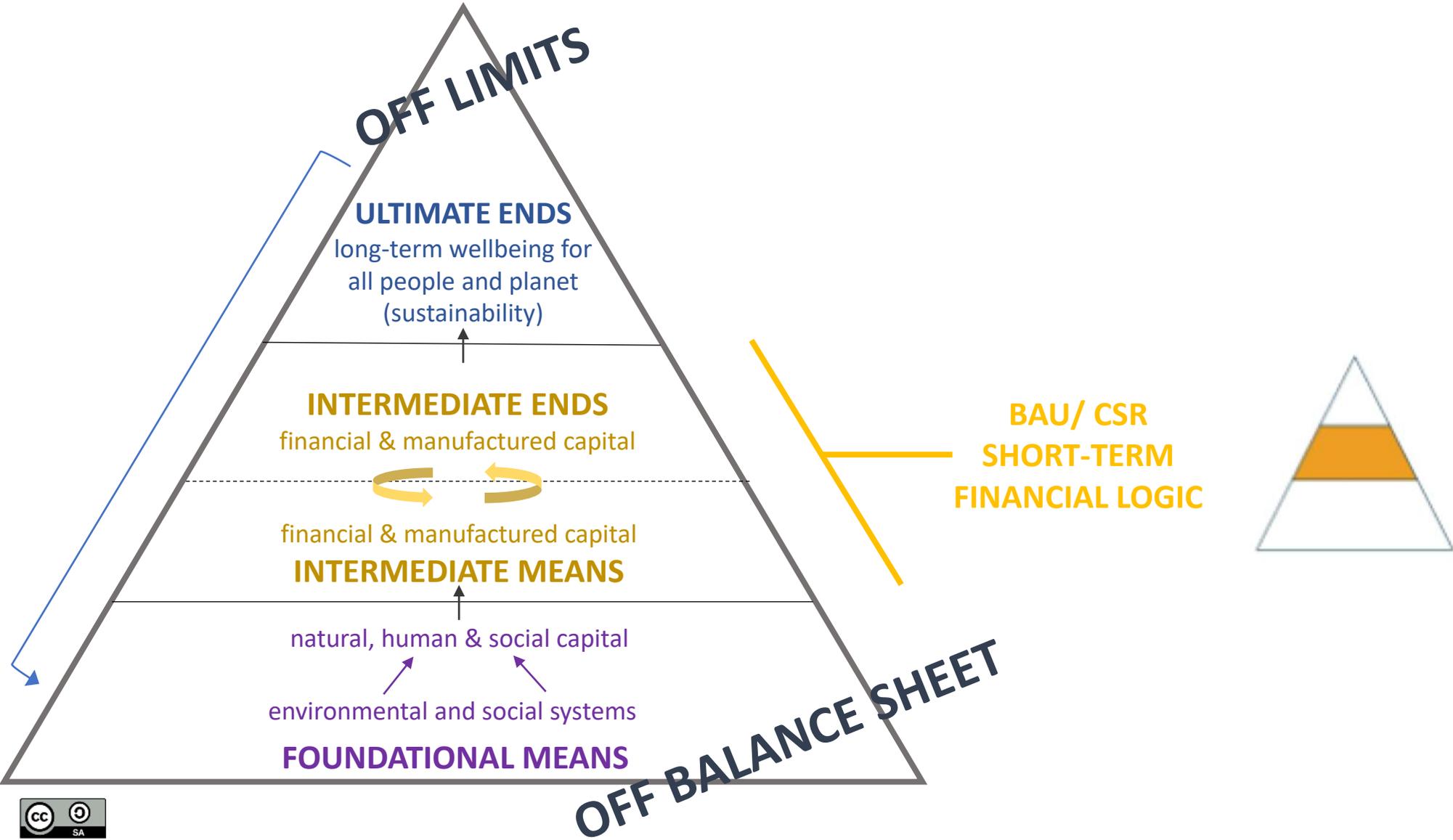
ESV

/ ESG/
stakeholderism

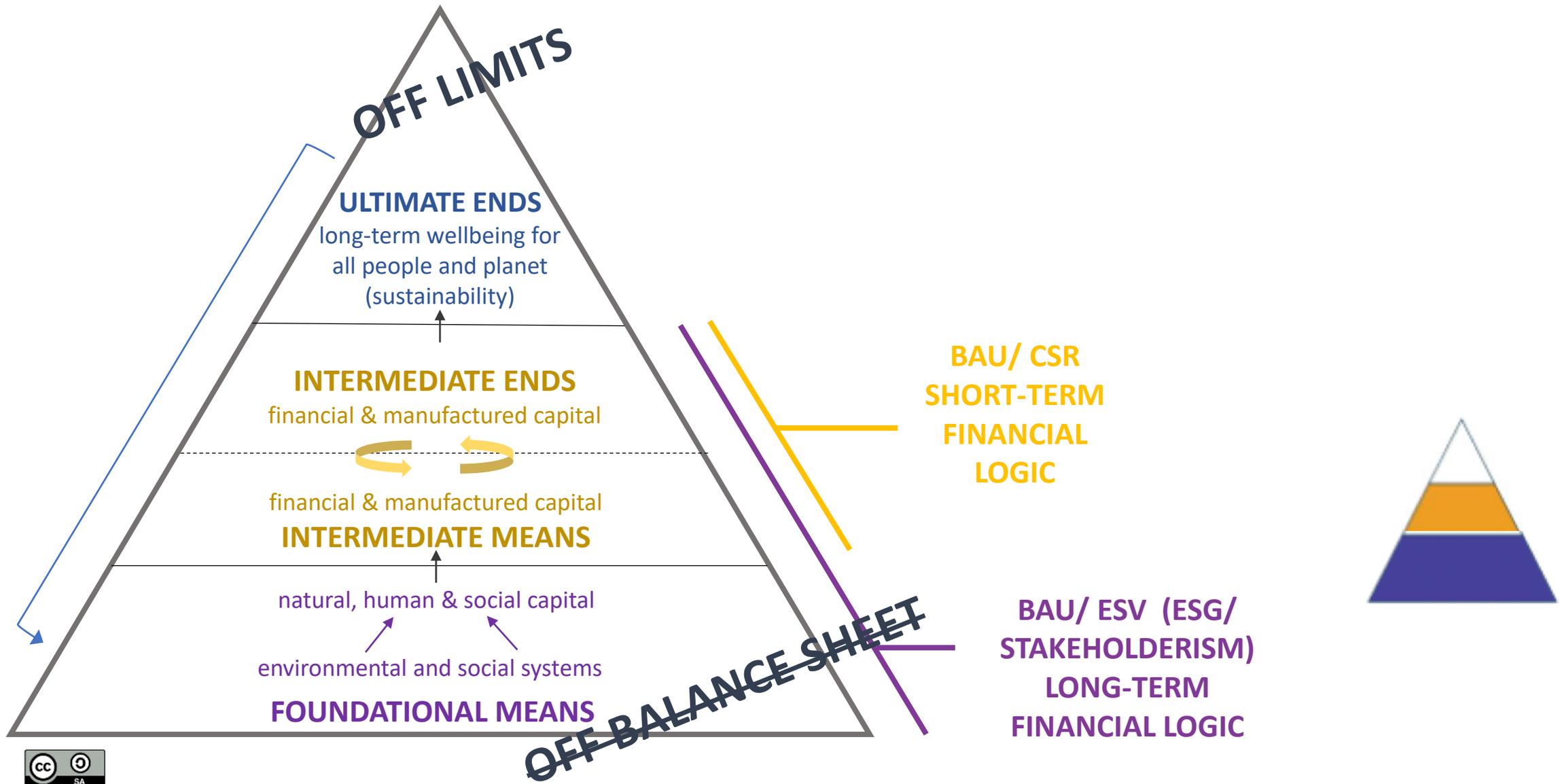


PURPOSE

the unsustainable economy – Business-as-Usual/CSR logic



the unsustainable economy – from BAU/CSR to BAU/ESV



the unsustainable economy – from BAU/CSR to BAU/ESV



Future-Fit

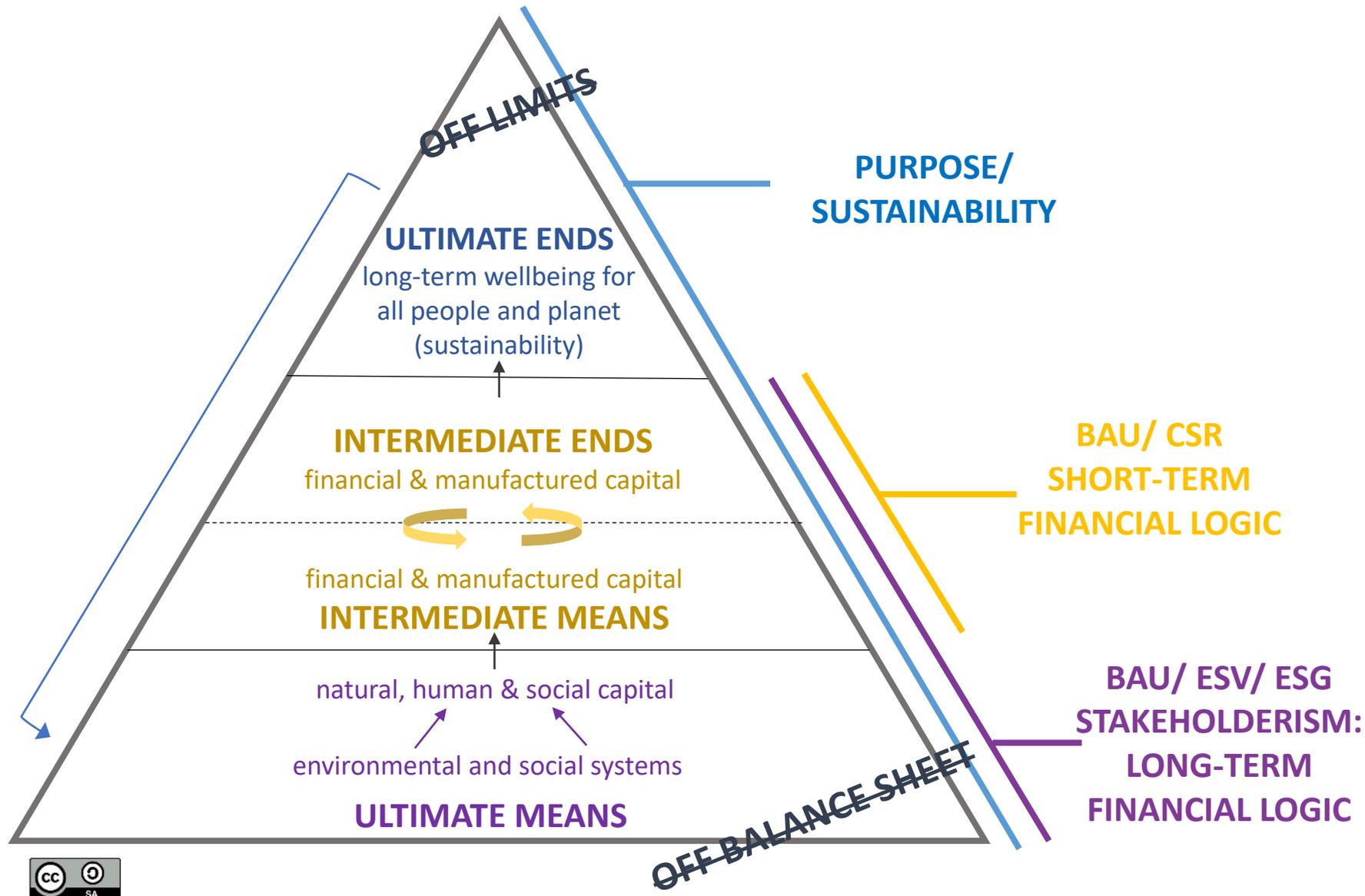
Break-Even Goals

What every company
must strive to do
to avoid slowing down
society's progress

Energy	Energy is from renewable sources
Water	Water use is environmentally responsible and socially equitable
Natural Resources	Natural resources are managed to respect the welfare of ecosystems, people and animals
Pollution	Operational emissions do not harm people or the environment
	Operations emit no greenhouse gases
	Products emit no greenhouse gases
Presence	Products do not harm people or the environment
	Operations do not encroach on ecosystems or communities
Waste	Operational waste is eliminated
	Products can be repurposed
People	Community health is safeguarded
	Employee health is safeguarded
	Employees are paid at least a living wage
	Employees are subject to fair employment terms
	Employees are not subject to discrimination
	Employee concerns are actively solicited, impartially judged and transparently addressed
	Product communications are honest, ethical, and promote responsible use
Product concerns are actively solicited, impartially judged and transparently addressed	
Drivers	Procurement safeguards the pursuit of future-fitness
	Financial assets safeguard the pursuit of future-fitness
	Lobbying and corporate influence safeguard the pursuit of future-fitness
	The right tax is paid in the right place at the right time
	Business is conducted ethically



the sustainable economy – purpose-driven organisations (PDOs)



what firms do you know in this logic?

what type of response to unsustainability is justifiable here?



