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State of Inclusive Business Survey

Report of Results



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Project: 3556





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Background



Business Call to Action (BCTA) is a global joint advocacy platform providing public recognition for the private sector's contribution to development. BCTA's mission is to challenge companies to advance core business activities that are inclusive of low-income populations and thus contribute to the achievement of sustainable development goals. Worldwide, over 200 companies have responded to BCTA by making commitments to improve the lives and livelihoods of millions through commercially-viable business ventures that engage low-income people as consumers, producers, suppliers, and distributors of goods and services.

Objectives of this research study include:

- Benchmark the state of inclusive business among the group surveyed
- Provide practical insights for companies on inclusive business
- Identify drivers of inclusive business motives and likelihood to commit

Methodology



Stakeholders who took part in this study are all from BCtA's own database of members and contacts, as well as GlobeScan's panel of sustainability professionals. Respondents from BCtA's database were invited to participate by Paula Pelaez, Head of BCtA, via an official letter of invitation encouraging them to share their perspectives on the state of inclusive business.

The survey and subsequent prompting emails were sent to respondents by GlobeScan on behalf of BCtA. The survey was conducted online and in English. The survey was in field between August 2nd and 31st, 2018.

Survey questions refer specifically to inclusive business (IB). Inclusive business models are defined as commercially viable business models engaging people at the base of the economic pyramid (BoP) (i.e., people with less than US\$10 per day in purchasing power in 2015 US dollars) as consumers, producers, suppliers, distributors of goods and services, and employees.

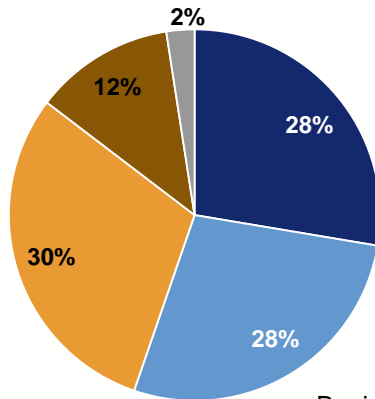
Respondent Breakdown (n=193)	%
Company	62%
Government	2%
Multilateral organization/United Nations	2%
NGO/Non-profit	13%
Academic/educational institution	6%
Think tank/policy/research organization	1%
Investor/rating agency	1%
Service organization	11%
Other	2%



Methodology: Corporate Sample Breakdown

Company Type	%
Multinational corporation	38%
Large national company	12%
Small or medium-sized enterprise	45%
Other	3%
DK/NA	2%

Sector	%
Agriculture, Food & Beverage	19%
Financial Services	11%
Energy & Utilities	8%
Health	8%
Information & Communication Technologies	8%
Consumer Goods	7%
Manufacturing, Construction & Housing	7%
Professional Services	7%
Extractives	1%
Chemicals	5%
Water, Sanitation & Waste Management	5%
Education	2%
Transport & Logistics	2%
DK/NA	3%
Other	7%



- Business Owner / Board Member
- C-Suite/Director/VP
- Manager
- Other
- DK/NA



Methodology: Region(s) Where IB is Implemented

Region	%
Africa	49%
Arab States	11%
Asia/Pacific	53%
Eastern Europe / Central Asia	11%
Latin America / Caribbean	37%
North America	9%
Western Europe	7%



Executive Summary

Current Progress toward Inclusive Business

- Overall, companies' engagement in inclusive business initiatives is thought to have increased over the past three years. Increased engagement in inclusive business initiatives is reported significantly more among large national companies and small or medium sized enterprises (SMEs) than those at multinational corporations.
- Inclusive business models are generally thought to have a significant influence on lifting people out of poverty and fighting inequalities. Company respondents view inclusive business models as much more impactful on reducing poverty and inequality than respondents from other sectors, such as NGOs or academia. However, company respondents in the information and communication technologies sector are less convinced of the significance of this impact than company respondents in other sectors.
- While the majority of respondents believe that the SDGs have influenced companies' decisions to engage in inclusive business initiatives, corporate respondents view this impact as slightly more significant than those in other sectors, with almost half reporting they believe the SDGs impact has been significant. This is further evidence that the SDGs have helped companies to shape and define their sustainability objectives.

Current State of Inclusive Business

- A majority of corporate respondents are already engaged in an inclusive business initiative. Those in the information and communication technologies sector and the agriculture, food and beverage sector are ahead of others in their current engagement in inclusive business initiatives, while respondents in the energy and utilities sector are less likely to report being currently engaged in an inclusive business initiative. Of those currently engaging in inclusive business, initiatives are primarily focused in Asia/Pacific and Africa, as well as Latin America/Caribbean.
- Most companies that are engaged in inclusive business have been for over two years, and half of respondents have been engaged for over 5 years.

Executive Summary



Current State of Inclusive Business cont'd

- The majority of inclusive business initiatives are either at a scaling-up stage, where they are focusing on extending or replicating successful initiatives, or they are still growing initiatives slowly within the organization. Large national companies are far ahead of multinationals and SMEs in their inclusive business initiatives, with the vast majority of these at the scaling-up stage.
- Respondents are most likely to say their inclusive business initiatives are integrated across the entire enterprise. Those who report implementation by various functions are most likely to say initiatives are implemented by the sustainability/CSR department. Respondents in the financial services sector report much higher levels of implementation across the entire enterprise, while other sectors report implementation is more varied across different functions. Those working outside departments implementing these inclusive business initiatives overwhelmingly view them as adding value to the company.
- The majority of respondents working at companies that are currently engaging in inclusive business initiatives say that their company has a strong commitment to advancing these initiatives. The most cited benefit of engaging in inclusive business initiatives is brand equity/reputational benefits, suggesting that IB can help build trust among stakeholders and win recognition for leadership. Access to new markets and competitive advantage are other benefits mentioned by significant proportions of respondents already engaged in inclusive business.
- Most respondents that are engaged in inclusive business report that the impact of their initiative(s) on improving the lives of low-income communities is significant. Among BCTA members, this impact is viewed as even more significant, with almost all members agreeing that their inclusive business initiative(s) has a large impact on improving the lives of low-income communities. Respondents report that these low-income populations are primarily engaged in their inclusive business initiative(s) as consumers or employees. Findings make it clear that IB delivers value to both companies and society.
- Inclusive business initiatives are thought to have contributed most to SDG 8, Decent Work and Economic Growth, and SDG 1, No Poverty.

Executive Summary



Advancing Inclusive Business: Challenges, Risks, and Drivers of Commitment

- Insufficient financing is viewed as the main barrier to inclusive business growth among those who are currently engaged in inclusive business initiatives, while those who are not currently engaged point to a misalignment between commercial and social impact expectations as a central barrier.
- In order to scale inclusive business initiatives, companies are likely to work towards expanding existing models into new markets and developing partnerships with third parties.
- Unfavourable government regulations are viewed as the most significant ESG risk to inclusive business initiatives, followed by the impacts of climate change on low-income communities and the impacts of technological advances.
- There seems to be a misalignment between the perceived significance of risks to inclusive business initiatives and organizational management of these risks. Risks that are perceived to be most substantial are managed as relatively low priorities, while those that are considered relatively less important are treated as high priorities. Although unfavourable government regulations and the impact of climate change on low-income communities are perceived to be among the most significant risks to inclusive business initiatives, these are treated as relatively low priority when compared to other, less significant risks, probably because of the magnitude of challenge they represent.
- Engagement with stakeholders and accountability/oversight are perceived to be important areas for driving companies' commitment to inclusive business where organizations are performing strongly. However, talent attraction/retention of capable and committed inclusive business professionals and alignment of compensation with achieved results are also key drivers of organizational commitment to inclusive business. But, these are rated below average in terms of implementation. Organizations will need to focus on strengthening these two human resource areas in order to continue to drive commitment to inclusive business.

