UNIVERSITY OF OXFORD

Saïd Business School

The State and Direction of

Inclusive Capitalism

FORD FOUNDATION

Monitor Deloitte.

Table of contents

Executive summary 4

Introduction: The role of business in creating an inclusive economy 6

Influence strategies: The influence strategy landscape 11

Targeting of companies 16

Factors of success to date 18

Gauging measures of effectiveness 22

Primary goals in the future 24

Opportunities for cooperation 26

Ten years hence 28

Appendix 1 32

Appendix 2 34

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1. Academy of Business in Society (ABIS)
2. American Sustainable Business Council (ASBC)
3. Aspen Institute: Business and Society Program (Aspen)
4. B Lab
5. B Team
6. Big Innovation Centre: Purposeful Company Project (PCP)
7. Blueprint for Better Business (BBB)
8. Business and Human Rights Resource Centre (BHRRC)
9. Business for Social Responsibility (BSR)
10. Business in the Community (BIC)
11. Caux Round Table (Caux)
12. Center on Business and Human Rights: New York University, Stern Business School (NYU Stern CBHR)
13. Center for Sustainable Business: New York University, Stern Business School (NYU Stern CSB)
14. Circular Economy (CE)
15. Coalition for Inclusive Capitalism (CIC)
16. Committee for Economic Development (CED)
17. Committee Encouraging Corporate Philanthropy (CECP)
18. Conscious Capitalism (CC)
19. Dejusticia
20. Demos
21. European Fund for Management Development (EFMD)
22. Focusing Capital on the Long Term (FCLT)
23. Forum for Sustainable and Responsible Investment (US SIF)
24. Global Impact Investing Network (GIIN)
25. Global Reporting Initiative (GRI)
26. Globally Responsible Leadership Initiative (GLRI)
27. Humanistic Management Network (HMN)
28. Institute for Human Rights and Business (IHRB)
29. International Corporate Accountability Roundtable (ICAR)
30. IO Sustainability (IO)
31. JUST Capital
32. Main Street Alliance (MSA)
33. Martin Prosperity Institute (MPI)
34. Oxfam Great Britain: Economic Justice Programme (Oxfam)
35. Small Business Majority (SBM)
36. Sustainability Accounting Standards Board (SASB)
37. Tomorrow's Company (TC)
38. United Nations Development Programme: Growing Inclusive Markets Initiative (UNDP GIMI)
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Description of research methodology

The authors of this study are a team of researchers from Saïd Business School, University of Oxford, and the Social Impact practice of Deloitte Consulting, who were supported by a grant from the Ford Foundation to conduct research on forty non-governmental organisations active in the space around inclusive economies.

The project was conducted in two phases. Phase One consisted of desktop research drawing on public information from a variety of sources, including organisational websites, Factiva, and Guidestar. We fashioned a template profile for each organisation, including its vision and mission, core activities, leadership, funding, and influence strategies.

In Phase Two, we developed a nine-section questionnaire that permitted the research team to personally interview the head of each organisation. The template profile was also sent to each organisation to be checked for veracity.

Working from the desktop research and interview transcripts, the research team synthesised and analysed all the material and compiled this report.

Acknowledgements

We extend our thanks to the 40+ founders, CEOs, and heads of organisations we interviewed in the course of this study. Your insights, willingness to reflect, and input are crucial to our research. We also thank the personal and support staff who made our interviews possible, even in the face of significant diary constraints.

Thanks are also due to the research teams at Deloitte, Shreye Saxena in particular, for their essential contributions to the project. We thank Neeraj Dhanothia for his work on graphs and charts. Views expressed in this report are those of the authors, except when otherwise noted.

Executive summary

Inevitably broad, and open to a wide range of definitions, the term 'inclusive economies' nevertheless serves as a powerful sensitising concept to 'high road business.' This study is the result of months of research and individual interviews with heads of non-governmental organisations seeking to promote more inclusive economies. Through a variety of strategies, the organisations included in this research seek to influence business leaders as well as asset owners, asset managers, and consumers to do business that does right by society. This report sets out the world from these organisations' point of view, their diagnosis of what the role of business should be in society, of what stands in the way of business playing that role, and what is necessary to achieve change.

From this research, we learn that the organisations in this study ("the organisations") typically seek to influence business behaviour by shaping the ideas of thought leaders, educators, and senior executives. We identify a landscape of eight key influence strategies pursued by the organisations we researched. We designate the three most prominent influence strategies as "core": convening/networking leaders, research/thought leadership, movement building/community organizing. In addition, we identify five "supporting" influence strategies: acting as an incubator for the development and dissemination of new standards/organisational forms, providing advisory services, working via business education, via public engagement, or through policy/advocacy. Few of the organisations sampled emphasise changing external incentive structures through regulation; most take an inside angle by pursuing change within companies.

We also learned that no single definition of inclusive economies prevails among the organisations researched. We identified five dimensions of inclusion that resonate with organisations in this study: economic inclusion, human development, social inclusion, environmental sustainability, and political inclusion. In interviews, organisation heads expressed general agreement that the term includes the first two dimensions, economic inclusion and human development, particularly in addressing the core challenges of poverty, inequality, and quality of life. Emphasis on the latter three dimensions was more dispersed.

The effectiveness of these organisations to date has centred on influencing others – from education and boardroom agendas to global scenarios, legislation, standards, and benchmarking. Organisations working in this field frequently target senior leaders of global publicly traded firms, without regard to industry. Several organisations target particular issues but not generally with a sector focus.

These organisations' future goals often emphasise extending their global reach (current activity is focused on the United States and Western Europe) and achieving financial sustainability for their efforts. The organisations also intend to influence business education, cultivate leaders, and generally aim to set the conditions for long-term capitalism. Many interviewees expressed that demonstrating that 'inclusive capitalism' works is one of their main objectives.

Cooperation among the organisations in the study was not a natural state of affairs. Yet, there does appear to be potential for developing greater alignment at the level of systemic goals. In spite of competition for funding and influence among these organisations, they share a great

degree of mutual respect and admiration, and largely appear to be pursuing complementary work. Opportunities for building relationships, sharing information, and developing common language exist. That work could potentially build the capacity of these organisations and others in the field while simultaneously making a strong case for the overarching goals that their work is helping to drive.

Organisations expect to see significant progress within the next decade towards aligning public and regulatory demands with inclusive economic aims. They anticipate they will be operating in a context that is friendly to – or might even demand – work towards inclusive economies. The organisations point to the role of data, new tools, and norms in shaping the strategic context in which they operate. Several note with concern the 'overly dominant' role of capital markets in the economy in recent years. These organisations hope that 'mainstreaming' will see the metrics and tools for evaluation of business performance on issues of inclusivity become both standard and routine as paradigms centred on philanthropy and corporate social responsibility (CSR) give way to inclusive economic approaches tied to core business activities and performance.

Figure 1: Influence strategy landscape

Introduction: The role of business in creating an inclusive economy

What is the role of business in creating an inclusive economy?

The role that business plays in society, and the expectations about the role it should play, has shifted dramatically in recent years. Called to a higher purpose, or sensing that externalities can only be ignored at their peril, many businesses are increasingly open to the notion that they have a responsibility for creating a more inclusive economy.[1]

Means to achieve a higher purpose

Organisations with missions to incite businesses to act in a more inclusive, just, fair, sustainable, conscious, pro-social, or responsible fashion have proliferated. The variety of these adjectives demonstrates the range of behaviours that such organisations seek to promote. They also embrace a range of influence strategies, reflecting different diagnoses about the factors that lead firms and their leaders to adopt 'high road' business practices. The Ford Foundation has its own definition of an inclusive economy: one where opportunities abound, standards of living increase for all, and prosperity is widely shared. In this research, it was not atypical for interviewees' descriptions of inclusive economies to mix actions and outcomes, i.e., the ways in which business should act and the vision of what the effect of such actions could be.

'Shareholders are one part of the economy only; stakeholders are the economy.' [2]

Figure 2 lays out a basic range of the purposes of business. The first three purposes relate to 'basic' duties owed to 'voluntary' participants in the enterprise: customers/clients, workers, and capital providers. [3]

While the first purpose, **delivering excellent goods and services to customers or clients,** is ostensibly the reason for the existence of business – and the historic way that businesses described why they exist – it is sometimes forgotten in discussions of the 'higher purpose' of business. Yet organisations that do not deliver excellent goods and services (relative to the prices they charge) cannot succeed in the long run, at least in the absence of market distortions.

For certain types of organisations – mutually

1 Summary statements at the opening of each section are the conclusions of the authors of this report.

2 In this Report, pull-out quotes are from research interviewees.

3 Firms also have contractual relationships with suppliers of goods and other counterparties. These tend to be defined by a set of contracts, upheld by norms and the legal system. We do not discuss those in this report.

owned firms and cooperatives, as well as some privately held enterprises – the second purpose, relating to the **duties to workers,** is as important as the first. Some of the organisations in our study have explicit aims to encourage businesses to devote more resources and attention to supporting this purpose, specifically seeking to change business behaviour regarding pay levels, working conditions, equality of opportunity in the workplace, human rights, and workplace health and safety issues. Employee-centric purpose has become a concern for increasing numbers of firms. In our research, for example, JUST Capital has a broad mandate, but seeks to make companies aware of the extent to which current public opinion demands changes to the workplace. Similarly, the MPI has conducted compelling research on how improved employee conditions are linked to stronger financial returns.

'Companies need to look at what's in the long-term interest of the firm, community, and society. It's only over a longer timeframe that it becomes clear that there's convergence of those interests.'

The **'shareholder or ownership capitalism'** model implicitly assumes that proper management of the first two activities lead to greater 'enterprise or firm value' which will naturally be reflected in share prices (for publicly traded firms.)[4] However, there is a lively debate about whether advancing the interests of customers, employees, and creditors will naturally increase the share price or value of the enterprise or firm. In cases of moral hazard or conflicts of interest, the purposes of delivering excellent products or an excellent workplace can collide with shareholder interests. Furthermore, if today's share prices do not reflect long-term value, then these interests can further diverge. Concern about 'short-termism' and the impact of quarterly reporting was repeatedly cited by organisations as a barrier to the pursuit of inclusive capitalist ends. Most of the organisations in our research exist in part due to their belief in these shortcomings of the naïve shareholder capitalism model. Some explicitly seek to maintain a focus on value, but reframe it as long-term value, such as is the case with FCLT.