PURPOSE-DRIVEN ORGANISATIONS

=

ENDS, MEANS AND METHOD

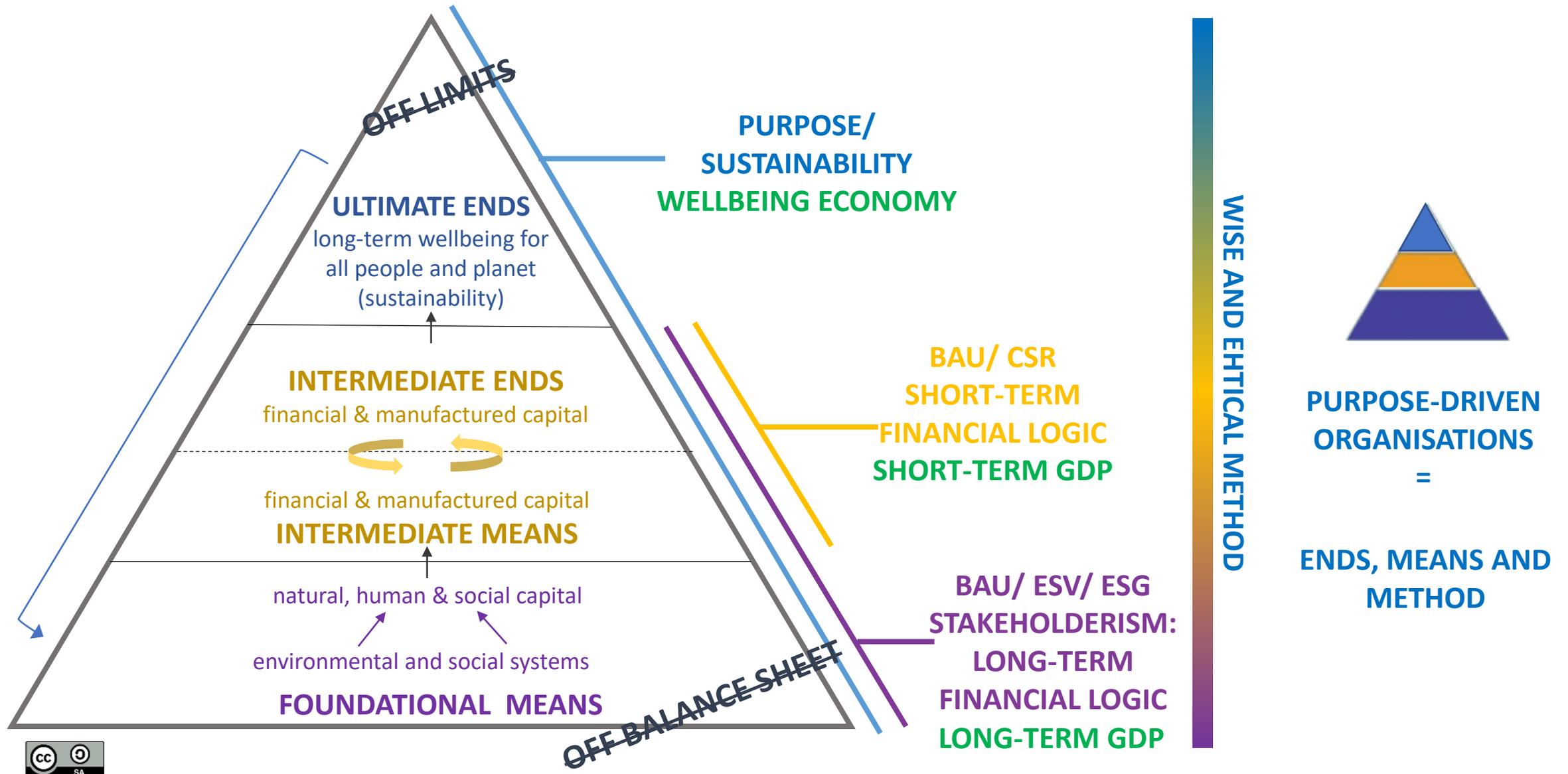
the wellbeing economy – purpose at the macro level

the wellbeing economy:

at a macro level the shift to re-establish financial capital a means to a wellbeing end and not the end itself