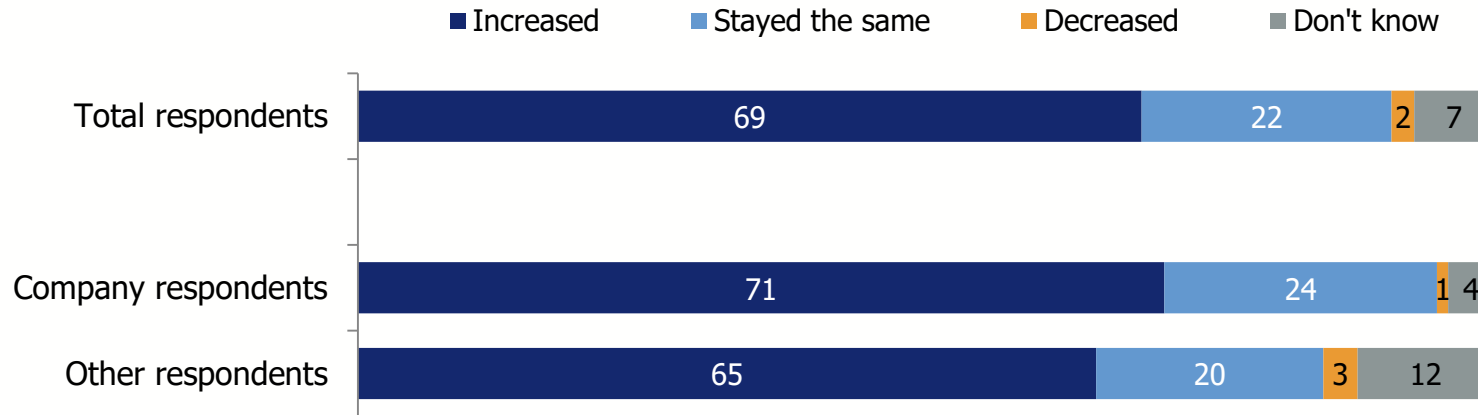


Current Progress toward Inclusive Business

Companies' engagement in IB initiatives is thought to have increased over past three years



Companies' Engagement in IB Globally over Past Three Years, All Respondents, 2018

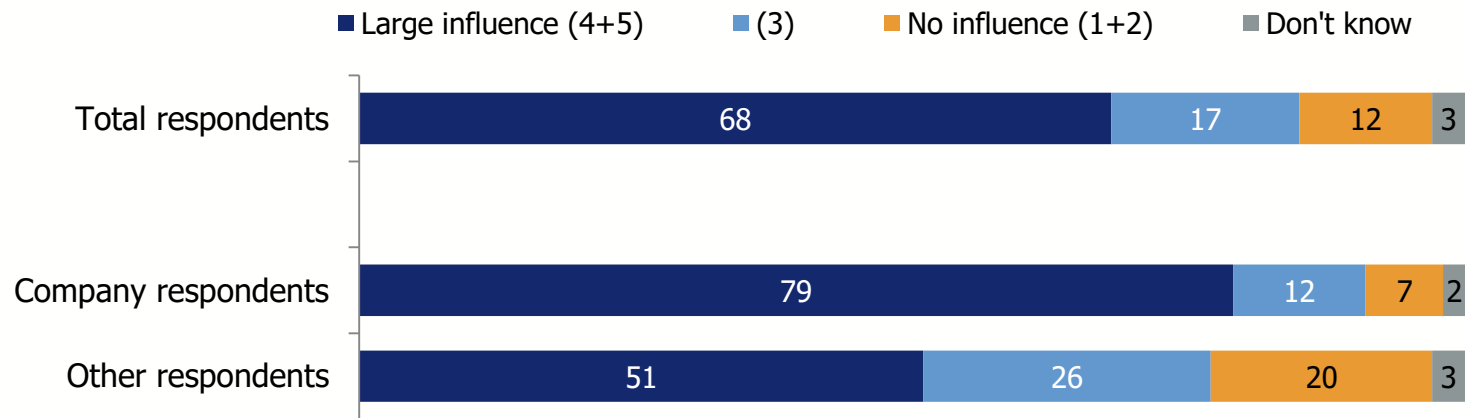


Q: Globally, do you think that companies' engagement in inclusive business initiatives generally has increased, decreased, or stayed the same over the past three years? (n= 193)

Company respondents overwhelmingly think that IB has an important positive impact on poverty and inequality



Impact of IB in Lifting People out of Poverty and Fighting Inequalities, All Respondents, 2018

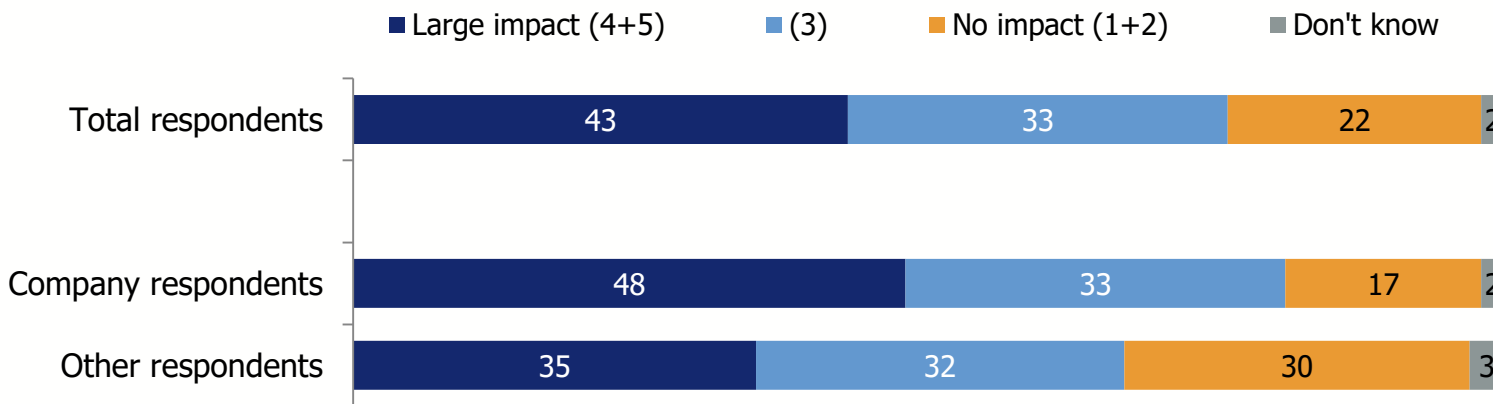


Q: How impactful do you think inclusive business models are in lifting people out of poverty and fighting inequalities?
Please use a 5-point scale where 1 is "not impactful at all" and 5 is "very impactful." (n=193)

Half of company respondents believe that the SDGs have influenced companies' decisions to engage in IB



General Influence of SDGs on Companies' Decisions to Engage in IB,
All Respondents, 2018

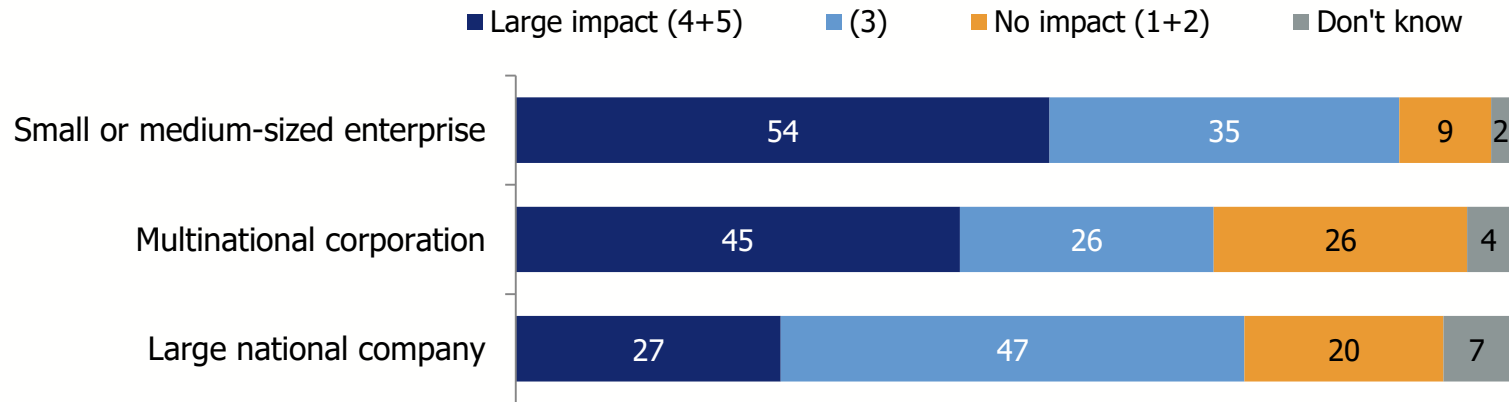


Q: How much do you think that the Sustainable Development Goals (SDGs) have influenced companies' decisions to engage in inclusive business initiatives, in general? Please use a 5-point scale where 1 is "no influence at all" and 5 is "very large influence." (n=193)