Figure 2: A range of 'purposes' of business

The three 'basic' purposes of business outlined in Figure 2 reflect duties owed to voluntary parties to the enterprise: customers ostensibly choose to purchase goods, workers to work, and financiers to provide credit and capital. Standard theory suggests that failure to deliver on the promises made to these parties would lead to free exit – customers no longer purchasing goods, employees and contractors moving to other jobs, or capital providers pulling out their funds.

Free exit is viable if there is *competition* in product markets, labour markets, and capital markets to ensure that these promises are kept. This competition works if customers,

4 This ignores the roles of lenders or creditors. These providers of financing demand returns as well. Overly simplistic models assume that these are simply fixed so increases in enterprise value automatically lead to higher shareholder value. Very real conflicts of interest between creditors and shareholders arise, especially when managers who control the activities of the firm represent the latter.

workers, and investors possess both the *knowledge* and *ability* to exit – to purchase other goods, to move jobs, or to pull out their investments. Information, agency, competition, and free exit go hand in hand. Various institutional mechanisms, public and private, exist to provide consumers, employees, and investors with information to determine whether to exit and to enhance competition.

Put another way, these mechanisms address *'failures'* in the product, labour, and capital markets. These include:

- Mechanisms to inform stakeholders about existing activities with the firm: examples include Consumer Reports/Which and more generally the consumer media (consumers), Glassdoor (workers), or the investment advisory and management industry as well as the financial press (investors). Governments often mandate publication of certain types of information in the form of disclosure regulations.
- Mechanisms to help stakeholders negotiate terms with the firm: examples include labour unions, employment lawyers, investment managers, brokers, and advisers.
- Mechanisms to enhance competition and exit, such as anti-trust/competition laws, or ease of switching rules in banking.

The last two purposes in Figure 2 are inherently 'high road'. 'Higher purpose' relates to duties not only to parties that directly interact with firms, but also to society at large. In broad terms, these duties reflect negative prohibitions *(do no harm)* and affirmative duties *(do good)*. **Negative prohibitions** subject business to certain 'rules of the game' including laws against criminal behaviour, laws against exploitation of children, laws against false statements or advertising, and laws against impure food or drug products. Some negative prohibitions are framed by self-regulating organisations such as industry associations or codes of conduct. Negative prohibitions can also demand that firms not impose negative externalities on parties that have not chosen to engage with the firm – limiting noise or environmental pollution, which can affect not only contemporaries but also future generations.

Affirmative duties to society include a variety of avenues for corporate action. These duties do not typically involve promises to existing customers, employees, and investors. These can include devising new business practices to address chronic issues (such as climate change), taking actions to encourage suppliers and society to address gender wage gaps or sex trafficking and forced labour, supporting education and job training for non-employees, or philanthropically supporting direct service organisations.

'Business is about human purposes… Every attitude which tries to suggest that business is somehow separate from the human activity in the whole of society is perverse… And it's perverse because actually it leads to bad financial outcomes. Let alone it's perverse because it leads to bad social outcomes.'

How are firms encouraged to adopt 'higher purposes'? There are many actors in the economic, social, and political systems that surround business who have the potential to exert positive influence. (See Figure 2 for a map of the actors and their relationship to one another.) *Governments* can discipline firms with respect to negative prohibitions through laws and regulations, such as child labour or pollution laws. If government were the only actor to nudge firms to higher purpose, then simply following the law would suffice to get firms to act in the appropriate manner. However, laws and regulation vary by jurisdiction and business influences them through lobbying. As a result, many of the organisations studied judge that laws and regulations tend, for the most part, to define *minimum* norms of behaviour, or less. Yet

notably, only a few of the organisations studied have strong advocacy and legislative arms.

To complement governmental action, markets can nudge firms to act differently. The primary 'markets' discipline firms with respect to product, labour, and capital market behaviour. These same markets can be leveraged to nudge firms to higher purpose by encouraging consumers, workers, and investors to incorporate these objectives in their shopping, workplace, and investing decisions.

This *indirect influence model* is central to many of the organisations we have studied. While this research did not include organisations that primarily exist to mobilise consumers, CIC seeks to influence asset owners and asset managers to 'invest in businesses that are doing the right thing'. SASB develops and disseminates tools designed to increase transparency into business' impact on social, environmental, and governance concerns. CC intentionally frames itself as a 'movement' seeking to raise concerns about the purposes of business with a range of stakeholders. Through a strategy of 'iconic influencing' and the use of high-profile business leaders, the B Team aims to create 'positive peer pressure' among CEOs and business decision-makers.

This influence strategy uses a firm's reputation to motivate change. Firms (along with individuals and products) have reputations, which are beliefs held by stakeholders about the firm acting in a certain way. In this case, organisations attempt to influence the actions of consumers, workers, investors, and governments by having them adopt new models of 'good' behaviour, and then judge firms against these higher standards. In some cases, organisations target specific actors, while in other cases they try to influence behaviour broadly through shaping the ideas of thought-leaders and educators. Written reports, rankings, large public forums, awards, and naming/shaming activities influence the thought-leaders who influence opinion. The majority of organisations interviewed pursue most of these actions on a regular basis. Other models of influence target educators (as is the case with the EFMD or ABIS) or via media (CIC and the GIIN).

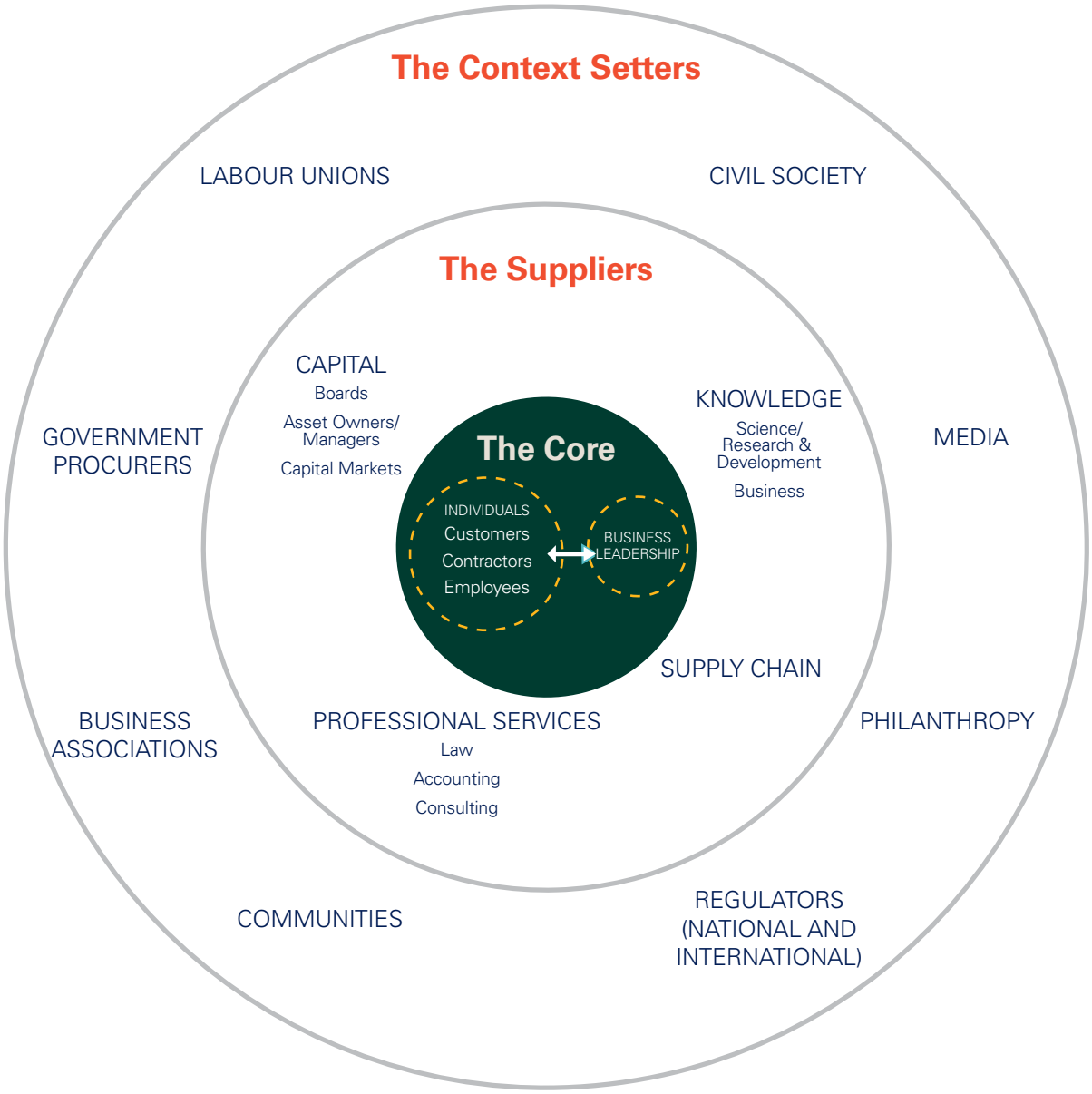
Other organisations focus their attention directly at corporate managers and boards, seeking to change behaviour directly through informing business leaders and supporting their attempts to seek higher purpose. For example, BBB's closed door sessions with CEOs and Chairs seek to inform and nudge corporate executives and boards directly. Indeed, many of the organisations interviewed attempt to directly influence senior business leaders – CEOs of publically listed companies in particular – to further their aims.

'The role of business is to advance human prosperity within the boundaries set by nature.'

In summary, the organisations interviewed for this research seek to help business see 'doing good' as a duty as well as a practical possibility. To be effective, such efforts must be commensurate with success in the eyes of business's core relationships, i.e., with customers (price), employees (salary or benefits), and investors (return on capital). In some cases, the standards used by these stakeholders to evaluate businesses are changing, placing a greater emphasis on the importance of 'doing good'.

