

Integrating Business Purpose and Performance - A Six-Dimensional Model.

ABSTRACT:

In April 2013 a Global Ipsos Mori survey of 24 countries, (1) found that 74% of people affirmed that a company's social responsibility (CSR) was an important factor in deciding to purchase a product or service and 84% believed that companies should do more to contribute to society. A further 80% of employees declared that they regarded their employers attitude towards CSR as important. Despite the weight of such public opinion, in both academic and professional circles much of the the debate over the social responsibilities of business has become sterile and even subject to ridicule in some popular presses. (2)

This working paper seeks to explore some of the limitations of current frameworks used in discourse on CSR and to share some fresh perspectives of the basic conceptual models underpinning our understanding of business purpose. We propose a six-dimensional model for evaluation of business performance which builds on the traditional measures of social, environmental and financial outcomes, but which recognises the changing dynamics of a more globalised society, such as the impacts of digital networks and emerging models of the shared economy. (3)

Stakeholder theories have contributed much to the understanding of the importance of non-financial measures in evaluating business performance, but accounting conventions such as TBL (Triple Bottom Line) are increasingly recognised to be limited in their perspective. Whereas, a deeper understanding of the social and environmental impacts of business is welcome and has certainly helped some businesses move beyond a fixation on short-term economic benefits, the need to move away from a mere compliance mentality to a more holistic vision of long term sustainability is equally challenging if not more so.

Holistic models typically embrace the three perspectives of **profit, people** and **planet** as the three pillars of sustainability, and different benchmarks and standards agencies have evolved to help progressive companies develop greater transparency and accountability in these domains. Through building trust and genuine partnerships in the search for sustainable solutions it becomes possible to foster a stronger sense of collective social responsibility and stewardship for the planet.

The process of reporting CSR performance by itself may only have a superficial effect if undertaken largely for public image or investor relations purposes. Similarly, a focus on top down 'practical' measures to maximise benefits and minimise negative outcomes is rarely enough to convince many stakeholders that their needs and concerns are being truly addressed. Only when stakeholders are provided with opportunities to engage in genuine dia-

logue can more opportunities both to create value and share risk truly emerge. Such efforts in turn can help business leaders to realise that both growth and success depends ultimately upon collaboration with all stakeholders and to step out from a business centric universe.

In an increasingly volatile world many businesses crave certainty and security. Three other dimensions of responsibility may therefore also have significant impact on an organisation's ability to survive and successfully to negotiate the future. **Posterity**, for example can be much more than a simple desire to create a legacy or reputation for a private or family business, common to many Asian societies. Many organisations e.g. extractive industries such as logging companies and energy companies, increasingly need to secure a multi-generational social license if sustainability is to be achieved. Building community-wide support can take time, but understanding the cascading impacts on different generations from the elderly to yet unborn certainly requires an additional frame of reference especially given the increasing pressure on scarce natural resources. (4)

Prosperity. Developing suitable measures and criteria for evaluation of business performance in an age increasingly shaped by social media is itself also a challenge. No longer passive consumers or silent investors, increasingly customers, suppliers and other stakeholders now demand an active role in helping shape and refine organisational goals and outcomes and indeed in sharing the benefits. In the 21st century people are gaining access to information of every kind and are becoming exposed to a diversity of ideas which are changing their perceptions and expectations. Successful companies and organisations are today increasingly expected to demonstrate awareness that, in the achievement of human progress, the interests of the individual and those of society are inextricably linked. (5)

Similarly, we live in an increasingly interconnected world and organisations that remain isolated, detached from society are less likely to succeed. An evaluation of **Purpose** therefore goes beyond the familiar mantra of company mission and vision statements and offers a framework for reference and comparison which can be transformational in its effects. Connecting companies around a purpose that is higher than themselves, having them connect with and contribute to the needs of society not only ensures a meaningful work environment. It gives them the legitimacy to remain in business, to be accepted by society and to thrive at unexpected levels.

Key words: business dynamics , business purpose, compliance, economic growth, innovation, management, organisational studies, planet, posterity, profit, prosperity, stakeholder theory, sustainability, Triple Bottom Line.

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References.

- 1) <http://www.slideshare.net/IpsosMORI/ipsos-globaladvisorwave44corporatesocialresponsibility>
- 2) <http://corporatesocialreality.net/2011/02/25/the-mythmakers-the-end-of-csr-again/>
- 3) Triple Bottom Line' A phrase coined in 1994 by John Elkington and later used in his 1997 book *Cannibals With Forks: The Triple Bottom Line Of 21st Century Business* describing the separate financial, social and environmental "bottom lines" of companies.
- 4) Hart Stewart: *The Third-Generation Corporation*. The Oxford Handbook of Business and the Natural Environment, 2013.
- 5) *The Prosperity of Humankind*. Baha'i International Community Office of Public Information.,1995.