

MaRS Discovery District

Mobilizing the Canadian Social Purpose Ecosystem

April 2023

Summary of research and recommendations on how to build the social purpose ecosystem in Canada

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INTRODUCTION

The Canadian social purpose ecosystem is in its infancy. While interest is widespread, shared definitions and frameworks, coordinated action, and sectoral engagement vary widely across the country.

To accelerate social purpose in business, ecosystem actors need to be identified, understood, engaged, and connected. To begin to address these objectives, MaRS Discovery District, in collaboration with the **Canadian Purpose Economy Project**, conducted nearly 70 interviews with social purpose business ecosystem stakeholders to better understand their organizations' relationships with social purpose, their

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interest in contributing to the advancement of social purpose in Canada, potential actions they might take, and to identify other actors in the larger ecosystem.

Interviewees were identified by the Canadian Purpose Economy Project and the interviews were conducted from October 2022 – January 2023. While names and organizations are not included in order to respect the confidentiality of the interviewees, the insights and recommendations in this report are drawn from those interviews.

This report is a summary of our research and includes suggestions on how to build the social purpose ecosystem in Canada.

NOTES & LIMITATIONS

While we believe the insights collected through this research are useful in charting a course for the future of the purpose movement in Canada, the findings are qualitative in nature and directional rather than exhaustive and decisive.

BACKGROUND

This study builds upon earlier research conducted by B4PN, a coalition of leaders from the private, non-profit, academic and public sectors funded by McConnell Foundation with a mission to help Canadian businesses shift beyond traditional corporate social responsibility (CSR) to focus on societal purpose as their reason for being. The research identified five strategic focus areas that would advance social innovation:

1. Create an enabling environment
2. Support societal purpose champions
3. Accelerate direct adoption of societal purpose by business
4. Conduct research and education
5. Mobilize resources, including social finance, to advance this work

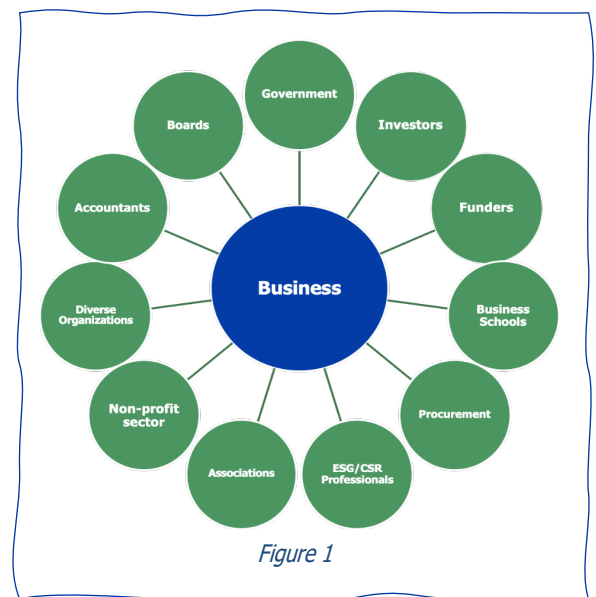


Figure 1

This research concluded that eleven leverage points need to be activated to create the enabling environment for social purpose business to start, transition, thrive and grow as set out in the image on the right (*Figure 1*).



ABOUT MaRS

MaRS is North America's largest urban innovation hub, supporting high-growth startups, scale-ups, and social innovators to tackle some of society's greatest challenges. Our purpose is to help innovators create a better world. We support 1,200+ ventures with specialization in climate and cleantech, health innovation, and emergent technologies.

In 2018, MaRS launched the Business for Purpose Network (B4PN), a project convening 15+ founding members and leaders in social innovation with a mission to advance Canadian businesses as a force for good by putting societal purpose at the core of their work. Through research, network building, knowledge dissemination, and strategic planning, B4PN helped to establish a roadmap for purpose-driven leaders.

ABOUT THE CANADIAN PURPOSE ECONOMY PROJECT

Building on the foundations of B4PN, the Canadian Purpose Economy Project exists to accelerate the transition to the purpose economy. It engages national ecosystem actors to create an enabling environment for social purpose businesses to start, transition, thrive and grow.