In Figure 3, we set out the 'ecosystem' of actors with various points of leverage over the development of more inclusive forms of capitalism. Many businesses today face fundamental challenges to their most basic operating models. Organisations emphasised how often a call for 'high road' business may be viewed as superfluous in the face of pressure to emphasise relationships with consumers, employees, or capital in order to survive. While economic systems are in flux, organisations

Figure 3: The actors who can create a more inclusive capitalism



No single actor has the ability to independently drive capitalism in a more inclusive direction, but many actors have significant leverage over relevant economic, social, and political systems. We depict those actors here in three rings, a stylised view of an ecosystem rapidly transforming for the 21st Century.

The Context Setters: These actors have the ability to change the operating context for business. Their actions may not directly produce inclusive business practices, but they can create pressures towards greater inclusivity. These actors typically have greater latitude in their choices than those in the inner two rings.

The Suppliers: These actors provide three key inputs for business – capital, knowledge, and professional services. They typically have less latitude to change their practices than the Context Setters, but their direct relationship with business leaders gives them great potential for influence.

The Core: At the heart of inclusive capitalism is the relationship between business leaders and individuals, the latter in their roles as customers, contractors, and employees. Changing the tightly-constrained choices of these three groups is the ultimate goal of any work to shift capitalism in a more inclusive direction.

Influence strategies: The influence strategy landscape

What are the influence strategies driving the work of these organisations?

'Inclusive capitalism' can be understood as a potentially powerful idea in search of a theory. The organisations interviewed for this research are compelled by a variety of strategies for achieving systemic influence, but specificity around mechanisms leading to change is often underdeveloped. They do not comprise a business-to-consumer movement, but a business-to-business movement, in which organisations seek to influence business directly. Many organisations pursue a 'top-down' approach to change through which they seek to influence individual business leaders or networks of leaders – frequently CEOs of publicly listed firms – in order to catalyse change in organisations. Definitions of inclusivity abound, and organisations also turn to a wide range of other terms to describe the aims of their work.

The organisations interviewed for this research seek to make progress on a variety of environmental, social, and governance challenges. Most seek to transform markets or engage in new approaches to economic activity and corporate behaviour. For many institutions, 'inclusive capitalism' is nested among a set of associated vocabularies ranging from 'responsible business', to 'equitable capitalism', to 'inclusive growth'. Despite a broad recognition of the importance of inclusive economies, there is surprisingly little consistency on the term or the scope of its definition (See Appendix: Definitions of inclusive economies). At their core, however, most organisations interviewed share a focus on addressing the deficiencies of solely prioritising returns on capital at the expense of other stakeholders and concerns.

In this section, we present the influence strategy landscape, a typology of the diversity of influence strategies pursued across organisations in this field. We identify three core influence strategies that are pursued across the group: **convening/networking leaders, research/thought leadership,** and **movement building/community organizing (See Figure 4).** In addition to these core three, we identified five supporting influence strategies with traction among organisations in this space. These include: acting as an **incubator** for the development and dissemination of **new standards or organisational forms,** providing **advisory services,** and working via **policy/advocacy, public engagement,** or **business education.**

Influence strategies: The core three

A majority of the organisations researched embrace an influence strategy that hinges on two drivers: **convening/networking leaders**, frequently senior leaders in listed firms, and, relatedly, **research/thought leadership**, typically targeted at these same leaders (as opposed to, for example, consumers or the general public). Organisations often also turn to a third influence strategy, **movement building/community organising**, as an important aspect of their work. Most organisations

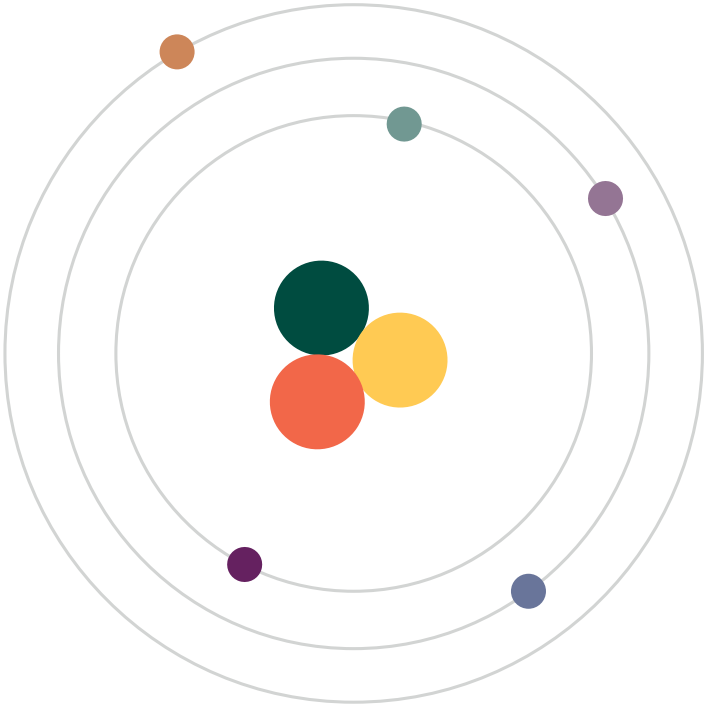
Figure 4: The influence strategy landscape

Core influence strategies:

- Network/Convene leaders
- Research/Thought leadership
- Movement building/Community organising

Supporting influence strategies:

- Policy/Advocacy
- Incubate new standards/Organisational forms
- Business education
- Public engagement
- Advisory services



interviewed articulate some important role for policy, regulation, and government, but only a handful seek to directly engage government policy as a primary means to accomplish their aims. Many organisations expressed a desire to engage more effectively with government, a crucial Context Setter.

A strong assumption shaping the organisations' influence strategies appears to be that 'ideas matter'. It is also assumed that leaders will be able to affect change in their organisations as a result of exposure to powerful ideas and networks. Hence an emphasis on thought leadership prevails, and the most commonly pursued influence strategies among the organisations rely on some form of influencing senior leaders. As the director of one organisation described, 'Inside every Chief Executive there is a human being trying to climb out… our job... is to create circumstances in which they feel… committed to make a change.'

Multiple organisations emphasised the importance of impacting on 'individual leaders' worldview, knowledge, and attitudes'. Many convene groups of leaders or seek to develop leaders' networks in hope of instigating what one organisation called the 'peer effect' through which business leaders are given 'the courage to act'. The idea motivating the 'peer effect' is that by surfacing and normalising discourse around inclusivity and responsibility among peers, individual leaders feel it is appropriate in turn to direct their firms towards these ends. In this vein, many organisations emphasise the 'power of example', whether through parlaying the 'respect and influence' of specific, well-known business leaders in society, or via best practice examples to inspire other businesses towards practical change.

What can be observed about the core three influence strategies embraced by many of the organisations interviewed? First, they are strategies primarily focused on influencing business directly. Among the organisations researched, influence strategies centred on consumer pressure, regulatory structures, or engagement with other civil society groups are less common.[5] Second, the organisations typically seek to influence business and society primarily by targeting leaders of

5 Organisations engaging alternative influence strategies exist outside the sample of those interviewed for this research. Examples of alternative influence strategies within our research sample include, but are not limited to, Oxfam, ICAR, BHRRC, and IHRB.

corporations, often those that are publicly held.

There are important exceptions to this tendency to work with publicly held firms, in which organisations work intentionally with privately owned or family firms. At least two organisations, CIC and FCLT, embrace an influence strategy that emphasises asset owners, under the hypothesis that when investors demand change towards inclusive economies, firms will respond. In general terms, organisations in this study work through 'top-down' influence strategies characterised by an emphasis on convening very senior business leaders, who then are intended to influence their firms and industries. This approach is both strategic and, crucially for some organisations, manageable. Where resources are scarce, some organisations have opted to focus their efforts on key events, such as gatherings of CEOs, rather than attempt to spread their influence more thinly elsewhere.

Influence strategies: The supporting five

The pursuit of change through influencing key leaders with powerful ideas, and supporting these with advocacy whenever possible, is prevalent. Following this approach are three influence strategies that appear with relatively equal frequency among the organisations interviewed: *incubation* and/or dissemination of *new standards or organisational forms,* provision of *advisory services*, and influence via *business education, public engagement, and policy/advocacy.* These strategies are typically in support of the first three, but form a primary influence strategy for some organisations.

Organisations active in the development/proliferation of new standards or organisational forms might describe their work as 'systemic'. As one organisation summarised, 'this is not about trying to teach individuals how to behave in [an economic] system that doesn't work, it's about providing an alternative system in which to operate'. This can be accomplished through the proliferation of data or standards such as SASB or JUST Capital, through the promotion of new organisational forms such as B Lab or Yunus, or via shifts in processes of manufacturing such as with CE.

In each case, such organisations aim to promote an alternative to 'business as usual' through specific tools. In most cases, such paradigms currently represent a 'market within a market'. Though many of these organisations work with the world's largest companies, they offer an alternative mode of operation outside the mainstream of core business. The majority of these would argue that this is a temporary phenomenon and that the tools they offer can and should become a standard feature of business practice in the future.

'If you get the rules of the game right, it'll lead to better outcomes. The holy trinity is a strong standard that has industry buy-in that is then captured in a regulatory mechanism with civil society support behind it.'

In order to grow new initiatives and paradigms, an incubator is often necessary. The incubator approach is aligned to organisations that seek to promote new standards or organisational forms. Yunus, B Lab, and CE, for example, make important investments in piloting and scaling initiatives that work in their way of operating. Such organisations also typically provide advisory services to business, with the aim of helping to adopt their principles and practices. Advisory services are pursued by some organisations that work through a leader engagement/thought leadership model as well, and represent an important income stream for a subset of organisations.

An influence strategy focused on business and management education is present among a handful of organisations including ABIS, GRLI, EFMD, and Aspen. These initiatives emphasise the role of education in proliferating norms about business behaviour, as well as the tools

available to managers seeking to promote practices conducive to inclusive economies.