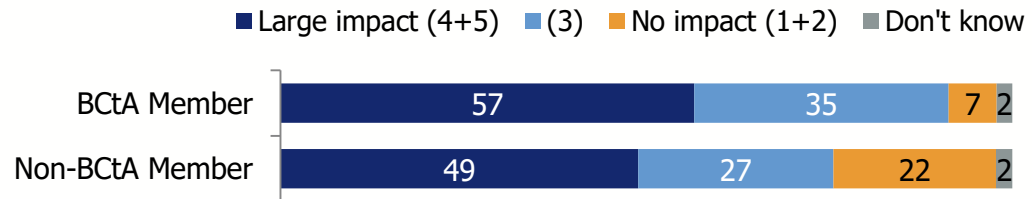
Small or medium-sized enterprises are more likely to believe the SDGs have influenced companies' decisions to engage in IB



General Influence of SDGs on Companies' Decisions to Engage in IB, By Company Type and BCtA Membership Status, Corporate Respondents, 2018



Non-BCtA members view SDGs as less influential in companies' decision to engage in IB than BCtA members.



Q: How much do you think that the Sustainable Development Goals (SDGs) have influenced companies' decisions to engage in inclusive business initiatives, in general? Please use a 5-point scale where 1 is "no influence at all" and 5 is "very large influence." (n=15-54)

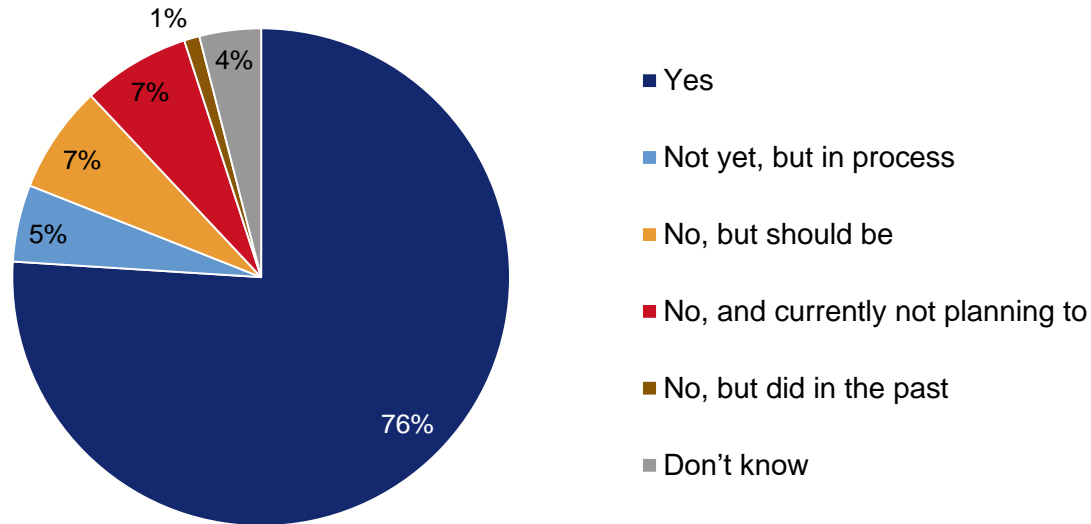




**Own Organization:
Current State of Inclusive Business**

Most company respondents currently engage in IB

Company Is Currently Engaging in IB,
Company Respondents, 2018

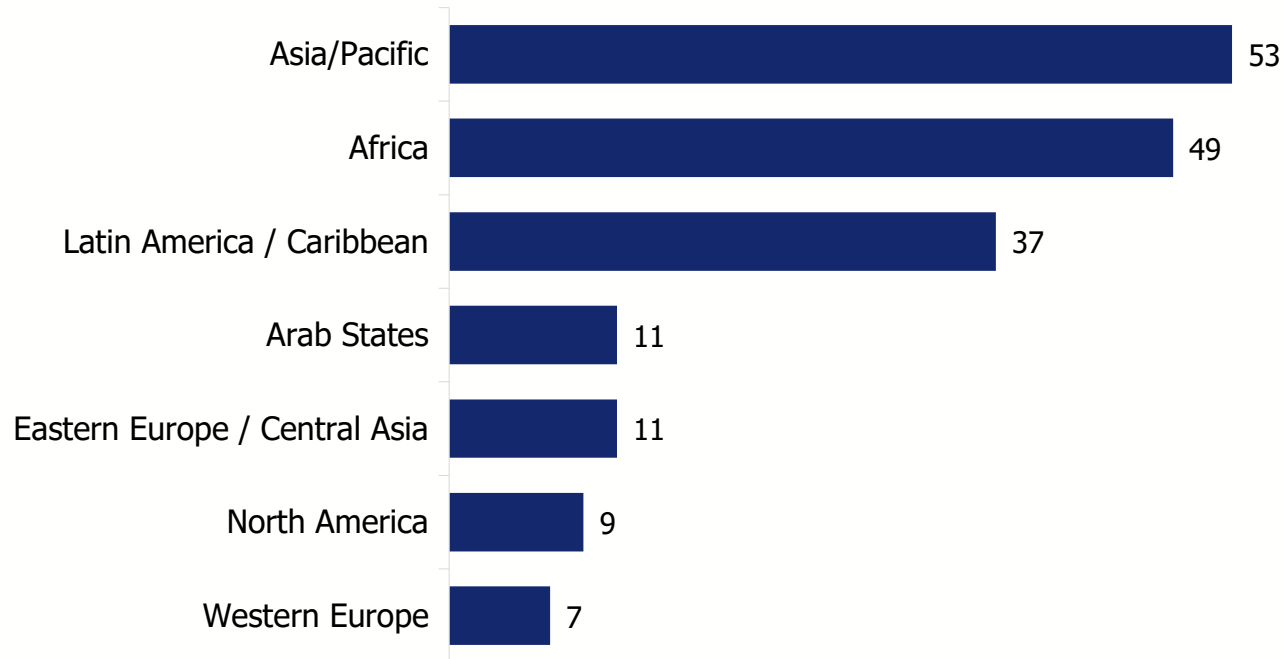


Q: Is your company currently engaging in an inclusive business initiative? (n=123)



Respondents with IB initiatives tend to be active in Asia/Pacific or Africa

Region(s) Where IB Implemented,
Subsample: Respondents Currently Engaging in IB, 2018

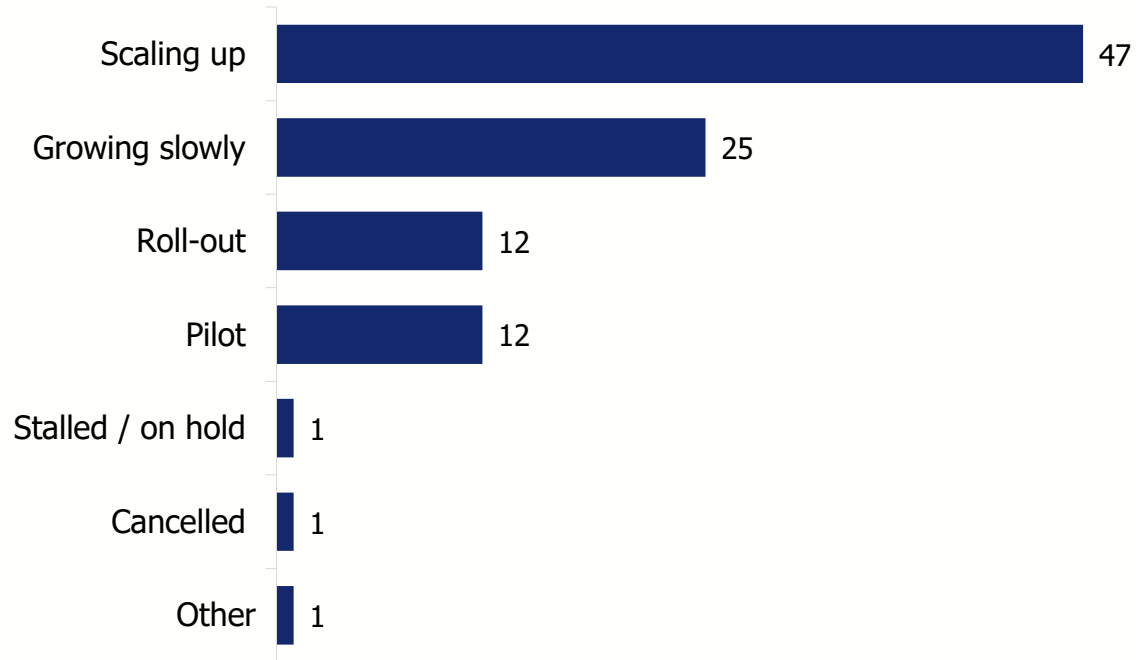


Q: In which region(s) is your inclusive business being implemented? *Please select all that apply.* (n=91)



