

Business in the Parliament Conference (BIPC) 2023

Workshop 2 - Business transformation to support inclusive prosperity, Net Zero and Fair Work

Hosted by Scottish Financial Enterprise and Scottish Council for Development and Industry

Overview

In these difficult times for many businesses, a clear business purpose supports resilience and recovery, and positions businesses to attract and retain customers and employees, and build trust.

This workshop will explore how investment in transformation and business model change can enhance business resilience, efficiency and productivity, as well as contribute to social, environmental and economic goals, and how we can make it as easy as possible for businesses to adopt purpose.

The discussion will draw on insight from SCDI's recent [Business Purpose Commission Report](#) and the [Scottish Government's response](#) to the Report's recommendations, from speakers representing Scotland's financial services industry who are supporting businesses to navigate the current cost crisis and committed to increasing investment in purposeful businesses.

The purpose of this workshop is to:

- Provide practical examples from businesses who are investing in purpose-led transformation
- Explore how employers and employees lead change from financial and people perspectives
- Understand opportunities that may help in short-term management of costs that also have a longer-term payback e.g. energy efficiency, digitisation and other business transformation
- Explore what greater support can help businesses to change, and drive the delivery of the longer term aims outlined in [National Strategy for Economic Transformation \(NSET\)](#)

Background

The vision of the Scottish Government's NSET is to transition to a wellbeing economy. The Scottish Government defines this as an economic system operating within safe environmental limits (which serves the collective wellbeing of current and future generations first and foremost). The NSET's vision sets out various outcomes for 2032, including Scotland be recognised as:

- an international benchmark for how an economy can transform itself, de-carbonise and rebuild natural capital whilst creating more, well-paid and secure jobs and developing new markets based on renewable sources of energy and low carbon technology;
- a great place to live and work with high living standards, and a vibrant, diverse culture in which all sectors of the economy work to eliminate the scourge of poverty;
- the best place to start and to grow a business or social enterprise.

Businesses have faced a perfect storm of challenges in recent years, from Covid restrictions, skills shortages and job vacancies, to rising costs, and declining consumer spending and declining consumer spending and confidence¹.

To survive and thrive businesses need to understand how they can best navigate the difficulties of these near term financial pressures, while generating profits to invest for long-term success as we face key societal shifts and trends from a Net Zero transition, digitisation and global market challenges.

¹ [UK Consumer confidence up two points in December \(gfk.com\)](#)

The growth, creativity, entrepreneurship and innovation of responsible, purposeful businesses has greatly contributed to the prosperity of society². Promoting these capabilities will be at the core of the transition to [Net Zero for business](#).

On 10 January 2023, the Scottish Government published the [draft Energy Strategy and Just Transition Plan](#) for consultation. This sets out a vision for Scotland's future net zero energy system and how we can ensure that we maximise the benefits for our economy and our society.

Businesses have an opportunity and a societal obligation to play a leadership role in tackling the 21st century's challenges. Anecdotally, a growing range of businesses³ have acknowledged this and identified the need for a clear shift in the purpose of businesses – especially from those which have tended to prioritise shareholder value above all other outcomes⁴ – to one in which results for customers and investors are achieved in tandem with wider benefits for employees, the wider community and our environment.

Public opinion and business research for the **Business Purpose Commission's report**, "**Now is the time for purpose: Putting purpose at the heart of Scottish business**", highlighted that:

- 50% of people in Scotland think that the reputation of businesses in Scotland is excellent or good, but 45% have only a neutral opinion or did not know, while 5% thought it bad or terrible.
- 48% of people in Scotland think that the role that businesses **currently** have in society is to maximise the returns for shareholders/owners, while 27% think that it is to find profitable solutions to the problems of people and the planet.
- When asked about the role that business **should** have in society nearly two-thirds of people in Scotland (65%) think that businesses should play a role in finding profitable solutions to the problems of people and the planet.
- **Most businesses agree with the public** on the role of businesses in society. More than half of them (53%) think that finding profitable solutions to the problems of people and the planet best reflects the role that businesses have in society, compared to a quarter of businesses who think that it is to maximise returns for shareholders/owners within the confines of the law.
- People place particular significance on companies **paying a living wage (52%) and their fair share of taxes (38%), providing job security (32%) and making a commitment to customer service (30%)**.

Evidence from the [Living Wage Foundation](#)⁵ shows that businesses who are accredited as living wage employers have greater employee engagement, productivity and retention.

The Scottish Government has published information to aid understanding of what is meant by a [Wellbeing Economy](#) and created a [Wellbeing Economy Monitor](#). A place-based toolkit has been created for local authorities, called the [Wellbeing Economy Toolkit: Supporting place-based economic strategy and policy development](#) so that local authorities can identify and measure local wellbeing metrics.