All organisations interviewed rely on public communication and media in order to disseminate their work. However, public communication did not represent the core driving influence strategy for any single organisation interviewed. Some, such as the BHRRC, publicise their findings about companies with an eye towards the general public and other civil society actors, but this was atypical among the group. Most organisations interviewed have relatively limited resources available with which to engage via social media, mainstream media, or traditional PR vehicles. This combined with their focus on business rather than, for example, consumers, means public communication typically formed an ancillary rather than core aspect of their influence strategy.

In summary, the organisations interviewed for this research tend to enact change by seeking to influence individual leaders of companies, or groups of company leaders, with their ideas. Their capacity to provide practical guidance on how to implement change towards inclusive economies is limited, though some organisations do offer advisory services to business. Approaches to change from 'the outside in', i.e., seeking to influence business through consumers or public policy, are less commonplace. Perhaps in part due to their organisational capacity, but also due to their conviction in the power of their ideas, organisations tend to lean heavily on thought leadership as a means of achieving influence. Those organisations proliferating new standards or organisational forms, or gathering new types of data, operate under a different change model to those who take a thought leader approach.

The field in which these organisations operate is also home to various sources of change that are often underexplored - what we call the 'dogs that don't bark'. The approach of working with leaders of large, public firms appears to be well established. Some work with asset owners is also present. However, at least one interviewee expressed interest in pursuing work in private equity. Similarly, several interviewees mentioned the, largely untapped, potential to work with boards, suppliers, and employees towards inclusive economic ends. One interviewee emphasised the important role that business plays in setting social norms, suggesting increased attention to advertising and messaging.

Finally, one organisation signalled the need for increased attention to how business is situated within wider systems of governance. They note that individual companies, however large, in fact often wield relatively limited influence over the systems in which they operate. Instead of identifying 'good companies' and 'laggards', this organisation therefore advocated analysis of how companies operate within systems, including in light of the civil society and public institutions they sit alongside. Such a perspective inevitably moves to the role that business plays in governance, and 'how good governance can be created in sectors, and bad governance avoided'.

Figure 5 illustrates the relative number of organisations pursuing the eight influence strategies. Organisations were asked to identify just one primary influence strategy, but could designate multiple secondary influence strategies for their work. Full detail of responses is provided in Appendix 2.

Consider:

- Are there other influence strategies that should be reflected here?
- What evidence exists about the efficacy of the strategies being pursued?

Figure 5: The influence strategy landscape (see Appendix 2 for detail)

Targeting of companies

Do organisations target specific sectors or industry areas?

No. Organisations working in this space frequently target senior leaders of global, publicly traded firms, without regard to industry. However, there are important exceptions to this trend.

A A review of targeting strategies reveals three primary features. First, organisations rarely pursue a strategy of targeting particular sectors or industries. Second, many focus their efforts on large, publicly listed companies, often those which are consumer facing. Third, it is common for organisations to target specific functional areas within large firms, most typically individual CEOs and their immediate senior leadership teams. As the head of one organisation described, 'We are looking for personal commitment from visible leaders'. Several organisations articulated that they feel key individual leaders are best placed to catalyse 'a movement' both within their own organisations and among their peers.

'[We target governments] because where public goods aren't being addressed… we've seen a consistent failure to see [our efforts] go to scale.'

No organisation studied articulates a specific, standalone emphasis on board members. A small handful articulates an emphasis on suppliers to large global firms. Emphasis on customers or broad-based public outreach is also rare, as is activity with small and medium-size enterprises.

'Listed companies can be exemplars, but being listed actually makes it harder.'

Our research also identifies at least three important exceptions to these findings. First, a subset of organisations intentionally pursues work with privately held and family firms, instead of or alongside efforts to engage listed companies. The head of one organisation shares the experience that 'exemplars' can often be found outside the listed company sector, including within 'family owned, employee owned, and private equity owned businesses at their best', concluding that, 'listed companies can be exemplar, but being listed actually makes it harder'. There appears to be a potentially significant distinction between the influence strategy of a majority of organisations who emphasise work with listed companies and a minority who focus on non-listed firms.

Second, some organisations engage in a degree of sector-based targeting, either seeking to work with sectors that have particularly high visibility (CE), that face especially complex challenges (BHRRC), or that they feel have particular leverage over other sectors (CIC). Third, a minority of organisations engage non-corporate entities including business schools (EFMD) and

governments (Oxfam). Overall, targeting strategies focused on other civil society entities or on governments and multilaterals are not characteristic of these organisations.

Finally, several organisations target particular *issues*. For example, Oxfam stresses women's economic participation and how economic inclusion can benefit the very poor, particularly in rural and conflict-prone areas. Oxfam also features a distinctive focus on public goods. The BHRRC focuses on labour rights, natural resources, and support for human rights defenders working in perilous contexts. The CE targets the topic of shifting processes around product design and manufacturing. The work of the MPI features a particular emphasis on quality jobs.

Who are you targeting?

- *We target CEOs of large public companies.*
- *We are looking for personal commitments from visible leaders.*
- *We target individuals running large enterprises.*
- *Our audience is [CEOs] of Fortune 500 companies.*
- *We are targeting the number one person in companies, the CEO.*
- *Our flagship event is our CEO summit.*

Because the organisations reflected in this research share important features in terms of their approach to targeting, they may compete for engagement by the senior leadership, and CEOs in particular, of listed global companies. It is possible that this phenomenon could contribute to a sense of competition between organisations, rather than fostering collaboration towards shared aims.

In summary, organisations do not engage in sector or industry targeting to a significant extent. Several organisations framed themselves as seeking to build a movement. As the head of one organisation described with regard to their targeting strategy, 'Like any movement at the beginning, it's a combination of being opportunistic and strategic'.

'Like any movement at the beginning, it's a combination of being opportunistic and strategic.'

Consider:

- Where could additional targeting occur within this space?
- Could organisations in this space seek opportunities to consider:
  - Targeting boards
  - Targeting suppliers
  - Collaboration on work with senior leaders of publicly listed firms
  - Engagement with private, non-listed firms
  - Engagement with SMEs
  - Engagement with government/multilaterals

Factors of success to date

Why have organisations been effective at bringing about change to date?

On the question of demonstrable success, interviewees' responses varied considerably. Underlying those responses were three things: first, 'success' can simply mean steps taken in the right direction, as opposed to attainment of some ultimate goal; second, there are often difficulties inherent in attempting to measure success, with one effect being that success is illustrated anecdotally, rather than measured at a macro level; third, there is a limited amount that the interviewee organisations can do to 'be successful' because so much of their work depends on factors not directly within their control, not least the activities of others.

On the first factor – success in the form of instrumental steps – an illustration comes from one organisation which notes 'there are no final victories, there are no final defeats, there are only steps.' For that organisation, evidence of success is sought in inputs (activities that suggest positive outcomes, such as growing corporate responsiveness to allegations of abuse) rather than outputs (in the form of some measure of whether abuse is overall an increasing or decreasing phenomenon). Likewise, for another organisation, success is interpreted by means of incremental steps towards some final end: 'it's on the level of participation … the extent to which they're promoting the idea to their employees, the extent to which they have product, service solution, innovation in place... we, we don't have specific measures of, metrics of, potentially revenue that is restorative and generative, for example, at this stage.' While sensibly, and to a degree unavoidably, pragmatic, the challenge in such an approach is in knowing whether real, net progress is being made: for example, is evidence of success in one area outweighed by setbacks elsewhere? Is success sustained or via a step approach?

'We stay focused on the long-term game of systems change.'

On the second factor, the difficulty of measuring success, the problem was implicit in many of the interviews while addressed directly in others. For example, one organisation found that: 'describing our impact is really tough.' In general, there is a direction of travel towards the development of metrics, but whether this is 'real' or wished-for is difficult to tell. This contrast can be illustrated by continuing the prior organisation's example where, on the one

hand, 'we do have, and we have developed a variety of tools that allow companies to measure circularity' yet, on the other hand, there is the qualifying statement (common across interviewees) that 'it's very early, this is a very early stage of development.'

'[Success means] setting out a sensible and manageable route ahead for all stakeholders.'

A related issue is the *attribution* of successful outcomes. Another organisation, for example, noted that short-termism is now 'in the water', which is a measure of successful influence. Yet the caveat 'we're not the only ones responsible,' suggests a difficulty in attribution. This is an issue that varies across interviewees, according to whether (at one end of the spectrum) the organisation has a product, service, membership, or similar impact that can be measured in terms of its adoption, as opposed to whether (at the other end) the organisation is simply part of a broader social movement or just another pair of hands in a collective labour enterprise. The latter end of the spectrum might be characterised as the 'Unilever-type problem' – it is possible to buy-in to the Unilever model, even to use it as an illustration of the success of any given NGO's model, yet Unilever cannot be claimed by any one organisation as its own success story.

On the third factor, control over successful outcomes, there was a common theme in an appeal to 'influence others' as being a measure of success. This is related to both of the issues above, because influence can be described as an instrumental step, the effectiveness of which is difficult to measure. In practice, influence can be sought through a number of channels, with respect to which the interviews were rich in illustration:

- ***Business education:*** 'The latest accreditation standards from both AACSB and EFMD... now reflect the language and the proposals of the Fifty Plus Twenty vision.'
- ***Boardroom agenda:*** 'If you look back to our early work with the original 1995 RSA … there are numerous Chief Executives and people then or now who said that report was put in front of our Board and we used it as a basis for the refreshing, the renewal of our own agenda.'
- ***Global aspirations/targets:*** 'We did a lot of work on this and our leaders agreed to it and they very much pushed for a small number like Mary Robinson, Paul Polman, and Richard Branson, and the position we announced was net zero 2050…that was way ahead of what others were saying, so the concept of going net zero was not on the lips of business leaders…and then throughout the year we then progressed that, we then got our companies to follow suit, we got ten of our companies to commit to the coming net zero 2050 in their own operations and we're developing that network.'
- ***Legislation:*** 'The 2006 Companies Act with its revamped issued directive, that all happened and I was contacted soon after the large companies report was published by the people leading the review in to the Gladstonian system of company law and how it needed to be changed.'
- ***Creating standards:*** One organisation emphasised the importance of large-scale corporate adoption of their approach.
- ***Enabling collaboration/learning/benchmarking:*** 'We set the CE100 up as a programme whereby we bring together large corporates, university players, academics, emerging innovators, and governmental regional bodies, and each of those four groups are supported through the platform and what we do is we provide learning programmes remotely to the members.'