It convenes, connects, curates, and collaborates to drive the social purpose business movement in Canada toward an economy where social purpose business is the norm, attracting capital, talent, and partners. In this economy businesses unlock all their assets, influence, reach and scale in collaboration with others to help Canada address its societal challenges and realize a flourishing future. www.purposeeconomy.ca

MaRS gratefully acknowledges Employment and Social Development Canada for funding this project.

This report was created with the contributions of Mike Rowlands, President & CEO of Junxion Strategy, a social impact consultancy that works across sectors, Coro Strandberg, President of Strandberg Consulting, a leading national advisor to business and governments on social purpose business and corporate sustainability and Chair of the Canadian Purpose Economy Project, and Josee Thibault, Director of Philanthropy at MaRS Discovery District.

SOCIAL PURPOSE VISION FOR CANADA

MaRS Business for Purpose Network and the Canadian Purpose Economy Project adopted a common vision for the growth of social purpose business in Canada, which guided the research:

By 2030, at least 25% of Canadian businesses are adopting, disclosing, and authentically embedding a societal purpose across their operations and relationships, and collaborating with others to achieve it.

The target of 25% was chosen with the belief it will create a tipping point, where a series of changes within individual companies will become significant enough to cause a larger, more important change, namely, that all businesses in Canada have a purpose to create a better world and are actively realizing the ambition of their purpose.

Mobilizing the Canadian social purpose ecosystem refers to the development and implementation of targeted measures that create an enabling environment for social purpose business to start, transition, thrive and grow towards the achievement of this vision.

SOCIAL PURPOSE ECOSYSTEM RESEARCH INSIGHTS

Interviews with influential people and organizations regarding the growth and acceleration of social purpose business reveals considerable awareness of, and interest in, this business trend. With the right mix of support and engagement, Canada is poised for social purpose

How you can get involved

Interested in supporting the social purpose business movement? Here are some actions you can take today:

1. Subscribe for Purpose Economy updates at www.purposeeconomy.ca
2. Sign up to receive social purpose information and news at www.socialpurpose.ca
3. Contact the Canadian Purpose Economy Project if you would like to get involved in one of its projects: info@purposeeconomy.ca
4. Promote social purpose business to your network by sharing this report and asking others to get involved

Purpose Economy Definition

“The purpose 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, and resilient future.”

This definition is drawn from the *United Way BC Social Purpose Institute Propelling Purpose Summit* found [at this link](#).

Social Purpose Definition

“A social purpose business is a business whose reason for being is to create a better world.”

This definition is drawn from research conducted by the *United Way BC Social Purpose Institute* found [at this link](#).



business to take off and grow. We found that there is a high degree of ecosystem readiness to engage in advancing social purpose in Canada. Stakeholder groups expressed considerable interest in helping advance social purpose business and growing the Purpose Economy.

Here is a high-level summary of what we learned:

RELATIONSHIPS WITH SOCIAL PURPOSE

Variations in definitions and understanding

When asked to define what social purpose meant, interviewees' definitions and interpretations varied from a narrow focus on why the business exists, to an ESG focus, to the focus used for this project: where the purpose of business is to create a better world. Once informed about the definition used by the project, most agreed with that definition. However, the variations in the definition of social purpose suggest a lack of awareness of what social purpose truly means. Some interviewees, particularly those representing board, accountants, and investors, preferred the language of purpose over social purpose, noting that their sector prefers a broader approach to corporate purpose.

A lack of firm definitions is common in early stages of movement building and was expected, particularly as the interviewees spanned across a broad ecosystem. Nonetheless, this points to the importance, as activities and initiatives solidify, to devote time to context setting and general agreement on terms.

Scattered current activities

Interviewees' relationship with social purpose varied across leverage points, though all were aware and supportive of social purpose. Most interviewees were not active in social purpose business efforts, though all were aware of this trend in business.

Some organizations had already developed, or were in the process of developing, a social purpose as the reason why their organizations exist, though most had not.



