

# The Transformational Company Guide

## Quality #9 - Inclusive Business

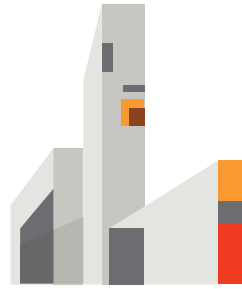


For more information on the new business leadership standard visit  
[www.cbsr.ca/transformationalcompany](http://www.cbsr.ca/transformationalcompany)



Transformational Company Quality

## # 9: INCLUSIVE BUSINESS



*Transformational companies expand opportunities for all populations as employees, suppliers, distributors and customers.*

### WHAT IS IT?

Unemployment and income inequality are two top global risks identified by the [World Economic Forum](#) likely to foster social tensions, impede society's progress and limit the ability of business to succeed and thrive in the future. [In Canada](#) and globally significant populations are underserved by markets and lack opportunities to participate fully in the economy. In Canada particularly vulnerable groups include recent immigrants, visible minorities, Aboriginal people, people with disabilities and low income people and communities.

There are rising societal expectations that businesses play a stronger role to contribute to community well-being, that their supply and distribution chains and workforces are reflective of the community context (including visible minorities, people with disabilities, Aboriginal people, etc.) and that businesses equitably share their economic gains. Talent shortages already curtail business growth. Business success depends on strong supply chains, strong communities and an engaged employee base. While inequality and unemployment contribute to social instability and threaten business viability, greater equality and inclusion create the necessary conditions for healthy, thriving companies. Significant untapped opportunities exist for business which can harness inclusion strategies to improve business and social value.

Inclusive businesses recognize they have a fundamental role, responsibility and self-interest in ensuring that the economy works for all. They address inequity and societal challenges through their core business, expanding opportunities for disadvantaged people and groups to contribute to, and benefit from, the economy. Inclusive businesses develop commercially viable business models to include disadvantaged consumers, retailers, suppliers, distributors and employees in core operations. They retrofit their business models and pursue business solutions to include vulnerable and economically marginalized people in their value chain on the demand side as clients and consumers and on the supply side as producers, suppliers, entrepreneurs or employees. Leading companies ensure their workplaces and retail operations are accessible for people with physical and other barriers. Now that the UN has adopted the [Sustainable Development Goals](#), leading businesses will be aligning and directing their core strategies to ameliorate social conditions around the world.

Socially inclusive businesses understand the need for shared prosperity and equitable growth. While today many people are excluded from the economy and its benefits, pursuing an inclusive prosperity model that maximizes local benefits and economic opportunities for every segment of the population will increase business and societal success.



## WHY IS IT IMPORTANT?

Inclusive business strategies generate a range of benefits, depending on the approach. The following are some of the benefits which can help build market value:

- Drive product and service innovation with the potential for reverse innovation in established markets
- Provide access to new markets and generate consumer loyalty
- Build social license to operate and grow and become a partner of choice
- Expand the labour market and improve workforce productivity
- Build stable and productive supply chains and secure access to resources
- Create local conditions for sustained economic growth

Expectations of business and its role in society have changed. As society faces rising income inequality and unemployment levels, business will be looked to for leadership in delivering high socio-economic value for communities. Leading business which increase access to goods, services and economic opportunities for disadvantaged people and communities stand to reap considerable business benefits.

## HOW TO DO IT?

The steps to becoming an inclusive business will depend on many factors, including the business model, industry sector, local conditions and target groups. Here is a general approach that can be followed:

Start by evaluating the socio-economic impact and opportunities in a given market to identify where social and economic benefits could be enhanced across the value chain. Determine the company's core competencies and strengths which can be applied to address societal and developmental challenges through the core business.

Conduct research and consult stakeholders on 1) the key groups that could benefit from the company's sourcing and hiring practices and 2) disadvantaged populations that lack access to your products and services and are thus prevented from equal participation in the marketplace. Identify the barriers and opportunities to product, recruitment and supply chain reformulations to enable all groups to benefit from and contribute to the economy. Develop the business model and case for launching and scaling up the inclusion strategy. For example, how does this initiative represent an opportunity to address unmet needs, and reach large numbers of untapped consumers?

Engage partners, such as non-profit organizations, foundations, governments, business partners, customers and suppliers to innovate and pilot business solutions. Whether non-profit organizations providing technical assistance to micro-enterprises, governments acting as anchor buyers for diverse suppliers, or industry partners co-funding skills training, look for collaboration with a range of actors in the value chain to unlock more opportunities for more people.

Set inclusion ambitions and targets and develop action plans to meet them. For example, Unilever has a target to increase the participation of young entrepreneurs in their value chain with plans to train and enable young people to participate in the agricultural business sector globally and in the distribution channels of their brands to market.