Almost half of IB respondents are at scaling-up stage

Current Stage of IB,
Subsample: Respondents Currently Engaging in IB, 2018

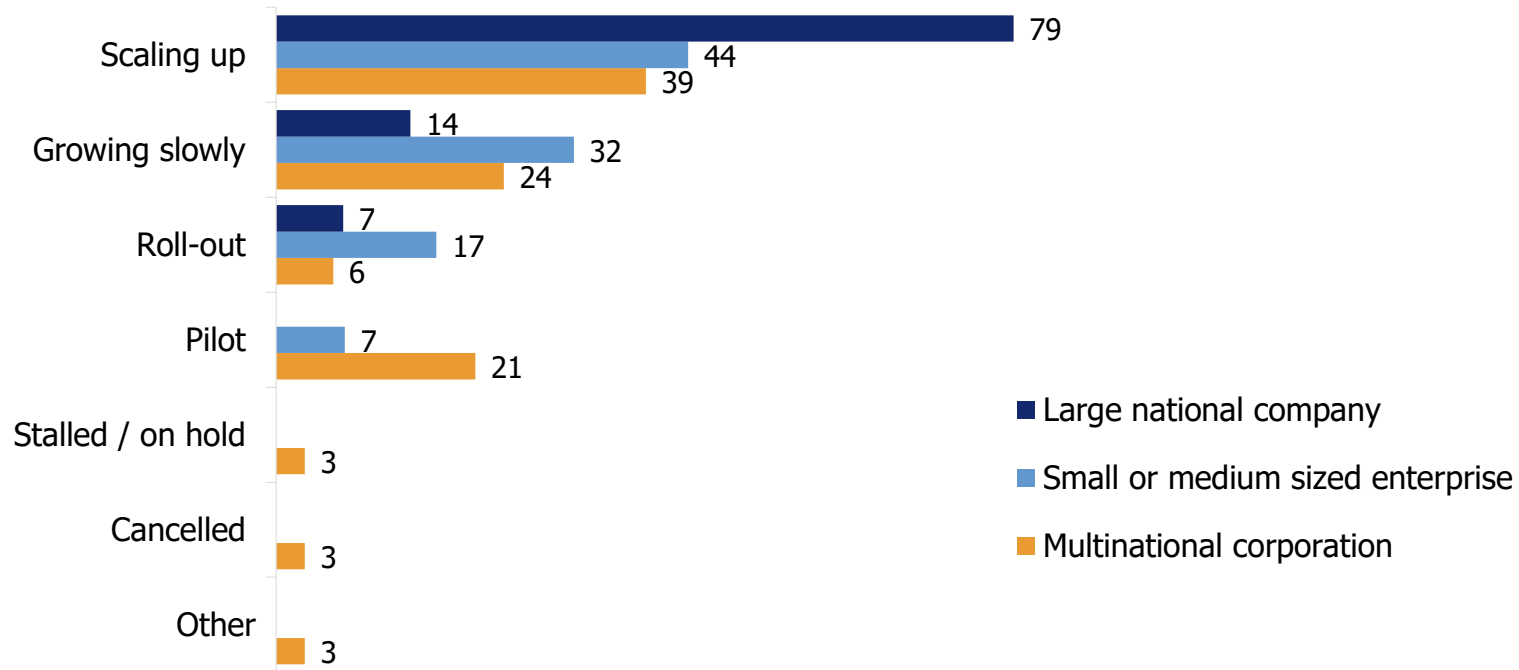


Q: Which of the following best describes the current stage of your inclusive business initiative? *Please select one.* (n=91)

Of the types of companies engaged in IB, large national companies are far ahead of multinationals and SMEs in scaling up IB initiatives



Current Stage of IB, by Company Type,
Subsample: Respondents Currently Engaging in IB, 2018

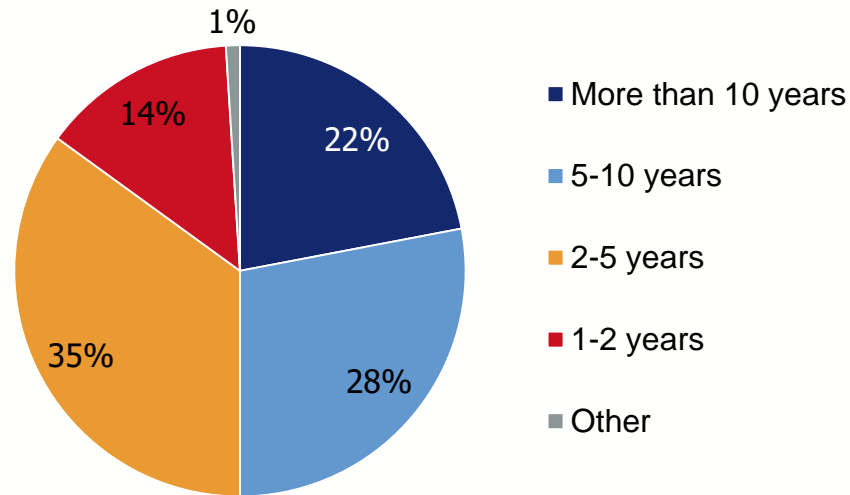


Q: Which of the following best describes the current stage of your inclusive business initiative? *Please select one.* (n=14-41)

IB respondents evenly split between those who have engaged in IB less than five years vs more than five years



How Long Company Has Engaged in IB,
Subsample: Respondents Currently Engaging in IB, 2018



Q: For how long has your company engaged in inclusive business? Please select one. (n=92)

IB initiatives tend to be integrated across the entire enterprise or by Sustainability/CSR departments



Company Department(s) Implementing IB,
Subsample: Respondents Currently Engaging in IB, 2018



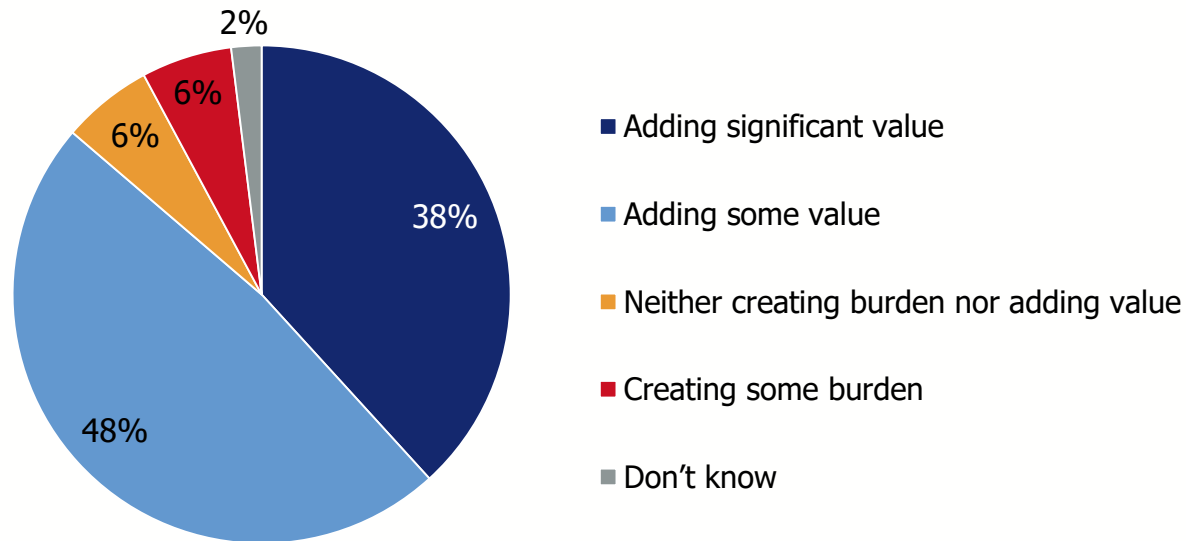
IB respondents in the financial services sector report IB initiatives are primarily integrated across the entire enterprise, while other sectors report more varied department implementation.