Figure 6: Thirty five most frequently used words in research interviews

All of the above speak to different ways of contributing to a collective enterprise. In some cases, the contribution was defined in ways that are relatively narrow and have a clear focus. In others, an explicitly coordinating, action-oriented role was set out. Oxfam, for example, described collaborative research, which then led to an agreed roadmap with stakeholders, in other words a wide-ranging process of understanding and then influencing others.

A final point might usefully be made. Success to date in this space is nothing in comparison with the potential success to come. The

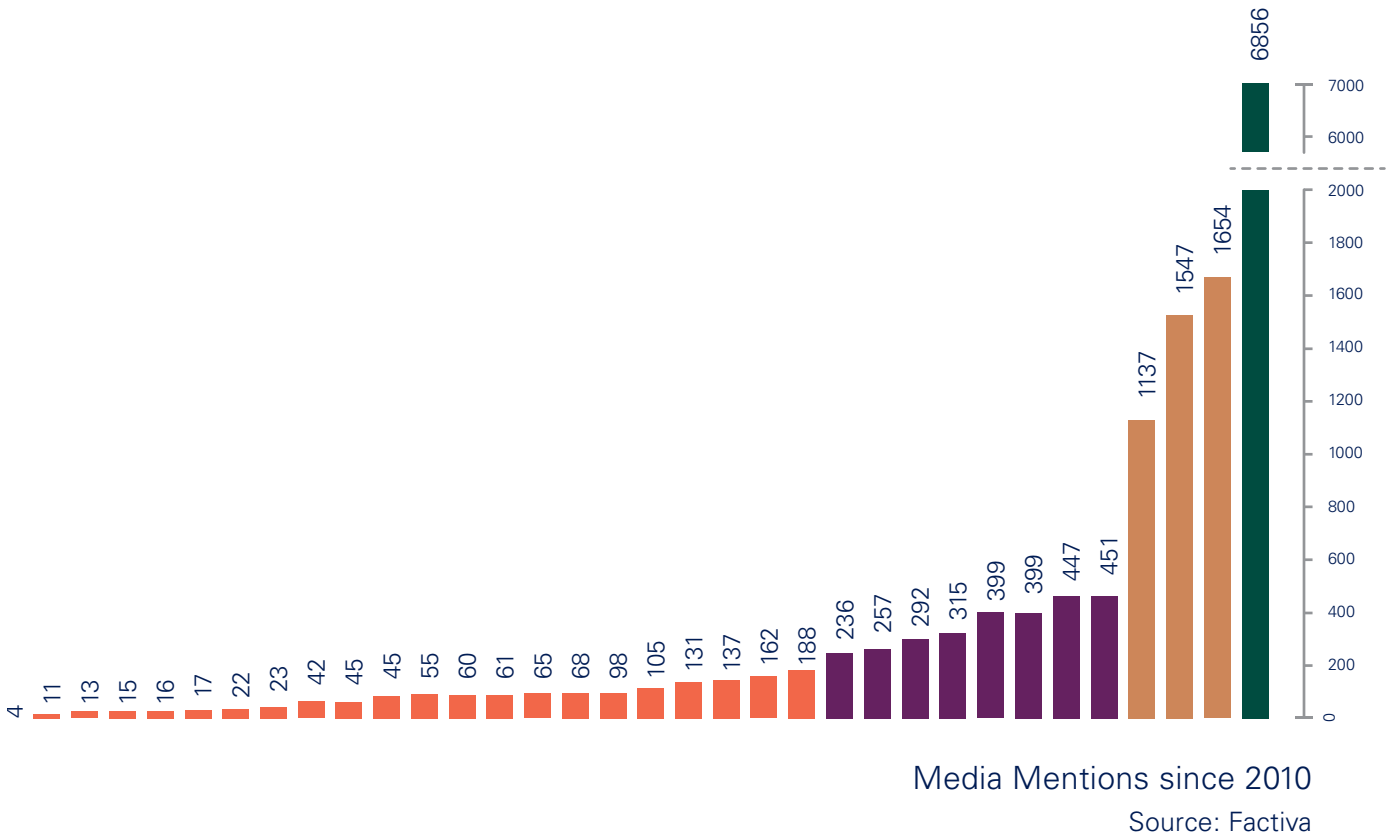
'What you have to do is establish the truth about an issue. That drives everyone together.'

'We are a non-market participant creating a high trust environment for key stakeholders and influences. This is why we are effective.'

interviews contained refreshing reminders that the journey lies ahead with respect to successful outcomes achieved so far, as one new organisation acknowledged: 'I've got to disappoint you because we're still early in that.' While recent activities have yet to bring inclusive capitalism into the mainstream, there are many indications that society is arguably now at a tipping point where that mainstreaming is now possible, creating substantial opportunity for these organisations to achieve progress.

Organisations interviewed for this research

Figure 7: Range of media mentions for organisations included in this study



'We've been successful because we promote [our work] on the basis of an economic rationale.'

tend to share a challenge: when gauging success, how to know what to measure? A good 'theory of change' will name the intermediate outcomes expected as a result of an organisation's activities, and will articulate how these intermediate outcomes contribute to the global impact the organisation seeks to make. For many of these organisations, such a theory of change is nascent, or relies on the organisation performing an intermediary function that is difficult to track. Systematic change of the sort most of these organisations pursue occurs over the long term, and requires interventions at multiple levels of a system simultaneously. The absence of effective coordinating mechanisms or accepted standard definitions of success in this field presents an on-going difficulty.

Consider:

- How best can organisations turn moderate or incremental success into sustained and scaled-up success?
- What are the true measures of success in this space?

Gauging measures of effectiveness

How do organisations measure their effectiveness and success?

Effectiveness and success are measured in relation to the goals of the organisation and its process of effecting change. This was sometimes done by reference to formal metrics but usually not, and many organisations encountered serious hurdles in developing metrics.

Organisations are seeking to effect change in the way in which business is conducted and are looking for evidence that this is occurring. In some cases the measure of success comes from the ultimate goal – the adoption of sustainable policies, the treatment of employees as individuals not assets, the valuing of people in organisations, and investment policies of institutional investors that shift from short-term profits to long-term value creation.

'Measurement continues to be a very complicated and complex area, and it's also one that we find extremely difficult to get resources behind.'

In other cases, the focus is on the process of promoting change – engaging business leaders, policymakers, and thought leaders in adopting practical goals such as zero net emissions by a particular date or evidence of 'ripples' that something is occurring which can be traced back to the activities of the organisation. Has there been an increase in activity and investment in the relevant area? Participation of large companies is often regarded as critical to this. Education and the role of business schools are frequently mentioned as key parts of the process of achieving change, and evidence is sought that they are adapting the nature of their curricula and making inclusive business a key part of their courses.

Effectiveness is sometimes measured in terms of formal metrics. These take two forms. They firstly relate to the organisation itself. For example, some organisations record the size of their membership and the extent to which they have attracted particular types of members, for example large as well as small companies. How financially sound is the organisation? Is it succeeding in putting itself on a firmer, longer-term basis? Is it moving from loose networks to a more structured formal arrangement?

The second form of effectiveness is in relation to the goals of the organisation (as against the organisation itself). Examples include the level of its success in promoting creative rather than routine jobs and the number of jobs that are becoming available in the relevant area, such as in 'conscious businesses'. In some cases, organisations measure success in terms of the number of policies that they have influenced and their ability to alter discourse in desired directions. How many speaking engagements have they received? Are they asked to participate in policy debates and contribute to

policy discussions? How many of their reports have been used by policymakers and how often have they initiated successful collaborations between institutions and companies? Convening the right people at sufficiently senior levels in corporations and government and getting them to engage in a serious meaningful way was frequently mentioned. Convening business schools to establish new curricula and courses that students really value was another indicator of achievement.

'It may be too early to invest in measuring impact in a consistent way.

However, even more striking were the few occasions on which formal metrics of success were mentioned. In general terms, organisations found it difficult to provide clear measures of success: 'describing our impact is really tough', 'we find that difficult, to be honest', 'we have not done any serious, consistent impact analysis', 'it may be too early to invest in measuring impact in a consistent way', 'we are just not far along to give you specifics' were some of the many comments to this effect.

There is often an intention to develop metrics in the future and it is frequently regarded as a priority: 'we'll spend a period of months improving those metrics', 'we're going to be producing an index of performance'. Organisations are seeking to measure what people care about and to celebrate cases of success by creating awards and recognition of top performers. But with a few exceptions, performance measurement for the moment remains informal. This means that while organisations have strong and meaningful aspirations and goals, they cannot easily demonstrate and quantify their ability to deliver on them. They aspire to improve business but they often lack specific measurable goals of the way in which they are influencing this or indeed whether the nature of business is changing.

Even less frequently do these organisations get anywhere near addressing the trade-offs that inevitably arise in terms of the delivery of higher purposes – the sacrifices that may need to be made in some areas, such as poverty alleviation to avoid detrimental environmental consequences, or job security

'We struggle with measurement, as does any intermediary.'

to achieve greater employment. How should these different outcomes be measured and how should they be traded off against each other? The current state of measurement in nearly all of the organisations did not come anywhere near addressing these complex measurement questions let alone providing much more basic measures of success.

Consider:

- Is further progress on measurement important to the ability of your organisation to reach its objectives?
- What kind of barriers do you face to measuring what you want or need to?
- How are these barriers shared among organisations?
- What 1-2 things could help overcome these barriers?

Primary goals in the future

What are the organisations' future goals?

Future goals relate to the organisations themselves and the institutions they seek to influence. In the absence of specific metrics for the latter, the goals frequently remained at a high level of abstraction.

