

## The Business Case for Social Purpose

Empirical analysis and global surveys demonstrate that social purpose is correlated with stronger financial performance, higher employee retention, and increased consumer trust. Firms with a clearly defined purpose show higher returns on assets and equity, greater revenue growth, and improved innovation outcomes. This report consolidates data from leading research studies to quantify the strategic and financial advantages of purpose in business.

### **CEO Perspectives: Purpose Drives Business Growth and Brand Activation**

**Brandpie: The CEO's Purpose Report 2023** (global survey of 1,000 CEOs)

- 76% believe purpose has grown in importance over the last five years.
- 75% expect it to increase over the next five years.

**Brandpie: The CEO Report 2024** (global survey of 1,000 CEOs)

- 70% recognize purpose as a strategic driver of business benefits.
- 74% agree that purpose can activate their brand (a 42% increase from last year).

### **Societal Impact: Purpose Begins to Pay Off**

*Wall Street Journal sponsored article by Deloitte 2019 (2,000 C-suite executives)*

- 73% of c-suite executives report having changed or developed products or services in the past year in order to be more socially conscious. 53% say they have successfully generated new revenue streams from these new offerings.

### **Purpose can Reveal a Path Through Disruption**

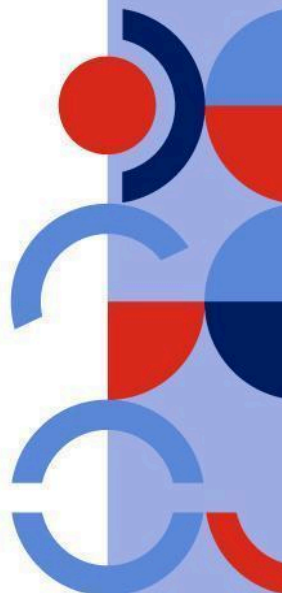
*EY 2020 survey of 1,470 business leaders from around the world*

- A strong majority of executives of Purposeful companies – 75% – said that the integration of Purpose creates value in the short term, as well as over the long run.
  - 68% of executives of Purposeful companies believe it provides the agility to innovate in times of disruption
  - 59% believe it creates the ability to drive transformational change
  - 58% believe it creates strong links to values, vision, strategy and decision-making
  - 53% believe it provides clarity and understanding of the organization's long-term goals
- They also believe a Purpose creates value by:
  - Building greater customer loyalty
  - Preserving brand value and reputation
  - Attracting and retaining top talent
  - Developing innovative new products and services

### **Innovation: Purpose Unlocks Creativity and Competitive Advantage**

#### **Companies with a Strong Sense of Purpose Transform and Innovate Better**

*Harvard Business Review report on The Business Case for Purpose sponsored by EY 2016*



- 53% of executives at a company with a strong sense of purpose claimed that their organization has been successful with innovation and transformation efforts, compared to 31% of executives who are still trying to articulate a sense of purpose, and 19% who have not thought about purpose at all.
- Purpose-driven companies are 2× more likely to succeed in major transformation efforts (*HSBC 2024*).
- Purpose-driven companies report 30 percent higher levels of innovation and 40 percent higher levels of workforce retention than their competitors (*Deloitte, 2019*).

### **Employee Experience: Purpose Drives Engagement and Retention**

- 90% of all Generation Z and Millennials stated that having a sense of purpose at work is important for their job satisfaction and well-being (*Deloitte, 2024*).
- 63% of employees in purpose-driven companies are engaged vs. 31% in other organizations. 65% of employees in purpose-driven companies say they're passionate about their work vs. 32% in other companies. (*Harvard Business Review, 2019*).
- Employees in purpose-driven companies are 47% more likely to promote their employer (*Parish & Hurst, 2021*).
- Inspired employees (those with a clear purpose) are 50% more productive than merely engaged employees (*Harvard Business Review, 2015*).

### **6 in 10 employees choose their employer based on beliefs.**

*Edelman Trust Barometer Special Report: The Belief-Driven Employee 2021 (7,000 employees in seven countries, including US and UK, but not Canada)*

- 61% choose, leave, avoid, or consider employers based on their values and beliefs.
- 20% of employees have left their jobs or are planning to do so within the next six months, and 59% of those are looking for a better value fit, over double that of career advancement at 31%.

### **The majority of employees believe companies must lead with purpose.**

*PN Purpose Tracker 2020 Study (1,003 US adults who work full-time at companies with 500+ employees)*

The majority (93%) of employees today believe now, more than ever before, companies must lead with Purpose. This means employees understand business isn't about just making profits. In fact, nearly nine-in-10 (88%) employees believe it is no longer acceptable for companies just to make money; companies must positively impact society as well.

When employees work for a company with a strong purpose they report they would be:

- More likely to recommend their employer (92%)
- More loyal (89%)
- More motivated (89%)
- More productive (85%)
- More likely to share their company's purpose story with clients or customers (90%)



Further, they report that:

- They won't work for a company that doesn't have a strong purpose (69%)
- They will take a pay cut to work at a purpose-driven company (60%)
- Working for a company with a strong Purpose is more important to them now than ever before (88%)
- They are more likely today than in the past to research what their company is doing to be responsible (61%)

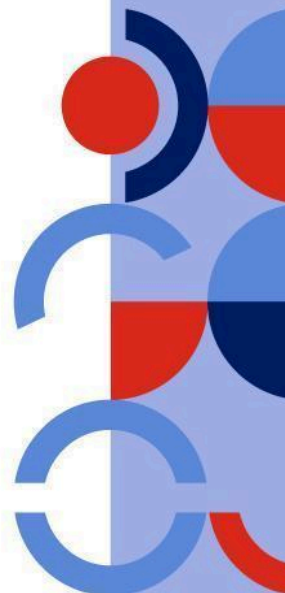
## Consumer Experience: Purpose Strengthens Trust and Loyalty