Q: Which department(s) in your company implements your inclusive business initiative(s)? Please select all that apply. (n=91)

IB is overwhelmingly seen as adding value to companies by those outside of departments overseeing initiative(s)



How Is IB Seen in Company, Subsample: Respondents Currently Engaging in IB, Excluding Those Who Say IB Implementation Integrated across Entire Enterprise, 2018

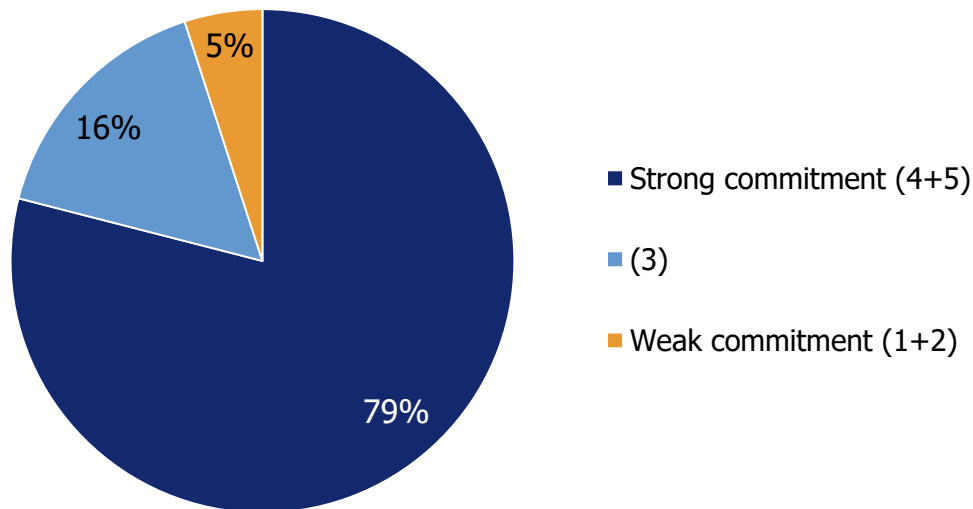


Q: Outside of the department overseeing your inclusive business initiative(s), how is inclusive business seen in your company? Please select one. (n=54)

Most IB respondents say their companies' commitment to advancing IB initiative(s) is strong



Strength of Company's Commitment to Advancing IB,
Subsample: Respondents Currently Engaging in IB, 2018



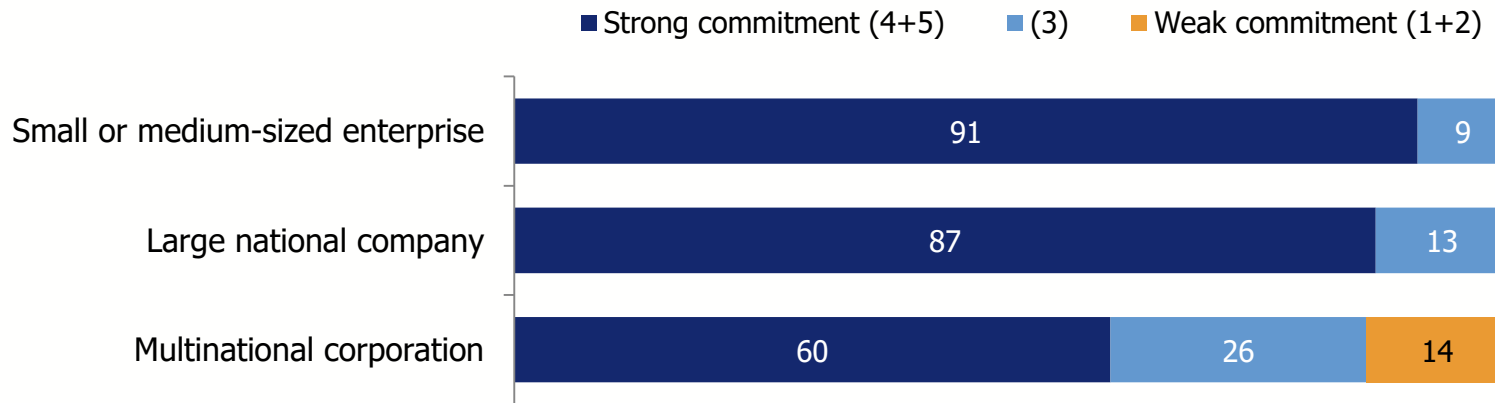
BCtA members report stronger commitment to advancing IB initiative(s) than non-members.

Q: How strong is your company's current commitment to advancing inclusive business initiative(s), including the senior management's? Please use a 5-point scale where 1 is "no commitment" and 5 is "very strong commitment." (n=97)

Multinational corporations engaging in IB are slightly less committed to advancing IB initiatives than large national companies and SMEs



Strength of Company's Commitment to Advancing IB, by Company Type,
Subsample: Respondents Currently Engaging in IB, 2018



Q: How strong is your company's current commitment to advancing inclusive business initiative(s), including the senior management's? Please use a 5-point scale where 1 is "no commitment" and 5 is "very strong commitment." (n=15-44)



Brand equity/reputation most cited benefit of IB initiative(s)

How Company Benefits Most from IB Initiative(s),
Subsample: Respondents Currently Engaging in IB, 2018



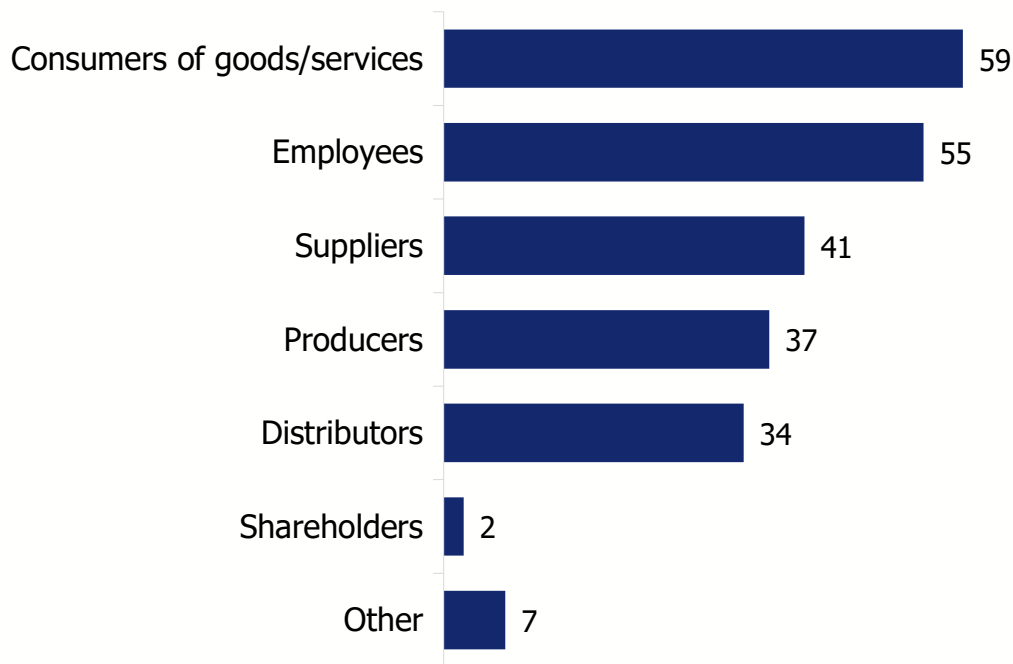
Brand equity/reputation cited as a benefit significantly more among large national companies compared to multinational corporations and SMEs.