The organisations' future goals take two forms. First, they relate to the organisations themselves: to grow, to extend their global reach, to make themselves financially sound, and to put themselves onto a more robust sustainable basis. 'Growth – this year will be our biggest growth in 20 years', 'the number of companies: we're trying to grow the number of companies in the single digits; double digits would be great', 'we'll continue to grow in the US and we're creating a global exchange of like companies to grow our global reach'.

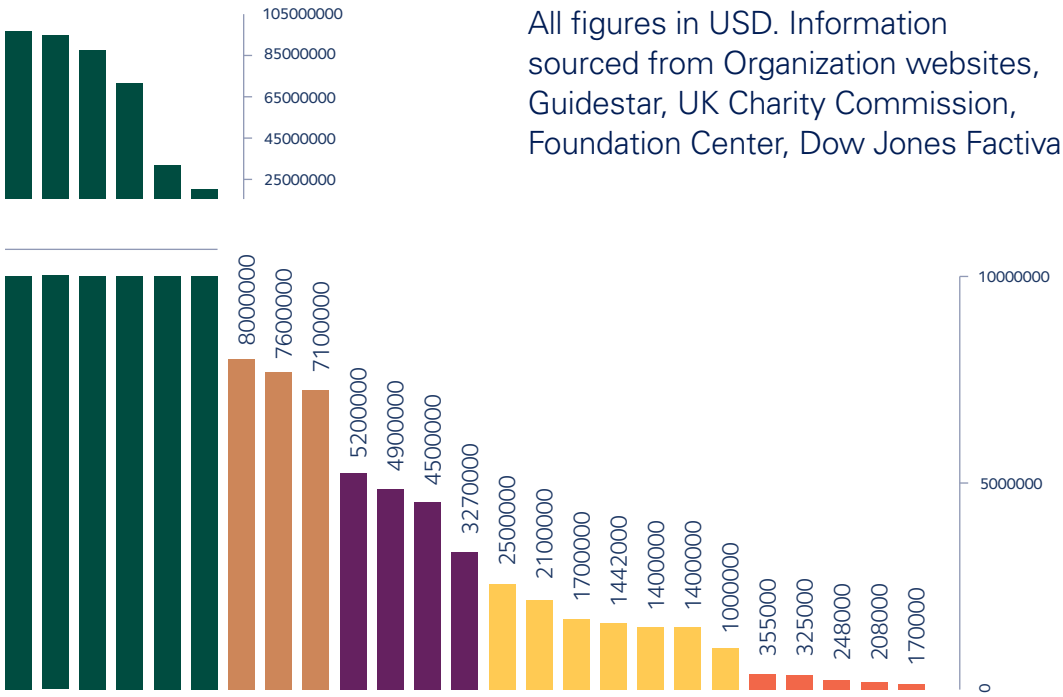
Some organisations wanted to change the nature of their engagement and to become more effective rather than just bigger: 'the depth of engagement: we're trying to get deeper with a select number of those; for example we're working with an insurance company on impact investing. We want to build tiers of service: there's company-level, CEO-level, and Chairman-level'. 'We're pivoting from being an industry association to being more of a leader. That means building out, building our ability to provide market intelligence, and achieving an overall shift from "why impact investing" to the "how"'. 'We want to be effective in the industries where we've set out to operate, and we want to have research products tied to a very clear advocacy/exchange agenda, and make progress'.

The second set of goals related to the objectives of the organisation. 'Advancing our three initiatives – influencing business education, cultivating leaders, and setting the conditions for long-term capitalism' was how one person responded in relation to the three primary objectives of their organisation. Several other organisations echoed this goal of influencing the way in which companies, governments, investors, business schools, and policymakers behaved. Help facilitate the mobilisation of more capital; reshape the mind-set of more investors to take on impact; and establish a credible practice of impact measurement were the three main goals of one organisation. Creating 'circles of action' spiralling up from entrepreneurs through leaders of small companies to larger companies built around the key topics such as climate change and governance was how another organisation sought to promote change.

Education, and business schools in particular, were often regarded as key components of this process of influence. 'Primary and secondary education in my opinion are very critical in this respect'. 'We are also trying to help institutions in emerging companies that are working in very difficult countries… by twinning them and more advanced business schools, to optimise their impact on society.' More specific goals mentioned by organisations included 'parent-company accountability', working with regulators to increase uptake of a standard, or increasing the user base of tools.

Demonstrating that inclusive capitalism works was often mentioned as an objective. 'We have a very definable path that is measurable and we have shown that companies who play by the rules of inclusive capitalism are more successful, better places to work and

Figure 8: Funding range for organisation included in this study



All figures in USD. Information sourced from Organization websites, Guidestar, UK Charity Commission, Foundation Center, Dow Jones Factiva

a basic acknowledgement that this system, i.e., capitalism, works; and that would be my real goal'. 'You can have an impact on overall corporate value – you're a better place to invest than an irresponsible company that, say, jacks up its pharmaceutical prices'. 'If you negotiate fairly and you provide some form of recompense and compensation for the loss of land then… that's much more likely to be a stable agreement. So again there's a business case to this... so that's another area we want to be working with business.' 'There are, as you will know, lots of academic studies that demonstrate that in a far more open civic society with human rights defenders, you tend to get a better business environment and a more prosperous business environment. But getting that voice out and making it stronger is going to be fundamental to the rest of it.'

Organisations therefore had bold and imaginative goals for both themselves and the institutions with which they were working. However, in the absence of clearly defined metrics of performance, those goals frequently remained at a high level of abstraction. They were rarely translated into specific targets against which their performance over the next five years could be evaluated. So while the desirability of their goals could not be disputed, the credibility of being able to demonstrate success in delivering them was more in question.

Consider:

- How do organisational aspirations match up to organisational capacity in this space?
- What is necessary in the ecosystem in which organisations operate for them to succeed?

Opportunities for cooperation

Can the organisations interviewed for this research help create a more inclusive economy – via the high road business behaviours such a system demands – in the absence of greater coordination?

Collaboration among these organisations is possible but not a natural state of affairs. There were several areas for possible future cooperation mentioned by a number of organisations, but the question of whether it is necessary remains open.

There are at least three main reasons why collaboration between these organisations is not a natural state of affairs. First, the on-going influence of founders in some cases leads to a heightened sense of uniqueness, making collaboration and compromise difficult. Second, as one interviewee articulated, organisations often feel they are 'fighting for crumbs' financially, competing against one another for limited funding to support their work. Finally, many of these organisations seek to convene or influence the same individuals, frequently CEOs of large publicly traded firms. These three issues combine to make collaboration elusive.

Financially, many of the organisations appear to be struggling to keep their heads above water. Because of this, their primary concern is often their own existence. As one interviewee described, 'While there are 1000 flowers in this field, it is likely that only 10 will come to full bloom.' Conscious of this, the organisations are also somewhat competitive and at times more than a bit jealous of each other.

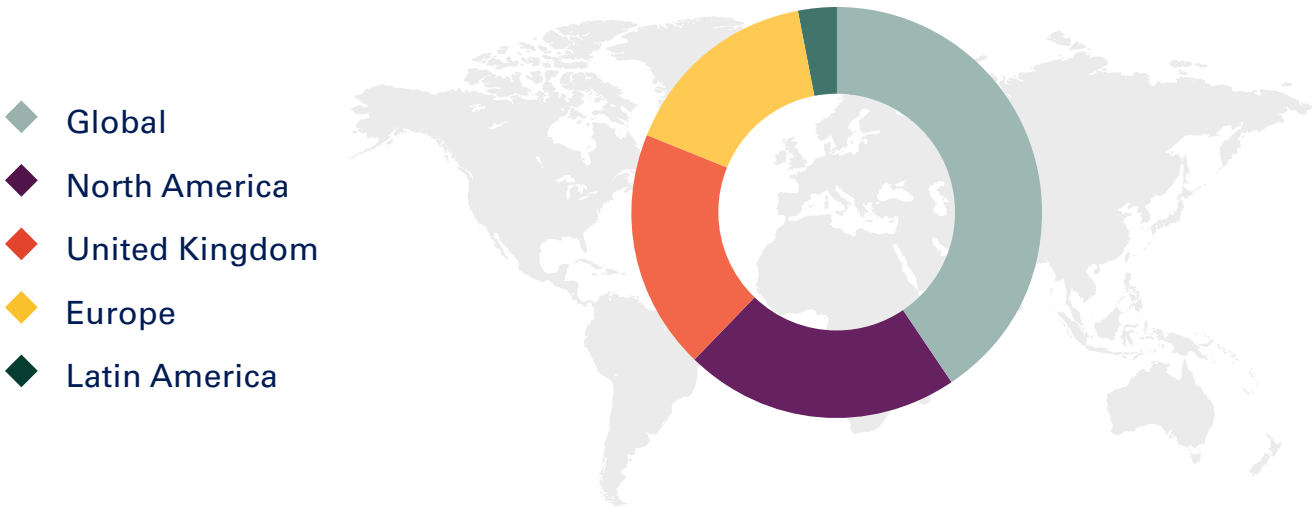
The imprint of legacy on the organisations is palpable. The founders of many seem to have had a lasting impact and created the DNA that still drives them today. Some are early or first stage entrants, while others are in the second or third generation of existence and are just moving out of the 'founder mentality'. This means they are like business start-ups focused more on survival than on joint ventures or cooperative exercises.

'Our scope for cooperation is limited by my own capacity. My ideas about what could be achieved with cooperation are focused on achievements for the organisation, not necessarily outside it.'

Noting the highly variegated landscape of organisations under study with distinct concentrations of scope, it is unsurprising that almost none had engaged with others in any concrete cooperation, while many saw collaboration as a laudable but future goal. The majority of organisations focused on large business, particularly listed firms. Very few were involved with medium sized business (SMEs), and many articulated a desire to pursue more activity with boards. Some scope may therefore exist to carve out a non-competitive space around such activities.

