

# CENTERING EQUITY

## IN CORPORATE PURPOSE EXECUTIVE SUMMARY

# About This Work

This work explores the imperative for global business leaders to put equity at the center of their corporate purpose and how doing so **transforms the way companies develop and deliver strategy**. It also explores the enabling conditions organizations must have in place to realize their strategy and to embed equity into the fabric of their business.

As a part of this work, we have reflected deeply on the practice of [shared value](#) and the **role it can play to either advance equity or to hold inequities in place**. Over the last decade, shared value has inspired business leaders around the world to look at their business with a new lens – one that sees the health of their business and of society as interdependent. But we have also learned that if companies do not explicitly consider equity, shared value can play a role in perpetuating inequity. Through this effort we explore how shared value can be **applied intentionally and within a portfolio approach** that is guided by a corporate purpose that centers equity.

This guide provides an approach for how companies can integrate a focus on equity into business strategy. We do not profess to have it all right, but we offer a perspective based on what we know today, which has been **shaped by leaders and institutions with a long-standing commitment to advancing greater equity in society**.

## What is Equity?

Equity is the fair treatment, access, opportunity, and advancement for all people, while at the same time striving to identify and eliminate barriers that have prevented the full participation of some groups. Improving equity involves increasing justice and fairness within the procedures and processes of institutions or systems, as well as in their distribution of resources.

- [Independent Sector](#)

# The Imperative for Business to Act

Global inequity is at its highest point in more than a century with just 1% of the population owning more than 45% of the world's wealth.<sup>1</sup> Nearly half of humanity lives on less than \$5.50 per day<sup>2</sup> and social mobility across generations has declined in developed countries as poverty has become more concentrated leading to a vicious cycle of growing inequality.<sup>3</sup> In 2020 civil unrest rose by 10% globally as hundreds of thousands fought racist and colonial legacies, ongoing injustices and worsening economic instability.<sup>4</sup> These crises have significant impact on the success and long-term sustainability of business as companies lose out on earning and productivity gains while social disparities stifle business growth, innovation and consumer loyalty.<sup>5</sup>

**Advancing equity is inextricably linked to business growth and if society is to tackle global inequality, companies will need to be deeply involved in that change.** While the complex nature of social disparities belies the idea that companies can singlehandedly advance equity, companies do play a fundamental role alongside government, NGOs, and others in building inclusive, equitable, and regenerative markets that change the conditions holding these disparities in place. Companies have an agility and ability to innovate that governments do not, and the power of their investment dwarfs that of the NGO sector.

Playing a fundamental role demands far more than writing a check or eliminating harm. It requires that companies **put equity at the center of how they do business and clarify how they will address the social inequities that intersect with their business model.** It necessitates partnering and sharing power with others to address the underlying causes of those inequities to disrupt the systems that perpetuate them.

Sources: <sup>1</sup>[Inequality.org](#); <sup>2</sup>[World Bank](#); <sup>3</sup>[World Social Report 2020](#); <sup>4</sup>[Global Peace Index 2021](#), [Institute for Economics and Peace](#) <sup>5</sup>[Forbes](#);

“ The moral imperative to advance inequity has also become the business imperative of our time. Meeting this imperative requires a seismic shift in how business leaders define and deliver corporate purpose. ”

# Equity & Corporate Purpose

Putting equity at the center of corporate purpose means going beyond episodic or siloed efforts to **deeply integrate equity into the company's core business with the goal of contributing to the long-term success of business and society through more equitable outcomes for all.**

The ideas we describe in **Centering Equity in Corporate Purpose**, an actionable guide designed for corporate practitioners like you, apply to equity across a range of forms, including racial, gender, economic, sexual identity, religious identity, and beyond. The specific approach for each company to apply these ideas will be unique, depending on the varied contexts in which it operates and the problems it is trying to solve.