Q: How does your company benefit as a result of your inclusive business initiative(s)? Please select up to three areas where you think that your company benefits the most. (n=91)

Low-income populations are mostly engaged in IB initiatives as consumers and/or employees



How IB Initiative(s) Engage Low-Income Populations,
Subsample: Respondents Currently Engaging in IB, 2018



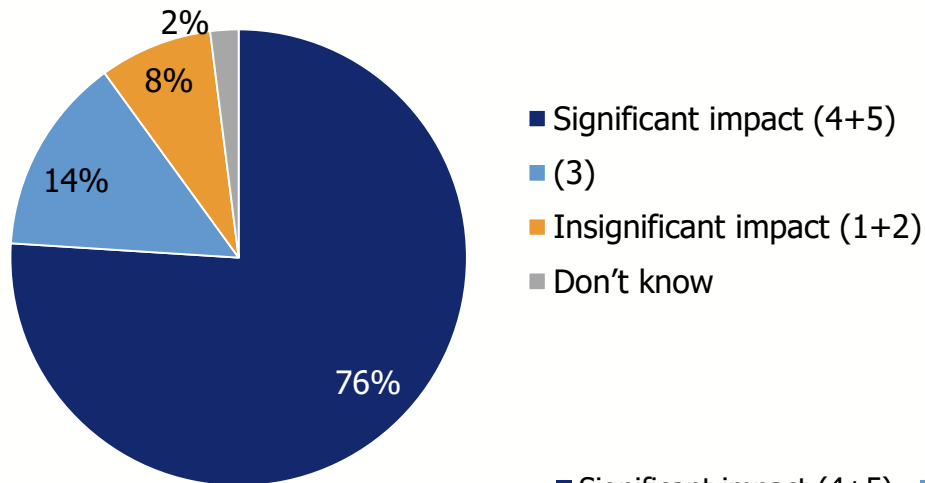
Financial services and health sectors report IB initiatives primarily engage low-income populations as consumers, while agriculture, food and beverage and energy and utilities sectors report more engagement as employees and suppliers.

Q: In what ways does your inclusive business initiative(s) engage low-income populations? *Please select all that apply.*
(n=91)

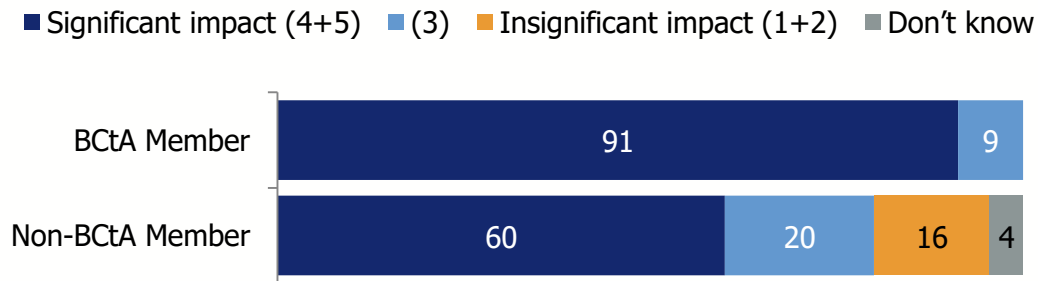
Most IB respondents say their initiative(s) have had a significant impact on lives of low-income communities



Impact of IB Initiative(s) for Improving Lives of Low-Income Communities, Subsample: Respondents Currently Engaging in IB, 2018



BCTA members view IB initiative(s) as much more impactful for improving the lives of low-income communities than non-BCTA members.



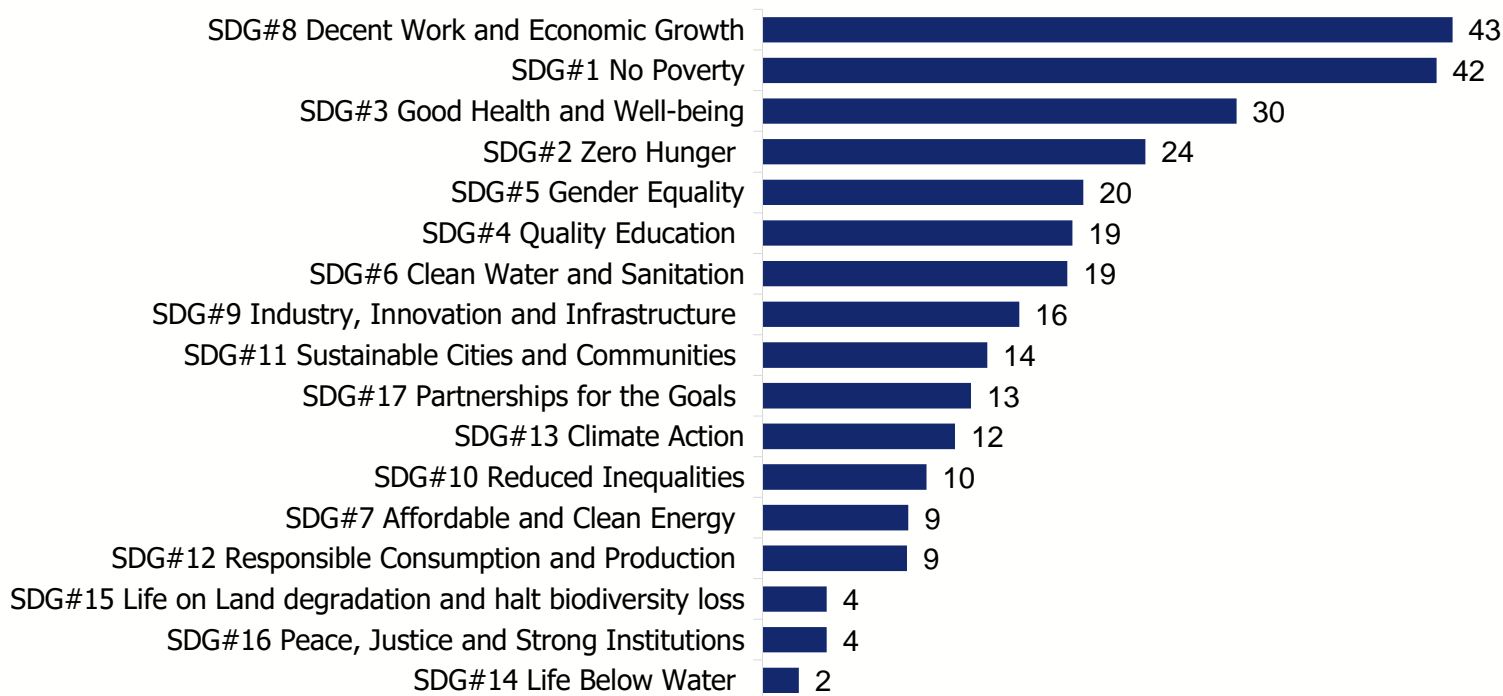
Q: How significant would you say that the impact of your inclusive business initiative(s) has been in terms of improving the lives of low-income communities? Please use a 5-point scale where 1 is “no significant impact” and 5 is “very significant impact.” (n=91)



IB initiative(s) mostly thought to have contributed to SDG#8 (Work / Economic Growth) and DSG#1 (No Poverty)



SDGs That IB Initiative(s) Have Contributed to Most, Total Mentions, Subsample: Respondents Currently Engaging in IB, 2018



Q: Thinking of the Sustainable Development Goals (SDGs) listed below, which of these would you say that your inclusive business initiative(s) has contributed to the most? Please select up to three Goals, where 1 is the Goal that your initiative(s) have contributed to the most, 2 is the Goal they have contributed the second most to and 3 is the Goal they have contributed the third most to. (n=91)