Scotland has strong financial services industry⁶. Scottish Financial Enterprise (SFE)'s current [strategy for the financial services sector](#), published in May 2021, has 4 strategic themes that all their members are committed to:

- leading the journey to net zero;
- changing customer needs;

² [The Legatum Prosperity Index by The Legatum Institute \(li.com\)](#)

³ [Home - Better Business Act](#)

⁴ [Reforming business for the 21st century: a framework for the future of the corporation | The British Academy](#)

⁵ [The Living Wage is Good for Business | Living Wage Foundation](#)

⁶ [Scottish Financial Enterprise \(SFE\) - Financial Services In Scotland](#)

- developing skills and inclusion; and
- supporting economic recovery.

One of three key opportunities for businesses in Scotland, identified by the Business Purpose Commission for Scotland was **“Financing purposeful business growth, by capitalising on Scotland’s sustainable finance cluster to stimulate and increase investment in purposeful businesses”**.

Banks such as NatWest⁷ and Virgin Money⁸ have introduced specialist funding streams and business support programmes and have found that when financial pressures are approached as opportunities to improve efficiency and productivity, the business case for investment in digital and net zero transformation becomes much more compelling.

Transformational change will not happen without it being:

- feasible and attractive to business to take practical action that can overcome current operating challenges;
- build the investment case at a business and board level; and
- deliver forward-looking change for all sizes and kinds of businesses in Scotland and all levels of the economy.

In its response to the Business Purpose Commission, the Scottish Government recognised the Business Purpose Commission’s call to action: **how are we – government and business - solving these challenges together?**

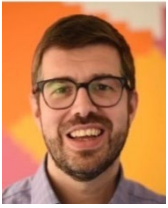
Suggested Discussion Questions

- What do businesses need from the private and public business support ecosystem to make it as easy as possible for businesses to adopt and make progress on a business purpose journey?
- How can businesses be enabled to invest in digital, net zero and operating model transformation to improve efficiency and productivity, when the current financial position is so challenging?
- How can we better empower employees in our businesses to drive business purpose and a just transition to net zero, to help find profitable, sustainable and mutually beneficial solutions?
- What support do businesses need as the Scottish Government and Scotland’s public bodies strengthen conditionality in public sector grants and procurement around Fair Work and Net Zero?
- How can we most effectively harness the strengths of Scotland’s leading industries, such as financial services and energy, to benefit and transform the wider economy and society?

⁷ [Climate and sustainable finance | NatWest Group](#)

⁸ [Virgin Money's Levelling Upstarts Programme | Brighter Money | Virgin Money UK](#)

Business Organisation Workshop Hosts



Sandy Macdonald, Director of Public Policy and Communication, SFE since 2021. He previously spent over 12 years at Standard Life Aberdeen, including 7 years as Global Head of Corporate Sustainability.



Gareth Williams, SCDI Head of Policy, leading policy work for the Scotland-wide network's private, public and social economy members. Gareth has been responsible for the development of SCDI's flagship policy *Blueprint* reports, most recently *Making a Good Living* launched in 2021. Gareth has also authored many of SCDI's major policy reports.

Workshop Speakers



Judith Cruickshank, MD Commercial Mid-Market Banking, NatWest Group, SFE Board Member and Chair of Business in the Community Scotland (BiTC) Leadership Board. With 14 years' experience at NatWest working on customer solutions for both Retail and Commercial customers, Judith is passionate about helping business and personal customers prepare for the future through building financial capability and transitioning to a lower carbon world. She is a member of Heriot Watt University Finance Committee; CBI Scotland Council; and is a Director of Scottish EDGE



Amanda Young, Co-Chair Business Purpose Commission Chief Sustainability Officer abrdn. With over 25 years in financial services 22 of which in responsible investment, Amanda has experience of working with clients to ensure their values are reflected in their investment strategies. Amanda holds a number of senior industry positions and has featured on the Financial News 100 Most Influential Women in Finance for five years, from 2017 to 2022. She won the inaugural Sustainable & ESG Investment Woman of the Year at the 2021 Investment Week's Women in Investment Awards. Amanda is a member of the Scottish Taskforce for Green and Sustainable Financial Services



Jamie Grant, Director, Glen Lyon Coffee, a small family-run business based in Aberfeldy in Highland Perthshire, providing wholesale coffee to around 70 cafes across Scotland and employing 7 people in a remote rural area. Following a career in journalism, Jamie is passionate about environmental sustainability and has worked in environment sector charities before joining Glen Lyon.