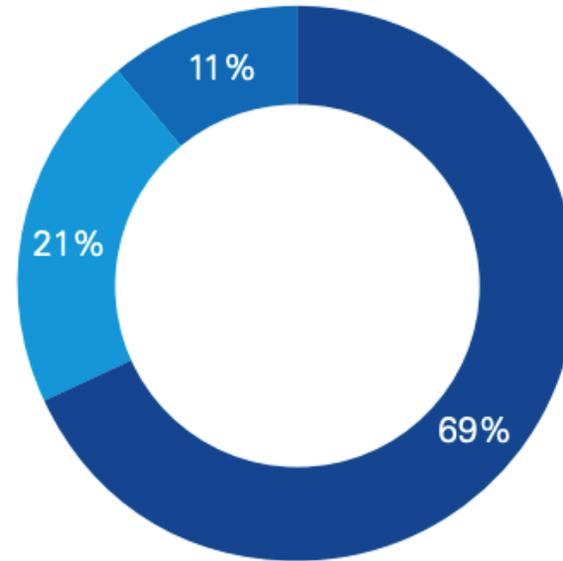


the wellbeing economy – purpose at the macro level

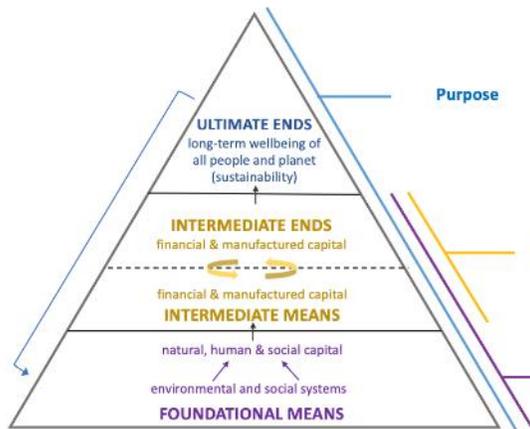


where do CEO's want to do....?

Which of the following best describes your view of the overall objective of your organisation?



CEOs surveyed globally = 1300



Purpose



Advance public interest and improve society

BAU/CSR



Deliver economic returns to shareholders

BAU/ESV/ESG



Embed our purpose into everything we do to create long-term value

but hard to implement the intent

ORGANIZATIONAL PURPOSE IN THEORY AND IN REALITY

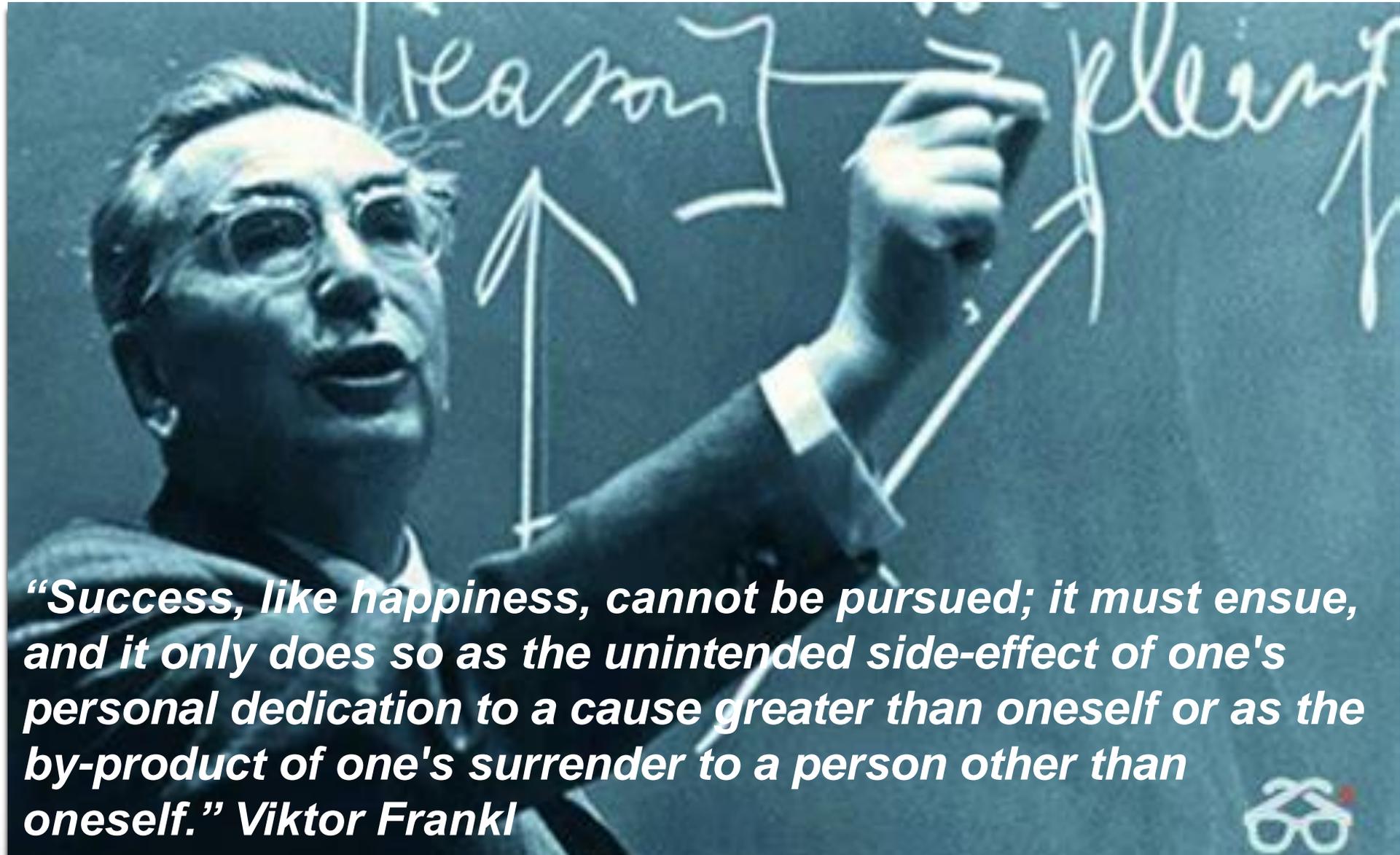
Percentage of respondents who agreed with each of the following statements.