Consider adopting an inclusion lens or policy to engage all employees and suppliers in your social inclusion efforts.

For more ideas and strategies on how to become an inclusive business, here is a useful guide to [Business Social Value Creation](#). The federal government offers a social sustainability roadmap for small businesses which offers further tips and tools found at this [link](#).

## WHO IS DOING IT?

**Assiniboine Credit Union (ACU)**, a financial institution based in Winnipeg with nearly 500 employees, over 112,000 customers (members) and nearly \$4 billion in assets, has a mission to provide financial services for the betterment of their customers (members), employees and communities. Their vision is of a “world where financial services in local communities contribute to a sustainable future for all.” As part of their mission, they look for opportunities to provide financial services that make a difference in the lives of people and communities not well served by mainstream financial institutions. They also build partnerships and invest financial and non-financial resources to foster self-reliant, sustainable communities. They pursue their inclusive objectives through community hiring, financial inclusion, ‘social impact’ financial services and social purchasing, expanding opportunities for people facing economic barriers as employees, customers and suppliers.

With a focus on community hiring, ACU’s “Diversity and Inclusion Vision” is to be an inclusive workplace with a diverse workforce that mirrors the communities they serve. To move this vision forward they established a steering committee of senior leaders and managers to lead their Diversity and Inclusion vision and strategy. They conduct regular workplace surveys to measure their progress and partner with community organizations and schools to provide training and employment for people facing barriers to employment. The following table summarizes their diversity and inclusion progress as of 2014:

Group	% of community	% of ACU employees
Aboriginal People	10.0%	9.3%
People of Colour	16.0%	22.4%
People with Disabilities	6.4%	7.0%

Through its financial inclusion commitments, the credit union also sets goals to increase access to affordable financial services for people living in poverty. These are some of their achievements:

- In 2012, they opened an inner city branch in an area abandoned by other banks. In 2014, local residents made over 120,000 transactions at this branch.
- ACU created the Community Financial Centre to better serve non-profits, co-operatives, social enterprises and affordable housing, and to deliver special micro-credit programs.
- In partnership with a community organization they launched the “Recognition Counts! Loans for Skilled Immigrants Program” to support skilled immigrants living on low income to pursue



certification, upgrading or training so they can gain employment in their field. In two years, 137 people have borrowed \$1.2 million to become career professionals in Canada.

- Each year, ACU helps over 500 unbanked people become members of the credit union, and many more participate in a financial literacy and savings program. Over the years, 3,035 low-income Manitobans have saved \$1.2 million leveraging \$2.9 million in matched savings, meaning investments of \$4.2 million by participants on critical assets such as housing, education, entrepreneurship, and other basic needs. They have also benefitted from 30,000 hours of financial management training.
- The business also includes inclusive objectives in their procurement program and sources goods and services from inner-city businesses, co-operatives, fair-trade suppliers and social enterprises. For example, in 2012 they hired Inner City Renovations, a social enterprise which hires inner city low-income residents for construction projects, to renovate their new inner city branch. More information [here](#).

Click [here](#) for an example of a company pursuing leading inclusion practices for people with disabilities.

## WHERE CAN I GO FOR MORE INFORMATION?

- CSR as a Poverty Reduction Strategy, Strandberg Consulting  
<http://corostrandberg.com/publication/csr-as-a-poverty-reduction-strategy-discussion/>
- Business Guide to Social Value Creation, Strandberg Consulting  
<http://corostrandberg.com/wp-content/uploads/2014/09/business-guide-to-social-value-creation-2014.pdf>
- Practitioner Hub for Inclusive Business  
<http://businessinnovationfacility.org/>
- World Business Council for Sustainable Development Inclusive Business Project  
<http://www.inclusive-business.org/inclusive-business.html>
- Industry Canada Social Sustainability Roadmap for Small- and Medium-Size Enterprises  
<https://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/rs00590.html>
- In from the Margins, Part II: Reducing Barriers to Social Inclusion and Social Cohesion, 2013 Report of the Standing Senate Committee on Social Affairs, Science and Technology  
<http://www.parl.gc.ca/Content/SEN/Committee/411/soci/rep/rep26jun13-e.pdf>
- Canadian Centre for Diversity and Inclusion  
<http://www.cidi-icdi.ca/what-we-do/think-tank/research/>
- Conference Board of Canada webinar on developing a social sustainability strategy profiling Vancity Credit Union's approach ([link](#)). Contact [publications@conferenceboard.ca](mailto:publications@conferenceboard.ca) and quote CBSR to see if you qualify for free or discounted access.