Collaboration is possible but has not been a primary objective for those organisations studied. These organisations need to be better enabled and to build on the efforts they have made to date and would need a structure and programme around which to attempt any cooperation. There may therefore exist a role

Figure 9: Primary regions of operation for



'NGOs do not collaborate well, with the result not least that that the NGOs focus attention on competing for funding, rather than collaborating for higher purpose.'

for an instigating or enabling agent across this fragmented landscape. Such an agent could serve the ends of this group by fostering collaboration on targeted projects and specific issues as well as providing ongoing curation of information and a format for convening. However, it must be noted that some organisations could not give rich or detailed answers to the ten-year horizon. Some even found it difficult to speak to the next two or three years in much detail, as they are finding it hard to fund themselves year on year.

Several priorities for potential collaboration emerged across the research. Organisations articulated a need for research and shared learning; exploring, for example, how their are received by CEOs and translated into corporate change. They also noted a widely shared interest in projects emphasising the role of boards and board mandates on inclusive capitalism, noting the need to develop mechanisms that allow longer term planning. Organisations also expressed a desire for trusted peers from among the group off interviewees to test their frameworks and tools, and to provide feedback in an iterative manner.

Widespread interest in tools with which to measure and communicate with investors was felt among interviewees, as was the desire for 'good storytelling', i.e. efforts to engage consumers and the wider public with the vision behind inclusive capitalism. The need for practical examples and cases of best practices from leading companies was also noted. Organisations expressed that a 'communications hub' focused on collaboration and information sharing, as well as public engagement, could capture their shared interest. Finally, organisations signalled a need to translate their work to and learn from initiatives in the Global South, which is clearly under-represented in this research at present. Finally, new forms of data was, as in every sector, a source of ongoing interest.

Consider:

- What issues or outcomes might be addressed more productively through collaboration?

Ten years hence: Gazing into the longer-term future

Would you expect the space in which you operate to look substantively different in ten years? What will be the main source(s) of change?

An increasingly challenging context means that work towards inclusive economies will be even more essential. But change to the way organisations operate appears necessary. For the field, a business-as-usual scenario with some adaptations seems possible, as is the emergence of a 'system within a system'. Broad-based systems change appears urgent, but by no means a foregone conclusion.

Organisations foresee significant changes to the environment in which they operate and the way they conduct their work. Some of these changes are met with optimism; organisations overwhelmingly expect that public and regulatory demands will align with inclusive economic aims within the next decade. Other changes were met with more concern, particularly with regard to the context in which these organisations operate. Many articulate a sense of uncertainty about their own future due to financial pressures; as one organisation put it, 'we are all competing for crumbs'. At the same time, heads of many organisations argue that deleterious social, environmental, and political trends will render their very work more urgent. In summary, three areas of focus emerge across the interviews: changes to the contexts in which organisations operate, changes to the sector and organisations themselves, and several key exogenous drivers of change on which there appeared to be consensus.

Operating context

In ten years, most organisations expect they will be operating in context that is friendly to, and will demand, work on inclusive economies. As the head of one organisation said, 'organisations driving towards inclusivity have to be a part of addressing the fraying social contract'. Citing worsening environmental degradation, lack of trust in institutions, and what one organisation called 'a depending of the pernicious effects of inequality in society', many foresee that challenges arising from the external context will underscore the importance of their efforts.

Organisations tend to anticipate an increased demand for transparency and accountability on the part of business by the public and regulatory bodies. As one leader surmised, 'We are going to see more transparency, more accountability, and more public outrage'. Several organisations predicted significant change in the way that the public engages with business, citing increased incidences of informal, technology-enabled public activism on key issues. The need to identify new forms of governance is cited several times, in particular the need for a framework that responds to what one organisation described as 'the innovative, fast-moving, highly responsive inter-generationally sensitive companies that we're going to see'.

In response to this scenario, organisations expect metrics and tools for evaluation of

business performance on issues of inclusivity to become standardised and routine. Many are hopeful that inclusive approaches to the economy will become 'mainstream'. One said, 'It will be normal for companies to have adopted a relevant social cause on which they lead'. In summary, organisations tend to expect that if the context in which they operate deteriorates, there will be an increased demand for and acceptance of their work, possibly until it becomes 'business as usual'. Many acknowledge that while social and environmental challenges may be imminent, the elevation of inclusiveness to mainstream status is not inevitable, due at least in part to challenges within the sector itself.

'I really think that [inclusivity is going to become mainstream.'

Change in organisations and sector

Overall, the organisations studied contend that their role and importance in the future will increase. The head of one organisation described that in future, the sector's role will be 'to challenge business, hold government accountable, and help a diversity of voices to be heard in government'. Despite an increased need for their work, many organisations expressed anxiety about their financial viability across the next decade. The heads of most of the organisations feel they operate in a crowded space, with many organisations sharing similar aims competing for financial support. Many expect to see a decrease in the number of organisations active in this field over time. Additionally, consolidation within the sector could come via cooperation. While recognising that collaboration remains a challenge within the sector, heads of most organisations felt better coordination of their efforts would help them to achieve their goals in a more effective manner. Several noted that funders might identify shared goals and 'fund outcomes rather than organisations' via 'a model for collaboration and shared endeavour'.

When asked about the ten-year future, some organisations remained focused on securing their own viability. Others were reflective about the changing role and nature of nongovernmental organisations. Most agreed that organisations will increasingly work alongside companies 'rather than attacking them as enemies'. Citing that the way in which 'supporters, citizens, and consumers interface with issues is changing dramatically', several took pains to note that the role of NGOs would need to change dramatically, as well. One organisation emphasised that '[NGOs] need to think quite carefully about how they're going to generate revenue', designing an operating model with a clear value proposition for businesses who want to solve 'the right kinds of problems'.

Exogenous drivers of change

'I am convinced that organisations are going to be utterly reshaped by disruptive technology.'

Organisations in this study appear to converge on several important determinants concerning their future context and work. First, decentralisation seems likely to occur, both geographically and in terms of organisational form. The organisations involved in this project are overwhelmingly based in the United States or Europe. However, several interviewees expected activity supportive of inclusive economies would proliferate in Africa, Asia, and Latin America. As the head of one organisation described, 'We're going to see more types of organisations, more ad hoc, more self-organised, more coming from the "Global South" playing an increasing role'.

In addition to shifts in geography and approach, technology and data are highlighted as holding important potential impact for inclusive economies. One organisation predicted 'tremendous amount of activity and action

around data collection, reporting, analysis, dissemination for business intelligence,' concluding, 'I am convinced that organisations are going to be utterly reshaped by disruptive technology'. This organisation foretold a 'radical change in the way companies report to the public on what they do… I bet you in ten years... you will know exactly what the largest companies do to provide their workers with benefits, for example.'

Organisations also expect to see a shift away from paradigms centred on philanthropy or CSR, with inclusive economic approaches increasingly tied to core business activities and performance. At the same time, many organisations expect that companies will find themselves less frequently in the position of deciding 'what amounts to compliance or due diligence' on their own. Rather, several organisations expect a shift away from the traditional dichotomisation of financial and environmental/social performance, as the latter becomes increasingly tied to business' bottom line. Here almost every organisation voiced the need for improved metrics and reporting. These points might be precursors for increased collaboration and effectiveness going forward.

'Activists will enrol companies in changing their behaviour rather than attacking them as enemies.'

In summary, many organisations feel uncertainty about the future, but are convinced that the need for their work will increase. Not infrequently, they suggest that the way in which they conduct their work may need to change in fundamental ways. Organisations cast a 'business as usual' future as largely unlikely. However, they are not convinced that a shift to inclusive economies on a broad scale is close to an inevitable outcome. Rather, most organisations forecast the emergence of a sort of 'system within a system' in which, as one interviewee described, 'there's a market for companies that are operating with a more inclusive approach... a host of talented people putting their energy behind making those companies successful, and a regulatory environment that makes it more feasible for those companies to operate.' However, concern that the wider economy will be less inclusive remains. Many organisations appear optimistic that external pressure on business towards inclusivity is on the rise, while some are concerned about falloff in a recessed global economy. Undoubtedly, a future 'race to the top' between companies will require important strategic work in the present.

Consider:

- What three things could be done now to help ensure a race to the top in future? Who is placed to enact on these and how?
- Are there goals we have not discussed which are in fact crucial?

Appendix 1: Definitions of inclusive economies

Institution	Term	Definition
African Development Bank (AfDB)	Inclusive Growth	Defined as 'economic growth that results in a wider access to sustainable socioeconomic opportunities for the majority, while protecting the vulnerable, all being done in an environment of fairness, equality and political plurality.'[7] AfDB views agricultural development as a critical component of inclusive growth and, therefore, focuses on economic, social, and political inclusion.
Aspen Institute	Inclusive Economic Development	Acknowledging that there is no official definition, states the term as referring to all economic development planning and practice that is driven by values of equity, transparency, sustainability, and community engagement.[8] In spirit, it embraces and cultivates local assets and ownership that empowers traditionally excluded communities. It includes practices such as alternative business ownership models, leveraging the purchasing power of large public and non-profit institutions to bolster communities, robust workforce development, and more equitable infrastructure development.[9]
Asian Development Bank (ADB)	Inclusive Growth	Addresses discrimination of the most marginalised populations. In this definition, discrimination refers to groups that have been left behind in poverty reduction and economic development efforts and the goal is the help these groups participate in and benefit from economic activity.[10]
Bertha Centre for Social Innovation and	Inclusive Innovation / Inclusive Economy	Takes a broad approach to inclusion that focuses on innovative business models and private sector approaches to improve equitable access to products and services. The Bertha Centre emphasizes innovations for education, healthcare, and financing, mostly in Africa.[11]
Business for Social Responsibility (BSR)	Inclusive Economy	An economy in which 'all individuals and communities participate in, benefit from, and contribute to global and local economies.' This definition positions inclusive economies as a process that creates benefits to all populations through three core pillars – good jobs, access to critical goods and services, and sustainable communities.[12]

7 Kanu, Benedict S., Adeleke Oluwole Salami, and Kazuhiro Numasawa. "Inclusive Growth: An Imperative for African Agriculture." African Development Group. Tunisia: 2014.

8 "Inclusive Economic Development: Key Terms and Concepts." Aspen Institute website, http://www.aspeninstitute.org/sites/default/files/content/images/eop/InclEcoDev-backgrounder.pdf.