Top box scores 8-10, where 10 = strongly agree.



BASE: ALL RESPONDENTS. N=474

purpose = purposeful = meaningful (meaningful = lots of good stuff for a firm)



“Success, like happiness, cannot be pursued; it must ensue, and it only does so as the unintended side-effect of one's personal dedication to a cause greater than oneself or as the by-product of one's surrender to a person other than oneself.” Viktor Frankl



<https://www.bsigroup.com/en-GB/standards/pas-808/>



Home

Categories

About

Help

Search

PAS 808 Purpose-driven organizations – Worldviews, principles and behaviours for delivering sustainability – Guide

(organizational) purpose

an (organization's) reason to exist that is an optimal strategic contribution to the long-term wellbeing of all people and planet

PDO Worldviews

Ends

Wellbeing is the ultimate objective
Success is long term
Equality, equity and citizenship are end goals

Means

Humans are dependant and interconnected with nature
Humans are inter-dependent

Method

Ethical norms exist and should be applied with care
Effective decisions are made with the whole system in mind
Humans act best when treated as other-serving
We need to innovate with urgency, creativity and prudence

PDO Principles

Wellbeing Ends

1. META-PURPOSE: Long-term wellbeing for all people and planet is the ultimate goal, and all people and planet are the ultimate beneficiaries
2. PURPOSE: The purpose, achieved in the right way (means and method), is the strategic and accountability anchor

Healthy Means

3. FOUNDATION: A fair and adequate contribution to the health of the means is non-negotiable
4. ENABLERS: The value network is understood, cared for, integrated with and aligned