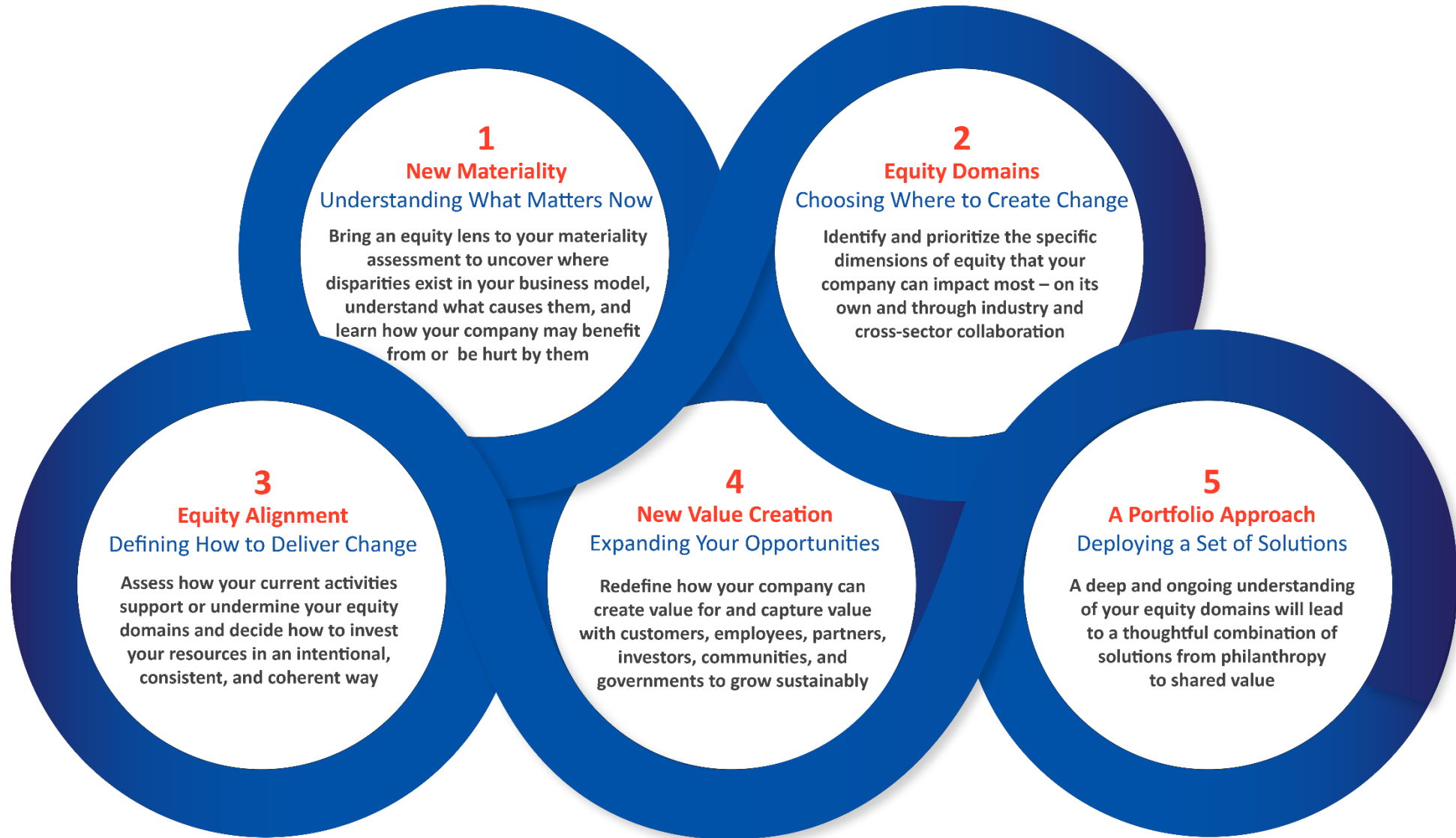
**When it comes to matters of equity, companies must take time to understand how these problems affect people differently by deeply engaging with and listening to the communities they aim to serve and embracing their perspectives.**

Every company has its own journey to advance equity. This is a long-term commitment that begins with appreciating your own journey to learning new truths and unlearning attitudes and behaviors that are obstacles to more equitable outcomes. **Whether you are a CEO or a seasoned DEI leader seeking to integrate equity into your company's core business strategy or a business unit leader striving to deliver on your company's promises, this guide is intended to help you think differently about what it takes to truly advance equity.**

“Putting equity at the center of corporate purpose requires business leaders to alter the way that they develop and deliver strategy. This is not about developing a separate equity strategy, but a business strategy that integrates equity.”

# Five Practices to Center Equity in Corporate Purpose

As you embark on your journey, you will find these practices are interwoven and iterative.



# Enabling Conditions for Change

Strategy is a critical element to centering equity in a company's purpose, but it is insufficient on its own. **Strategy cannot come to fruition without changing the conditions in the organization that enable its success.**

Much work has been done to help leaders transform their organizations to become fully inclusive and equitable. Drawing on this work and reflecting on our experience working with business leaders around the world, we see four conditions that underpin the success of a strategy centered on equity:

## ➤ **Leadership with authenticity and values anchored in equity**

Bringing to life a corporate purpose centered on equity cannot happen without leaders embodying authenticity, humility, and courage.