9 "Can Inclusive Economic Development Build Better Jobs and a Stronger Regional Economy?" Aspen Institute website, http://www.aspeninstitute.org/events/2016/01/27/can-inclusive-economic-development-build-better-jobs-stronger-regional-economy.

10 Klasen, Stephen. 'Measuring and Monitoring Inclusive Growth: Multiple Definitions, Open Questions and Some Constructive Proposals.' Sustainable Development Working Paper Series, Asian Development Bank. Manila, Philippines: June 2010.

11 'The Bertha Centre.' Bertha Centre for Social Innovation and Entrepreneurship, Graduate School of Business, University of Cape Town. May 2015. http://www.gsb.uct.ac.za/s.asp?p=389 .

12 Business for Social Responsibility (BSR). May 2015. http://www.bsr.org/en/research

13 Ford Foundation website, 'Our Approach: Inclusive Economies.' http://www.undp.org/content/undp/en/home/partners/private_sector/IMD.html

Ford Foundation	Inclusive Economies	Focuses on inequality and the problems that it creates for growth, highlighting the lack of job security and a safety net in wealthy economies and the lack of access to rights, jobs, technology, and markets in developing countries. Defines inclusive economies as those where 'opportunities abound, standards of living increase for all, and prosperity is widely shared.' [13]
International Policy Centre for Inclusive Growth (IPC-IG)	Inclusive Growth	Emphasises participation in its definition. In addition to sharing the benefits of economic growth, individuals should actively participate in the wealth process and have a say in the process of growth.[14] It is important to note that this definition specifically introduces and prioritises political inclusion, which many other definitions do not address.
Centre for American Progress (CAP)	Inclusive Prosperity	Focuses on the developed world and policy actions that can help the middle class achieve greater economic opportunities with 'good jobs, decent salaries, and a sustainable future.' [15]
Organization for Economic Co-operation and Development	Inclusive Growth	Focuses on income inequality and an end-state where the gap between the rich and the poor is less pronounced and growth is shared in a fairer way resulting in 'improvements in living standards and outcomes that matter for people's quality of life (e.g. good health, jobs and skills, clean environment, community support).' [16]
The Rockefeller Foundation	Inclusive Economies	Emphasises the need to provide those at the bottom of the pyramid with greater opportunities to improve their own well being, not just by consuming products but also by becoming producers and thereby augmenting their livelihoods. 'By removing barriers to opportunity – especially for those least able to improve their own well-being – The Rockefeller Foundation works to advance more inclusive economies with more broadly shared prosperity, prioritising this as one of its two overarching goals.' [18]
Shared Value Initiative	Shared Value	Defined as 'a management strategy focused on companies creating measurable business value by identifying and addressing social problems that intersect with their business. The shared value framework creates new opportunities for companies, civil society organisations, and governments to leverage the power of market-based competition in addressing social problems.' [19]

14 Ranieri, Rafael and Raquel Almeida Ramos. 'Inclusive Growth: Building Up a Concept.' Working Paper, International Policy Centre for Inclusive Growth (IPC-IG). Brasilia, Brazil: March 2013.

15 Summers, Lawrence H. and Ed Balls. 'Report on the Commission on Inclusive Prosperity.' Center for American Progress. January 2015.

16 Gurria, Angel. 'Together We Stand: Inclusive Growth.' Speech by OECD Secretary General Angel Gurria. Organization for Economic Co-operation and Development (OECD). Paris, France: April 2013.

17 'Building an Inclusive Economy: A Conversation with Zia Khan.' Rockefeller Foundation website, https://www.rockefellerfoundation.org/blog/building-an-inclusive-economy-a-conversation-with-zia-khan/.

18 Rockefeller Foundation website. https://www.rockefellerfoundation.org/our-work/topics/inclusive-economies/.

19 'What is Shared Value?' Shared Value Initiative. June 2015. http://sharedvalue.org/about-shared-value .

20 'Inclusive Market Development | UNDP.' United Nations Development Programme (UNDP). May 2015. https://www.fordfoundation.org/

21 'What is Inclusive Growth?' World Bank. Washington, DC: 2009.

Appendix 2: Influence strategies

NETWORK/ CONVENE LEADERS	RESEARCH/ THOUGHT LEADERSHIP	MOVEMENT & BUILDING COM. ORG.
ASPEN BUS. & SOCIETY	CAUX ROUNDTABLE	B LAB
BSR	CIRCULAR ECONOMY	B TEAM
CECP	DEMOS	BBB
CED	HUMANISTIC MGMT. NETWORK	BUSINESS IN THE COMMUNITY
COALITION FOR INCL. CAPITALISM	MARTIN PROSPERITY INSTITUTE	CONSCIOUS CAPITALISM
GRLI	FCLT	GLOBAL IMPACT INVESTING NET.
TOMORROW'S CO.	NYU: CTR. FOR SUSTAINABLE BUS.	MAIN ST. ALLIANCE
US SIF	PURPOSEFUL COMPANY	OXFAM
WBCSD	UNDP	BLUEPRINT FOR BETTER BUS.
ZERMATT SUMMIT	ABIS	BHRRC
ABIS	ASBC	CIRCULAR ECONOMY
ASBC	ASPEN BUS. & SOCIETY	COALITION FOR INCL. CAPITALISM
B LAB	B LAB	DEJUSTICIA
B TEAM	B TEAM	GLOBAL RESPONSIBLE LEADERSHIP INIT.
BLUEPRINT FOR BETTER BUS.	BHRRC	ICAR
BUS. IN THE COMMUNITY	BLUEPRINT FOR BETTER BUS.	JUST CAPITAL
CAUX ROUNDTABLE	BSR	
CIRCULAR ECONOMY	BUS. IN THE COMMUNITY	
CONSCIOUS CAPITALISM	CECP	
DEJUSTICIA	CED	
DEMOS	CONSCIOUS CAPITALISM	
EFMD	DEJUSTICIA	
GLOBAL IMPACT INVESTING NET.	EFMD	
HUMANISTIC MGMT. NETWORK	GIIN	
IHRB	GRI	
JUST CAPITAL	ICAR	
MAIN ST. ALLIANCE	IHRB	
FCLT	JUST CAPITAL	
NYU: CTR. FOR SUSTAINABLE BUS.	MAIN ST. ALLIANCE	
NYU: CTR. ON BUS. & HUMAN RIGHTS	NYU: CTR. ON BUS. & HUMAN RIGHTS	
OXFAM	OXFAM	
PURPOSEFUL COMPANY	TOMORROW'S CO.	
SASB	US SIF	
	WBCSD	
	ZERMATT SUMMIT	

POLICY/ ADVOCACY	INCUBATE NEW STANDARDS/ ORG. FORMS	BUSINESS EDUCATION	PUBLIC ENGAGEMENT	ADVISORY SERVICES
ASBC	GRI	ABIS	JUST CAPITAL	IO SUSTAINABILITY
BHRRC	NYU: CTR. ON BUS. & HUMAN RIGHTS	EFMD	ASBC	BSR
DEJUSTICIA	SASB	ASPEN BUS. & SOCIETY	B LAB	EFMD
ICAR	YUNUS	B LAB	BHRRC	HUMANISTIC MGMT. NETWORK
IHRB	ABIS	BLUEPRINT FOR BETTER BUS.	BLUEPRINT FOR BETTER BUS.	NYU: CTR. FOR SUSTAINABLE BUS.
SBM	B LAB	CAUX ROUNDTABLE	BUS. IN THE COMMUNITY	MAIN ST. ALLIANCE
ASPEN BUS. & SOCIETY	B TEAM	GLOBAL IMPACT INVESTING NET.	CED	YUNUS
B LAB	BSR	GRLI	COALITION FOR INCL. CAPITALISM	TOMORROW'S CO.
BSR	CAUX ROUNDTABLE	HUMANISTIC MGMT. NETWORK	DEJUSTICIA	
CECP	CIRCULAR ECONOMY	JUST CAPITAL	FCLT	
CED	CONSCIOUS CAPITALISM	MARTIN PROSPERITY INSTITUTE	GLOBAL IMPACT INVESTING NET.	
GRI	FCLT	NYU: CTR. FOR SUSTAINABLE BUS.	ICAR	
MAIN ST. ALLIANCE	GIIN	NYU: CTR. ON BUS. & HUMAN RIGHTS	IHRB	
MARTIN PROSPERITY INSTITUTE	IO SUSTAINABILITY	SASB	IO SUSTAINABILITY	
OXFAM	JUST CAPITAL	YUNUS	MAIN ST. ALLIANCE	
PURPOSEFUL COMPANY	MARTIN PROSPERITY INSTITUTE		NYU: CTR. FOR SUSTAINABLE BUS.	
TOMORROW'S CO.	OXFAM		TOMORROW'S CO.	
UNDP	UNDP		US SIF	
WBCSD	WBCSD		YUNUS	

KEY

- Primary strategy (one/organisation)
- Secondary strategy (multiple/organisation)

Saïd Business School

Saïd Business School at the University of Oxford blends the best of new and old. We are a vibrant and innovative business school, yet deeply embedded in an 800-year-old world-class university. We create programmes and ideas that have global impact. We educate people for successful business careers, and as a community seek to tackle world-scale problems. We deliver cutting-edge programmes and ground-breaking research that transform individuals, organisations, business practice, and society. We seek to be a world-class business school community, embedded in a world-class university, tackling world-scale problems.

Ford Foundation

The Ford Foundation is an independent, nonprofit grant-making organization. For 80 years it has worked with courageous people on the frontlines of social change worldwide, guided by its mission to strengthen democratic values, reduce poverty and injustice, promote international cooperation, and advance human achievement. With headquarters in New York, the foundation has offices in Latin America, Africa, the Middle East, and Asia.

Deloitte Social Impact practice

Deloitte Social Impact practice helps clients in the public, private, and social sectors become a catalytic force to meet our greatest societal challenges. Our multidisciplinary teams can co-create new solutions with clients and help evolve those critical solutions beyond the concept and pilot phases. We focus on strengthening linkages between sectors, quantifying and communicating impact, and mobilizing the fast-evolving ecosystem of players – to ultimately move both the organization and society from aspiration to tangible impact.