
BLOG The Future of the Corporation – What role can social enterprises play in promoting ethical and sustainable trading?

Ben Hart, Analyst Published 20/11/2017



On 9th November, the British Academy hosted a business breakfast for its recently launched ‘[Future of the Corporation](#)’ research programme. The Future of the Corporation is a major research programme and engagement initiative, aiming to assess the changing purpose of business and inform the development of a new model for purposeful companies in the 21st Century. It’s clear that the programme is timely, with society’s perceptions of business [on the brink of distrust](#). The programme’s latest output, ‘[The Voice of Business](#)’, was published earlier this year and is well worth a read.

Speeches on the day, sparked by an impressive panel, centred on how the blueprint of social enterprise could help provide for a more sustainable economic system – providing wider social value and a more human capitalism. The briefing was chaired by programme lead, Professor Colin Mayer of Said Business School at Oxford University, and included talks from Peter Holbrook (Chief Executive, Social Enterprise UK) and Baron Adebawale (Chief Executive, Turning Point).

Peter Holbrook spoke of how social enterprises, and business with a social mission, have repeatedly been found to be shifting the narrative of business’s place in society. Social Enterprise UK’s research reports, ‘[State of Social Enterprise](#)’, has tracked this trend for ten years, with their most recent [2017 report](#) detailing the £24bn contributed by social enterprise to the UK economy. A recent Government [report](#), assessing market trends in social enterprise, published similarly encouraging statistics, with 1.44m people employed by social enterprise in 2017. The same report found social enterprises also performed better than their SME counterparts in product, process and service innovation. Holbrook eloquently made the case for how social entrepreneurs were actively creating business models that helped tackle the major societal issues of the present. Social enterprises show high levels of diverse leadership, are local employers often in areas of deprivation, have more equalitarian pay structures and support female entrepreneurship. And these models are translating into revenue growth. Social enterprises, on average, reported turnover growth of 47% in the last 12 months - compared to 34% for SMEs. In short, social enterprise are showing traditional business how social impact and profit can be complimentary, rather than adversarial. It’s clear the social enterprise model can certainly provide inspiration for how wider business can help society meet the challenges and uncertainties of the coming years.

Baron Adebawale opened by stating “the future’s decided by what we don’t discuss”; commending the British Academy’s launch of such a vital initiative. He spoke of the worrying implications of increasing losses of trust in institutions, with reference to last year’s referendum result. The concept of enlightened shareholder value (ESV) was introduced as a necessary development in this regard. ESV being a concept that advocates that business should pursue value with a long-run orientation, by considering growth with recognition of a full range of stakeholder interests. The need for new legislation to navigate and incentivise business operation that provides greater social value was also discussed. The [Social Value Act](#) was highlighted as a move in the right direction in this regard. Its scope and impact, however, was criticised – as it has been [previously](#). Legislation, it was agreed, needs to disincentivise business as usual and promote models which incorporate social, economic and environmental factors into decision making.

In ensuing debate, the notion ‘corporate purpose’ was discussed at length. Corporate values and purpose have increasingly gained traction in sustainability in the past few years, with a growing

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number of [corporate leaders](#) advocating the benefits of a strong sense of corporate purpose and the UK government [calling for evidence](#) from ‘mission-led’ business. Reflections were shared on the challenge of embedding purpose and value into business operation. From moving purposeful statements from the margins of an organisation to central to its operations. To this end, the threat of ‘purpose-washing’, similar in principle to [‘greenwashing’](#), was discussed; with recent exposés of corporations’ use of offshore tax schemes featuring in debate.

Fundamentally, there was agreement in the room that there’s a need for significant change in society and government’s expectations for what business is truly for, and an acknowledgement that the process of understanding this and getting there will be challenging. It’s on this basis that the Future of the Corporation’s programme has been launched, and we look forward to the programme’s upcoming outputs and events in progressing towards this.

In a few weeks, Sancroft will be hosting a podcast, ‘Not Just for Christmas’, exploring the rise of social enterprises and the challenges faced in scaling their models – as well as hopefully providing some tips for Christmas presents that look good and do good! We look forward to being joined by Camilla Marcus-Dew (Founder, [The Soap Co.](#)), Jenny Costa ([Rubies in the Rubble](#)), Joanna Harmer ([Juta Shoes](#)) and Rob Wilson ([Toast Ale](#)).