Wise and Ethical Method

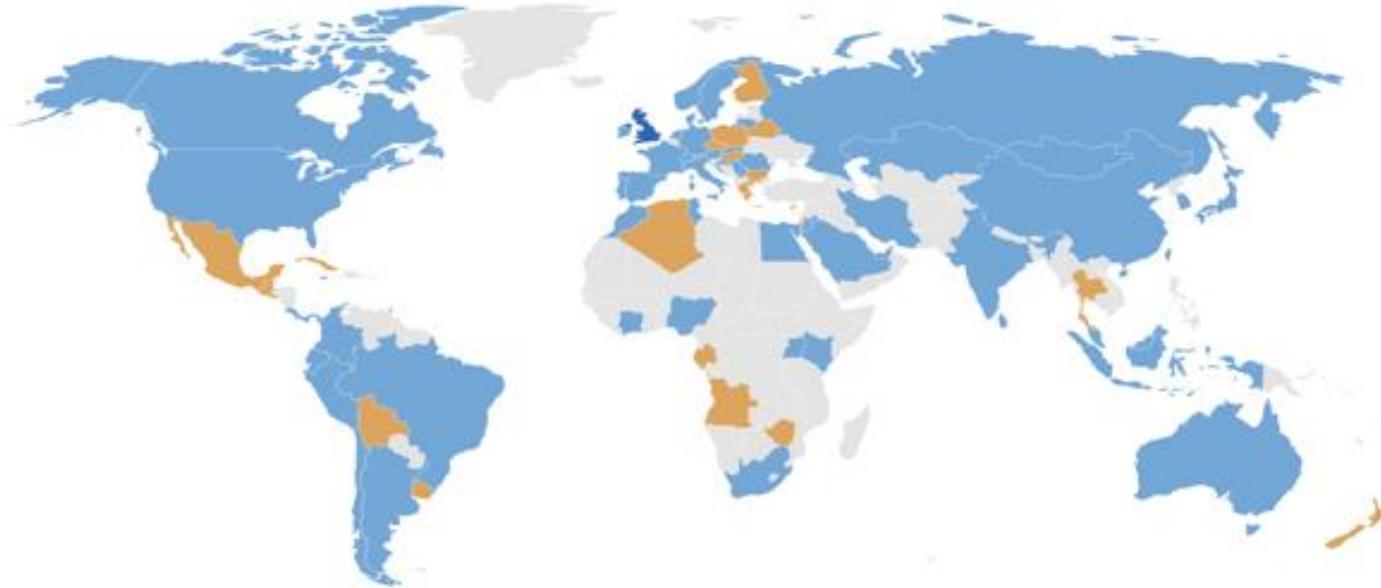
5. VALUES: Stated values are authentic, legitimate and lived
6. INNOVATION: There is boldness towards the ends and precaution towards the means
7. KNOWLEDGE: The best evidence is sought and relied on

PDO Behaviours

from theory to accountability – ISO 37000: 2021 Governance of Organizations: Guidance

PARTICIPATING MEMBERS (55)

OBSERVING MEMBERS (23)



ISO 37000 key facts:

Scoping: 2016-2017

Development: 2017-2021

Countries involved: 77

Liaisons involved: 24

Comments resolved: 1,500 unique comments resolved by WG1

Approval: 100% approval and all 164 ISO member countries had the opportunity to vote.



ISO 37000 Guidance for the Governance of Organizations

https://committee.iso.org/ISO_37000_Governance_published

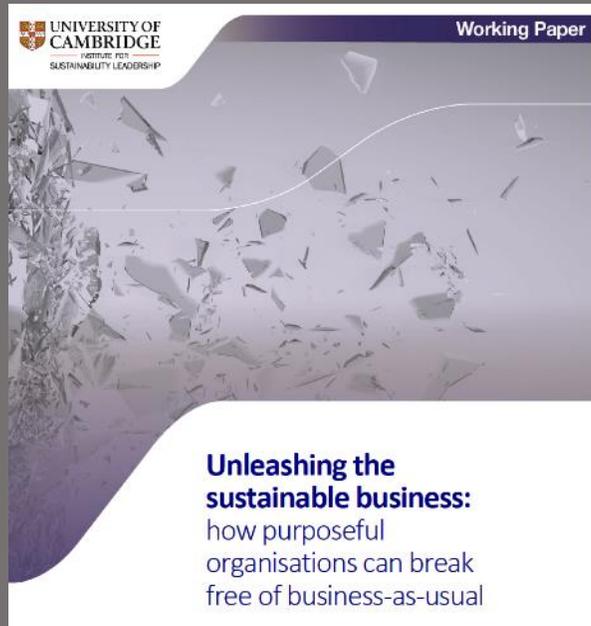


<https://www.wsj.com/articles/international-standard-setter-wades-into-corporate-governance-debate-11632322569>

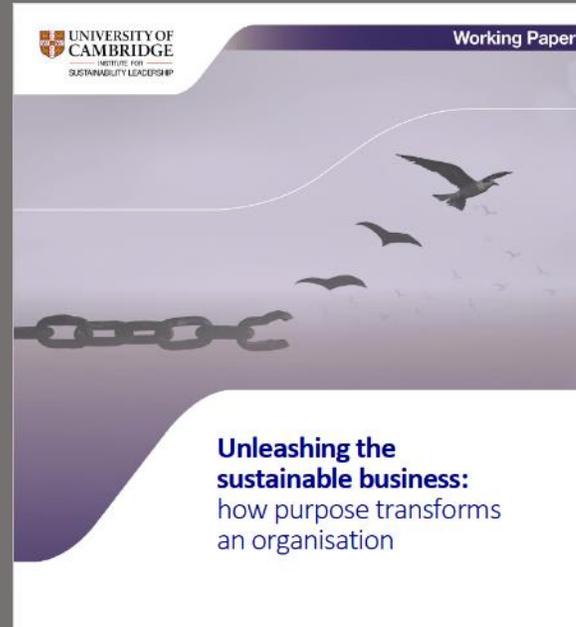
what paradigm?