### **2020 Zeno Strength of Purpose Study** (8,255 respondents, eight global markets)

- Consumers are 4.0x more likely to purchase from a brand with a strong purpose.
- Consumers are 6.0x more likely to protect that brand in a challenging moment.
- Consumers are 4.5x more likely to recommend the brand.
- Consumers are 4.1x more likely to trust the brand.
- 94% believe companies they engage with should have a strong purpose.
- 83% believe companies should earn a profit only if they also deliver a positive impact.
- However, only 37% believe companies today have a clear, strong purpose.
- 92% of Gen-Z and 90% of Millennials act in support of a purposeful brand, compared to 81% of Gen-X, 77% of Baby Boomers, and 73% of Matures (74+ years old).
- 70% of Gen-Z & Millennials want a brand's purpose to align with their personal values, compared to 48% of Boomers and Matures.
- 76% of consumers have taken action against a brand for doing something they disagreed with:
  - 88% of Gen-Z, 85% of Millennials
  - 76% of Gen-X, 67% of Boomers, 62% of Matures
- Personal values (e.g., pride, popularity) have 2x more influence than functional or business value in commercial buying decisions ([HSBC 2024](#)).

### **Buying on belief goes mainstream**

- 64% of customers buy brands based on their beliefs and values in a survey of 8,000 people across eight markets. ([Edelman, 2018](#)).
- Customers are more attracted to brands that make the world a better place over brands that make them a better person globally. (64% versus 36%) ([Edelman, 2022](#)).
- When brands take action on societal issues there is at least a 4x multiplier of likelihood of purchase. ([Edelman, 2022](#)).
- Buying on belief becomes the new normal in Canada: "I believe brands can be a powerful force for change. I expect them to represent me and solve societal problems. My wallet is my voice". 51% in 2017 and 64% in 2019 in Canada. ([Edelman, 2020](#)).
- 76% of Canadians expect brands to solve society's problems (be a visionary, be a problem solver, be a force in shaping our culture, be a safety net, be a collaborator). ([Edelman, 2020](#)).
- 83% of Canadian consumers want to buy brands that put as much priority on values as profit and 50% actively search for a brand's values before making a purchase, in a survey of 1,522 Canadian adults.. ([Maru Group, 2022](#)).



### **Financial Performance: Purpose Fuels Growth and Profitability**

- Purpose-driven firms had a 13.6% CAGR (compound annual growth rate) over 20 years—3x higher than competitors and 5x higher than the S&P 500 ([Jump Associates, 2023](#)).
- Companies with a strong purpose posted 9.85% CAGR, compared to 2.4% for the broader S&P 500 consumer sector ([Korn Ferry, 2016](#)).
- Purpose-driven businesses are up to 38% more likely to achieve double-digit growth over 3 years ([HSBC 2024](#)).
- Over a 10-year period, purpose-driven companies grow 3x faster than competitors ([Deloitte 2019](#)).
- More than 90% of purpose-driven companies deliver growth and profits at or above the industry average ([Harvard Business Review, 2019](#)).
- FTSE350 companies with a purpose statement perform statistically higher on ROA and ROE. (UK stock market index) ([Brandpie 2024](#)).

### **Purposeful Brands Grow Twice as Fast as Their Competition**

*Forbes article cites Kantar Purpose 2020 Study*

- Over a 12-year period, brands recognized for high commitment to purpose experienced brand value growth of 175%, versus 86% for medium positive impact and 70% for low positive impact.

### **Purpose can be a Foundation for Growth**

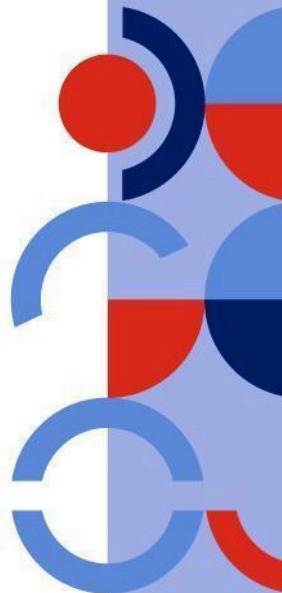
*Harvard Business Review report on The Business Case for Purpose sponsored by EY 2016 (474 HBR subscribers around the world, 42% from North America, 57% senior management and above)*

- 58% of respondents that prioritized purpose experienced growth of 10% or more over the past three years. 51% of companies developing purpose experienced the same amount of growth, compared with only 42% that were without a clear purpose.

### **Aligned Purpose, Strategy, and Culture Drive Ongoing Performance Enhancements**

*Report #2: Building on Common Ground to Advance Sustainable Capitalism by the Enacting Purpose Initiative 2021*

- 96% of businesses demonstrate ongoing enhancements in performance following a transformation where the organization's purpose, strategy, and culture are aligned.
- Organizations with a greater sense of purpose:
  - Earn 9% higher Total Shareholder Return (TSR)
  - Show 10% higher Growth
  - Show 41% higher Present Value of Growth Operations



### United Way BC Social Purpose Institute Research

The United Way BC Social Purpose Institute conducted comprehensive research into the **business case** for social purpose summarized into the following six benefits.



### Acknowledgement

This research report was prepared by Hiwot Belai, Social Purpose Business Analyst, Canadian Purpose Economy Project.

### About the Canadian Purpose Economy Project

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. We are grateful to Coast Capital, our Founding Purpose Champion, for their support. Subscribe to our updates at <http://www.purposeeconomy.ca> and sign our **Call to Purpose** to help us advance social purpose in business.