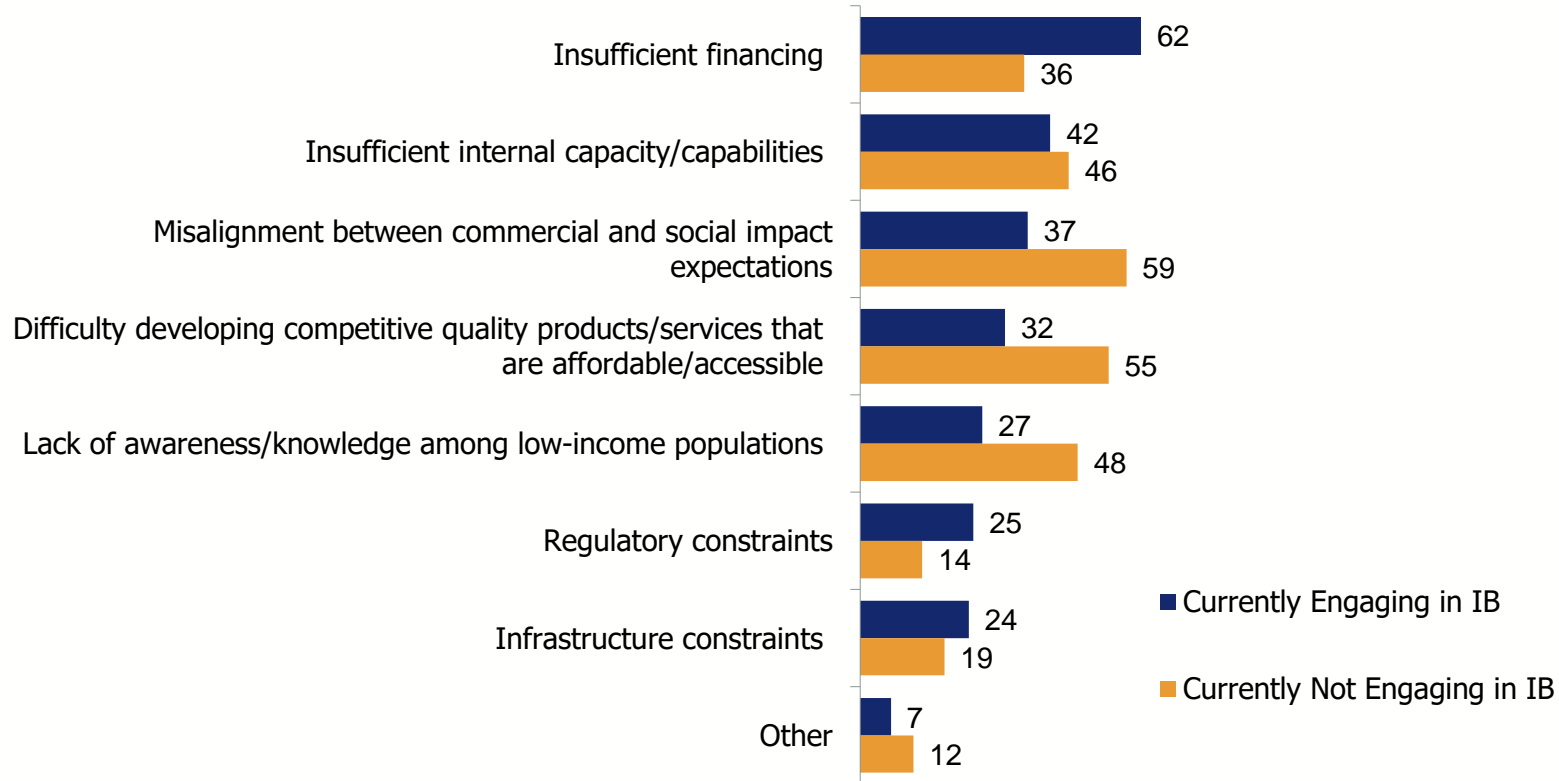


Advancing Inclusive Business: Challenges, Risks, and Drivers of Commitment

Insufficient financing seen as main barrier by IB respondents, others point to commercial vs social impact



Most Important Barriers to IB Growth, Respondents Currently Engaging in IB vs Respondents Currently Not Engaging in IB, 2018



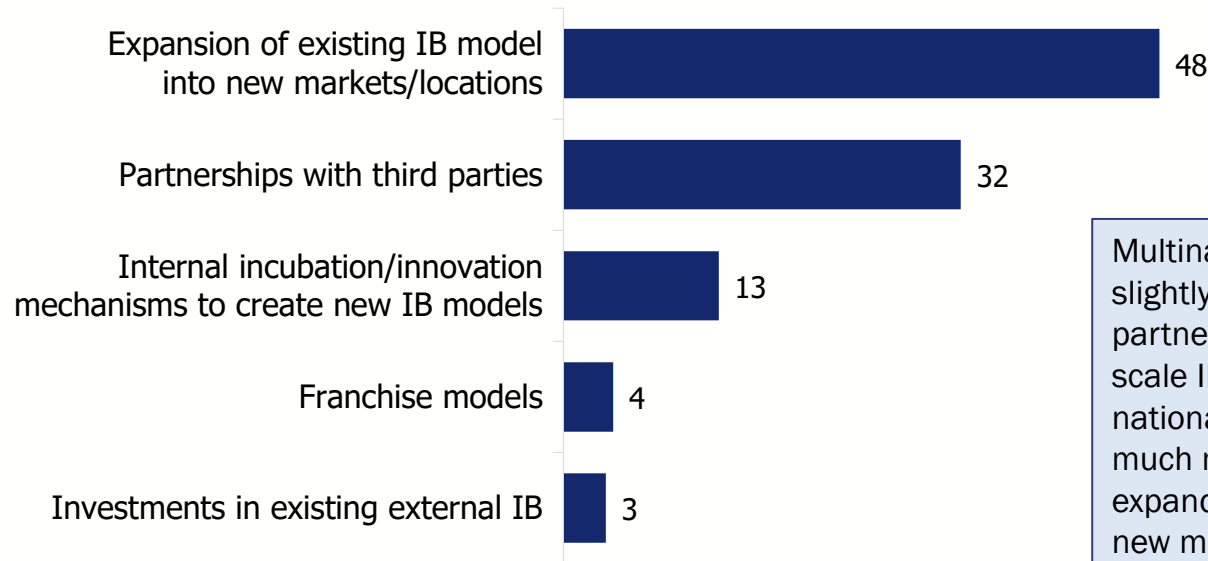
Q: Which of the following are the most important barriers to the growth of your inclusive business initiative(s)? / Which of the following do you think would be the most important barriers to initiatives that include low-income individuals in companies' value chains (as consumers, producers, suppliers, distributors, or employees)? Please select up to three barriers that are the most important, where 1 is the most important barrier, 2 is the second most important barrier and 3 is the third most important barrier. (n=91)



Half of IB respondents are looking to expand model into new markets as most likely strategy to scale initiative



Most Likely Strategies to Scale/Replicate IB,
Subsample: Respondents Currently Engaging in IB, 2018