further reading:



<https://www.cisl.cam.ac.uk/resources/unleashing-sustainable-business>



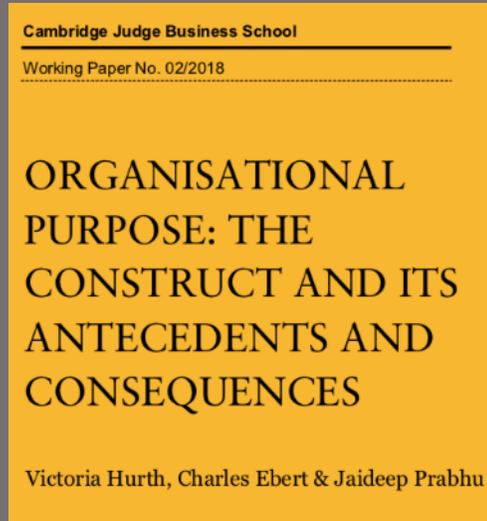
bsi. Standards Development
PAS 808 Purpose-driven organizations – Worldviews, principles and behaviours for delivering sustainability – Guide

<https://standardsdevelopment.bsigroup.com/projects/2021-00457#/section>

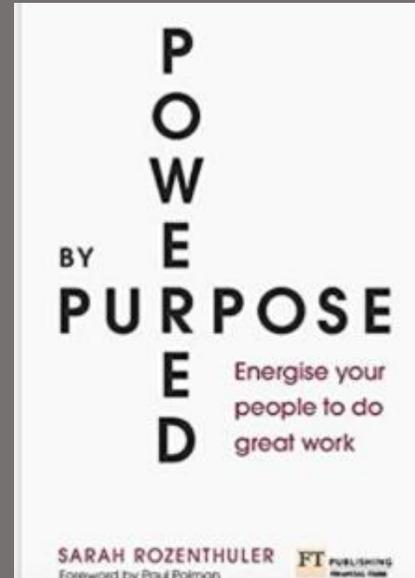
further reading:



<https://www.managers.org.uk/~media/Files/Reports/Guide-for-Leaders-White-Paper.pdf>



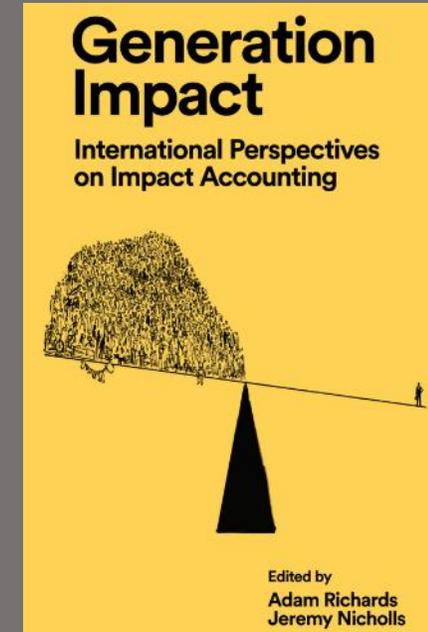
<https://www.jbs.cam.ac.uk/wp-content/uploads/2020/08/wp1802.pdf>



<https://www.waterstones.com/book/powered-by-purpose/sarah-rozenthuler/9781292308791>



https://www.researchgate.net/publication/322099214_Characterising_marketing_paradigms_for_sustainable_marketing_management



<https://www.waterstones.com/book/generation-impact/adam-richards/jeremy-nicholls/9781789739305>



Comments, Questions & Answers





Platinum Sponsors



Gold Sponsors



Silver Sponsors



Bronze Sponsors



Contributor Sponsors





Thank You For Listening

Forthcoming Events

- Fri, 15 Jul (11:00-12:00) Long Wars & Forever Wars
- Tue, 19 Jul (16:00-16:45) When It Really Starts Raining You Need More Than An ARKK
- Thu, 21 Jan (08:30-09:15) Infrastructure Investment Opportunities In Busan
- Thu, 21 Jul (10:00-10:45) Liability Driven Investment: Creating Liabilities

Visit <https://fsclub.zyen.com/events/forthcoming-events/>

Watch past webinars <https://www.youtube.com/zyengroup>