**Business in the Parliament Conference 2023**

**Sustainable Recovery: Maximising the Opportunities of the next Decade**

**Workshop 2 Note: Business Transformation to Support Inclusive Prosperity, Net Zero and Fair Work**

**Co-Chairs:**

Richard Lochhead, MSP, Minister for Just Transition, Employment and Fair Work

Claire Baker MSP, Convener, Economy and Fair Work Committee

**Co-hosts:**

Sandy MacDonald, Scottish Financial Enterprise

Gareth Williams, Scottish Council for Development and Industry

**Speakers:**

Amanda Young, Co-Chair of Business Purpose Commission/ Chief Sustainability Officer, abrdn

Judith Cruickshank, MD, Commercial Mid-Market, Scotland, NatWest

Jamie Grant, Business Purpose Commission/ Director, Glen Lyon Coffee Roasters

**Summary**

Sandy MacDonald explained that the session would explore the effects of placing business purpose at the heart of businesses, and how it can support staff and customer retention, trust and growth. He noted that these were difficult times and that managing these pressures would be at the centre of the workshop’s concerns.

The audience was surveyed for perspective and progress; most indicated that it was as or more important for businesses to have a purpose that finds profitable solutions to problems of people and planet in times of economic uncertainty. Around two thirds indicated that their business currently defines, communicates, and measures its purpose, and/or is transitioning its operating model to take account of social and environmental considerations, with around a third indicating that they would like or are planning to take these steps.

Participants then heard short presentations from the speakers, setting out their thoughts and experiences on the role of business purpose, what it could achieve, and what was necessary for purposeful businesses to flourish. This was followed by a wide-ranging facilitated discussion, with a number of queries raised, that covered suggestions and available support that audience members highlighted for further consideration.

**Key points discussed**

Several participants believed that Scotland can be a world leader in purposeful businesses, and businesses can play a positive role in the creation of a wellbeing economy. Customers, employees, and business owners want businesses to generate financial returns as well as wider returns to society. The political landscape must support long term sustainable investment, give a clear sense of prioritisation, and support additional planning.

Thriving purposeful businesses support talent recruitment and retention, and offer substantial revenue growth, with SMEs in particular playing an important role in the Just Transition to Net Zero. However, time, know-how, and access to finance are a real challenge so the finance sector should leverage its size and scale to offer support. SMEs also value peer-to-peer learning in private, public and social economy networks. We must educate and support the next generation of purpose-driven entrepreneurs.

Finding more appropriate metrics for measurement of business success is crucial, as there are a number of factors that can demonstrate value to the economy, people and the planet; a business can be great without necessarily being big. Some participants felt that there should be less focus on paying the real Living Wage to the exclusion of all other purposeful actions taken by business.

There are a number of umbrella initiatives and pathways for progressive social and environmental practices for businesses. Some businesses have benefited from trying a range of these routes because each has developed learnings. However, many SMEs face pressures from all sides right now, do not have staff who can work full-time on this area and are looking for some help in prioritisation, baselining, and guidance through the accreditation processes.

The [UN Sustainable Development Goals](https://www.concern.org.uk/news/explained-sustainable-development-goals?gclid=EAIaIQobChMI5oS52JS4_QIVRrTtCh3QQw8TEAAYAyAAEgIkUPD_BwE) are a useful framework for some businesses, but need consistent application. SMEs should focus on those most applicable to them. Sector bodies and large businesses can help by making available toolkits and portals.

Scotland has world-leading opportunities in Net Zero and industry is strongly supported, but there is global competition for supply chains and skills, so sectors in Scotland must collaborate. The costs of the transition are high, and consumers will pay eventually. Clear government Net Zero policies will attract long-term capital allocations. Large businesses should proactively invest in their supply chains (‘insetting’) to reduce emissions.

**Sources of support and actions suggested**

* Make the business purpose journey easier through simplifying and integrating messaging and initiatives, supporting sectoral and peer learning, mainstreaming purpose in business networks and intermediaries, and targeting support for SMEs.
* Make better use of finance, energy and education available in Scotland, along with existing business networks, such as GlobalScot, to attract purposeful investment and support SMEs.
* Allow businesses to focus on purpose and Net Zero in difficult times through prioritisation of government policies while maintaining clear long-term direction.
* Help is available: NatWest’s [Carbon Planner](https://www.natwest.com/business/green-banking/carbon-planner.html) can be used by all businesses to reduce their emissions; the [BCorp Journey tools](https://www.bcorporation.net/en-us/programs-and-tools/) and [Scotland CAN B Impact Journey](https://canb.scot/impact-journey) integrates the asks of businesses and can be useful even without certification; Scotland’s space industry has developed a world-leading sustainability strategy which should be shared; [Accelerated Knowledge Transfer to Innovate](https://www.ktp-uk.org/accelerated-knowledge-transfer-to-innovate-akt2i-pilot-scheme/) offers support for SMEs that want to innovate and grow without selling ownership of their intellectual property.

The Minister concluded by noting how the agenda had changed rapidly and even in the past five years or so concepts of Net Zero etc had moved from the fringes to centre stage. Mr Lochhead thanked everyone for their contributions and reiterated the Scottish Government’s support for this agenda.