INTEREST IN CONTRIBUTING TO THE ADVANCEMENT OF SOCIAL PURPOSE

General support

All target interviewees agreed to participate in the study, showing a high degree of interest in social purpose business, although some delegated the interview to a more appropriate contact within their organization. Most interviewees expressed interest in joining an action group once the activity was described to them, although some identified capacity constraints that would potentially limit their involvement.

Activation

Some champions were identified through the interviews, who were very enthusiastic about playing a role in future activity. These individuals may play a significant role in catalyzing a purpose-driven economy as it progresses and propagates across different sectors and leverage points.

In addition to specific individuals, some leverage points were more ready to activate and form into action groups than others. The groups most ready to activate were: associations, boards, investors, accountants, and Federal Government/governmental ecosystem on social purpose.

POTENTIAL ACTIONS AND NEW ACTORS

Foundational Steps

As few of the identified leverage points had begun advancing social purpose in business, the following foundational steps were identified as appropriate starting points:

- The development of frameworks, how-to guides, case studies, surveys, and other resources
- The development of a formal business case for social purpose business, tailored to each lever, detailing the importance of, need for, and potential impact of their specific contribution
- The provision of education and training tailored to their specific sector, including access to advisors to guide and support the work
- Efforts to encourage their memberships (for those organizations with members) to adopt social purpose through communication, outreach, and momentum building
- Training and support on the adoption of social purpose within one's own organization, where one doesn't already exist
- The development of peer networks to further support the development, adoption, and operationalization of social purpose in organizations

Movement building

Though interested and often engaged in social purpose personally or within their own organizations, many interviewees were uncertain about what steps could be taken to advance social purpose or what additional actors might be engaged to build this ecosystem. This lack of familiarity and limited involvement in the social purpose ecosystem points to an opportunity for coalescence and community building across the country, sectors, and levers.

Identified Opportunities

Some more familiar with the ecosystem identified two key opportunities. First, the procurement practices of large businesses and governments were seen by many interviewees as a ready access point for opening discussions of social purpose in business. Second, some interviewees saw an opportunity to develop a uniquely Canadian model that could be exported to other jurisdictions.

Interviewees further identified a series of opportunities and potential actions of interest. These insights were analysed and synthesized into distinct theories of change for each leverage point in the hopes of serving as a roadmap for future action and of prioritizing of both readiness and potential impact to the larger purpose ecosystem.

Successful activation of the leverage points below, from the context of these theories of change, will help mainstream social purpose within businesses.

THEORY OF CHANGE

The interviews revealed a theory of change that demonstrates how social purpose engagement of the ecosystem actors can:

- A. Increase the number of businesses adopting, implementing, and collaborating on social purpose.
- B. Foster more authentic and trusted social purpose companies.
- C. Realize a more just and fair purpose economy.

Successful activation of the leverage points below in the fashion described will help mainstream social purpose within business.

Following are theories of change for each individual leverage point:

Leverage Point	Theory of Change
Corporate Boards	Raising social purpose awareness of company directors and boards will result in more and more companies adopting and implementing a social purpose as the reason they exist.
Investors	Mobilizing investors to engage the companies they invest in to adopt, govern, and implement a purpose will result in more and more companies adopting and implementing a social purpose as the reason they exist.
Accountants	Accountants are uniquely qualified to create guidelines for how to account, report and assure corporate purpose to demonstrate purpose accountability.
Procurement	Raising the social purpose awareness of suppliers will result in more and more companies adopting and implementing a social purpose as the reason they exist.
Associations	As many associations serve businesses as members, they are a gateway to reaching businesses at scale to encourage them to adopt a social purpose.
Federal Government	The federal government can use its policy tools to create an enabling environment for social purpose business to start, transition, thrive and grow.
Business Schools	Business schools that incorporate social purpose business models into their core curriculum, experiential learning, continuing, executive and professional education programs, and career preparation ensure graduates are equipped to bring this knowledge to their workplaces. This will change the short-term shareholder primacy focus to long-term purpose primacy and increase the number of social purpose businesses.
Diverse business associations	Engaging diverse business leaders in the Purpose Economy ensures its growth is inclusive, just and fair, and incorporates different perspectives on social purpose to yield a well-rounded theory of change.
CSR and ESG Professionals	Upskilling CSR and ESG professionals on social purpose concepts, both those that work in companies, and those that advise companies, can help accelerate the uptake of social purpose.
Non-profit organizations	Engaging non-profit organizations to become champions of social purpose business will increase their trust of social purpose business and equip them to partner and promote social purpose to their business donors, partners, and audiences. Equipping social purpose businesses to partner with stakeholders on their purpose will help them advance their purpose.