## ➤ **Comprehensive learning and reflection to advance equity**

Embedding equity into the fabric of your company requires challenging existing norms and mindsets with an ongoing commitment to learning.

## ➤ **Intentional measurement that drives accountability on equity**

Investing in measuring progress against your equity ambitions and linking these measures to performance will maximize your impact.

## ➤ **Connection and trust through reimagined relationships**

Anchoring in people and relationships will help your staff, teams, and business transform themselves as part of a collective to advance equity.

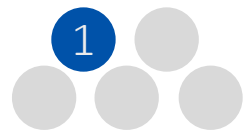
“A strategy centered in equity cannot be fully realized without an investment in changing the conditions within the organization to embed equity into the fabric of its culture.”

# RECAP OF THE 5 PRACTICES

## Changing Your Approach To Achieve a New Outcome

### HOW TO EVOLVE FROM TRADITIONAL STRATEGY

### TO A STRATEGY CENTERED ON EQUITY

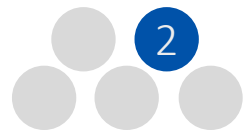


#### New Materiality

From conducting materiality assessments to understand what risks companies face and what they can do to mitigate those risks



To examining what matters to your business with an “equity lens” and recognizing that inequities are material even if they do not represent an evident financial risk



#### Equity Domains

From focusing on broad issue areas that are thematically aligned with your company’s business strategy



To selecting the specific dimensions of equity that your company can impact most on its own and through cross-sector collaboration

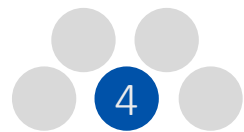


#### Equity Alignment

From episodic or siloed efforts to address inequities that are developed and managed by select departments, such as HR, CSR, or D&I



To pulling together leaders across all functions to define your equity ambitions in an intentional, consistent, and coherent way



#### New Value Creation

From passively evaluating equity efforts without identifying and measuring their contribution to financial outcomes



To actively mining and measuring the results of your equity efforts to understand their contribution to long-term financial performance



#### A Portfolio Approach

From focusing on single solutions, such as philanthropy or shared value or payroll, to address issues of equity on their own



To deploying a holistic portfolio of solutions that reflects a deep understanding of the problem and the root causes holding it in place



# Our Journey Continues

The journey to advance equity is neither linear nor inevitable. It requires continuous reflection and adaptation as we move forward and as the contexts in which we are operating continue to evolve.

We see ourselves early in this journey. **Our learning, unlearning, thinking, rethinking, and growing are ongoing – and we don't have it all right.** We are sharing what we have learned as part of our journey and in working with business leaders to support their efforts to put equity at the center of their corporate purpose. We will continue to work with our colleagues to bring forward new thinking on equity as our collective work progresses and share our reflections and ideas as we build our knowledge and insights. We encourage readers to do the same.

We close with a huge sense of gratitude to those who have worked for years to dismantle inequities and who have helped the rest of us see the system that is holding them in place and how we contribute to and benefit from that system. **We hope this effort to put equity at the center of corporate purpose honors that work and makes a contribution toward creating a more fair, just and equitable world.**

We'd like to hear from you at [comments@fsg.org](mailto:comments@fsg.org).

This work draws on the perspectives of more than 80 experts in business and social impact around the world, as well as seminal works produced by the Corporate Racial Equity Alliance, PolicyLink, Racial Equity Institute, UN Women, the World Business Council for Sustainable Development and Business Commission to Tackle Inequality, World Economic Forum, and many more who have been working toward greater equity for years and, in some cases, decades. We are indebted to these leaders and institutions for the knowledge they have shared which has informed our work.





## About FSG

FSG is a global, mission-driven consulting firm that partners with foundations and corporations to create equitable systems change. Through customized consulting services, innovative thought leadership, and learning communities, we're working to create a world where everyone can realize their full potential. To learn more, please visit [www.fsg.org](http://www.fsg.org).

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## About the Shared Value Initiative

The Shared Value Initiative is a global platform for leaders seeking to solve societal challenges through business solutions. We help companies fulfill a purpose beyond profits and shape the field through peer-to-peer exchange, market intelligence, tools and guides for the practitioner, and shared value advocacy. The Shared Value Initiative is an FSG initiative. Learn more and join the community at [www.sharedvalue.org](http://www.sharedvalue.org).

FSG and the Initiative would like to thank Esprit Partners for its partnership and contributions to this guide. Esprit Partners is a London-based strategy consultancy focused on redefining the role of business in tackling inequity. Learn more at [www.esprit.partners](http://www.esprit.partners).

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EXECUTIVE SUMMARY