Funders	Engaging, educating, and informing funders about social purpose business can build them as allies and funders of efforts to advance the social purpose ecosystem in Canada.
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RECOMMENDATIONS TO BUILD THE SOCIAL PURPOSE ECOSYSTEM

This research points to the following ten measures to mobilize the Canadian social purpose ecosystem.

Action	Description
Sector activation	Sector action tables and peer networks to develop and implement roadmaps and workplans
Sector education and resources	Sector education and training Guidance, frameworks, how-to guides, case studies, surveys, and other resources including the definition of, and business case for, social purpose business tailored to their sector, including why the sector should play a role
Social purpose community activation	National platform and resource to increase the number of participants identifying as a member of the social purpose community and becoming ambassadors and champions Update of the 2021 Social Purpose Ecosystem Map that provides information about the emerging social purpose ecosystem. Link here National summit to convene, engage and educate the social purpose community
Diverse business organization outreach	Outreach and engagement of business associations representing diverse-led businesses
Impact case studies	Videos, podcasts, and publications describing the social and environmental strategies, initiatives and impacts of social purpose businesses fulfilling their purpose
Baseline survey	National survey of businesses to identify the current state of social purpose adoption and implementation
CEO network	National network of CEOs of social purpose companies acting as ambassadors and amplifiers of social purpose business
Canadian public awareness	Canadian social purpose business public awareness campaign
Collaboration capacity and platform	Capacity building, matchmaking and collaboration platform for social purpose businesses and collaboration partners, including non-profit partners and others



Social Purpose ROI	Longitudinal study of the social purpose business ROI (return on investment, i.e., authoritative business case for becoming a social purpose business)
Social purpose rating	Annual rating of social purpose companies on purpose governance and implementation (based on the first rating published by Corporate Knights.)
Social purpose designation	Social purpose curriculum and designation for social purpose professionals, to certify social purpose advisors and consultants.
Social purpose business school chair	Creation of a social purpose chair at a Canadian business school to conduct research, convene and provide resources and education about social purpose in business.

NEXT STEPS

The Canadian Purpose Economy Project, in collaboration with MaRS, has agreed to start the process of mobilizing the Canadian Social Purpose Ecosystem. Over the course of 2023 it will launch a number of Social Purpose Action Groups and initiatives that will kickstart this work. In order to continue to build momentum, the Canadian Purpose Economy Project will also identify funders to help resource and grow the projects.

Progress and efforts will be disseminated online at www.purposeeconomy.ca. We invite interested parties to subscribe to updates and get involved in this movement. Working through collaboration, we intend to advance on the vision of 25% of businesses having, implementing, and collaborating on a purpose by 2030.

CONCLUSION

The Social Purpose Ecosystem is in its infancy, yet key people and organizations are aware of the social purpose business trend and want to play a role to accelerate it. They share the vision that if social purpose business becomes mainstream, then businesses will unlock all their assets, resources, relationships, and influence, reach and scale to address Canada’s challenges. They believe this is a necessary development to ensure a thriving future for all. MaRS and the Canadian Purpose Economy Project enthusiastically concur with this sentiment.



MaRS Discovery District in Toronto is North America's largest urban innovation hub.

Our purpose is to help innovators change the world. MaRS supports promising ventures tackling key challenges in the way we work and live as they start, grow and scale. In addition, the MaRS community fosters cross-disciplinary collaboration to drive breakthrough discoveries and new solutions to be adopted in Canada and beyond, growing our economy and delivering societal impact at scale.

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