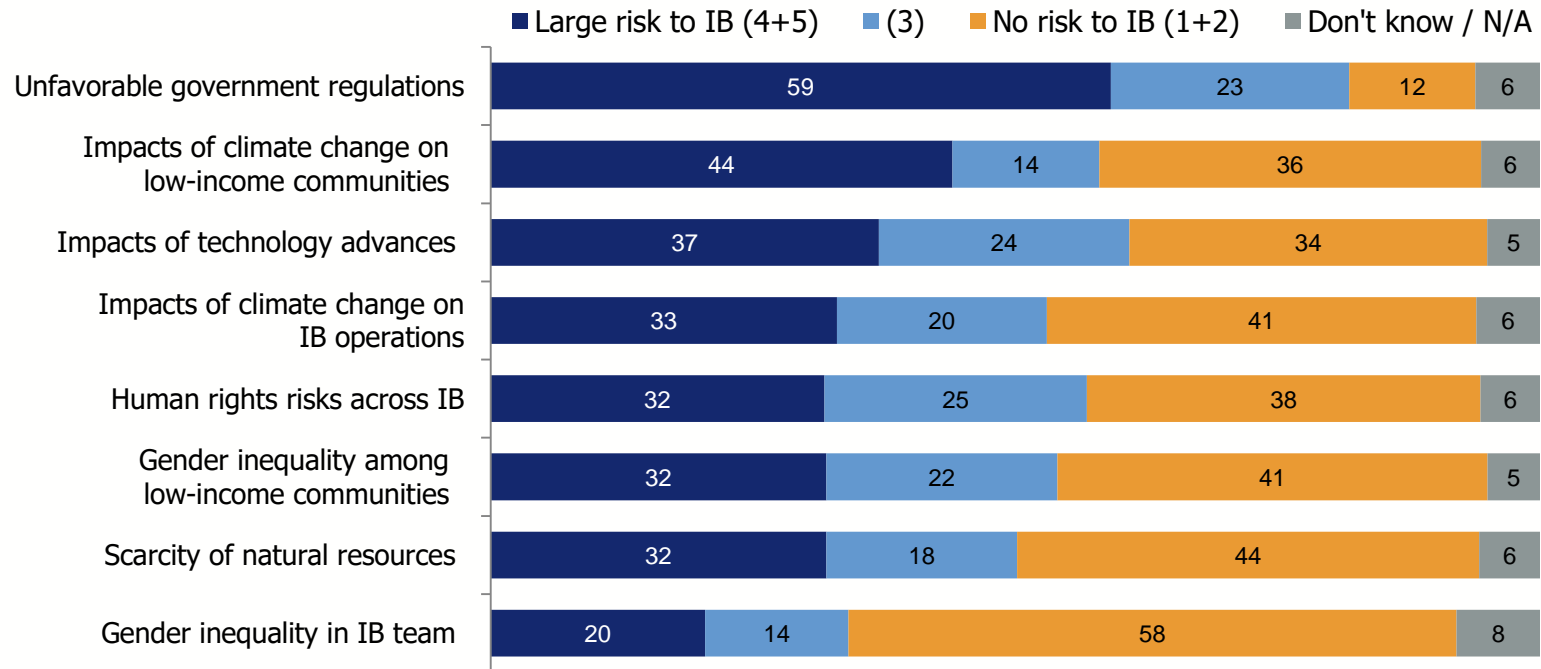
Multinational corporations are slightly more likely to rely on partnerships with third parties to scale IB initiatives, while large national companies and SMEs are much more likely to focus on expanding existing IB models into new markets.

Q: Which of the following strategies to scale or replicate inclusive business initiatives would your company be the most likely to pursue? Please select one. (n=91)

Unfavourable government regulations are seen as main risk to IB initiative(s)



Environmental/Social/Governance Risks to IB,
Subsample: Respondents Currently Engaging in IB, 2018

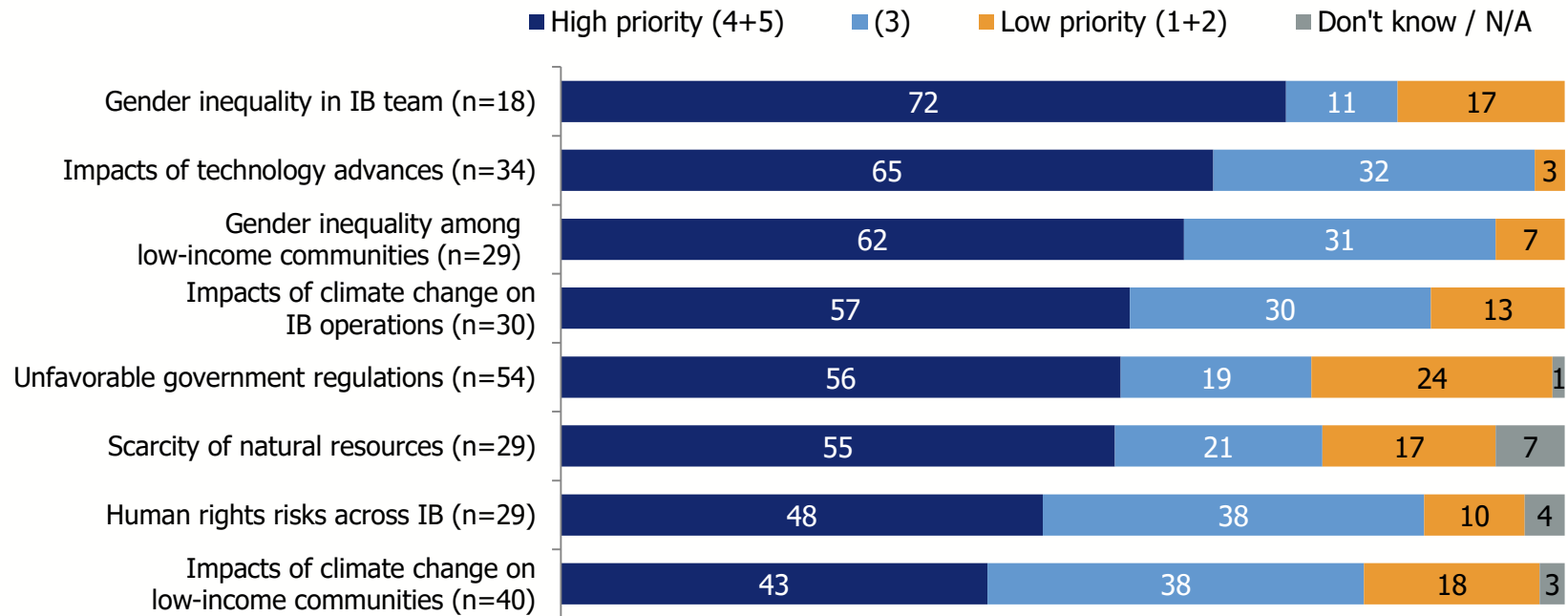


Q: How much of a risk do you think each of the following environmental, social, governance factors pose to your inclusive business initiative(s)? Please use a 5-point scale where 1 is “pose no risk at all” and 5 is “pose very large risk.” (n=91)

Managing gender inequality most likely to be high priority among those who see it as posing risk



Management of Risks to IB, Subsample: Respondents Currently Engaging in IB, Each Risk Asked Only to Those Rating It As Posing “Large Risk” (4+5), 2018

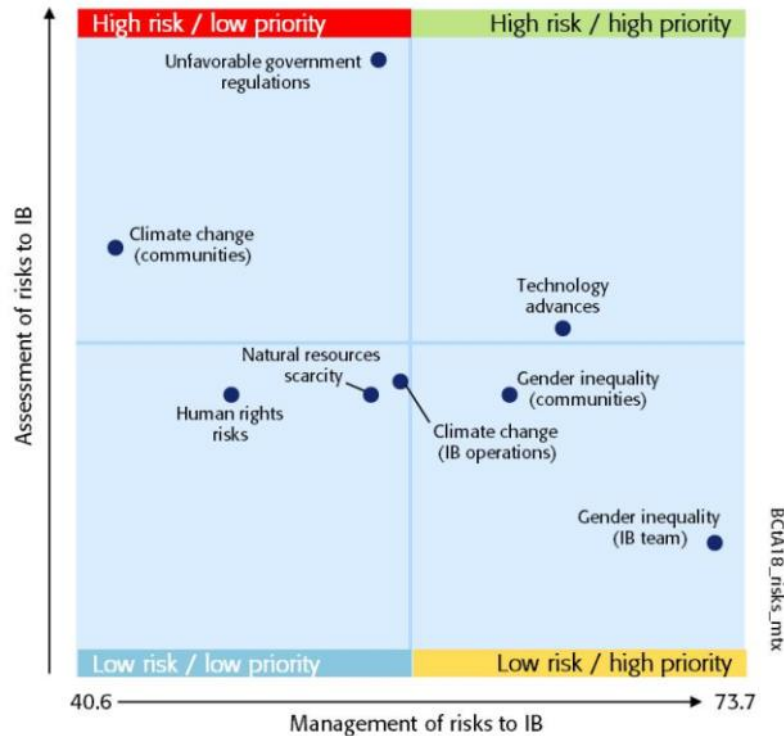


Q: To what extent is your inclusive business initiative(s) managing each of these same risks that you ranked as posing a large risk to the initiative(s)? Please use a 5-point scale where 1 is “not managing at all” and 5 is “very high priority.” (n=18-54)

Risks to Inclusive Business

Subsample: Respondents Currently Engaging in IB, 2018

Management of Risks to IB
All Respondents, 2018



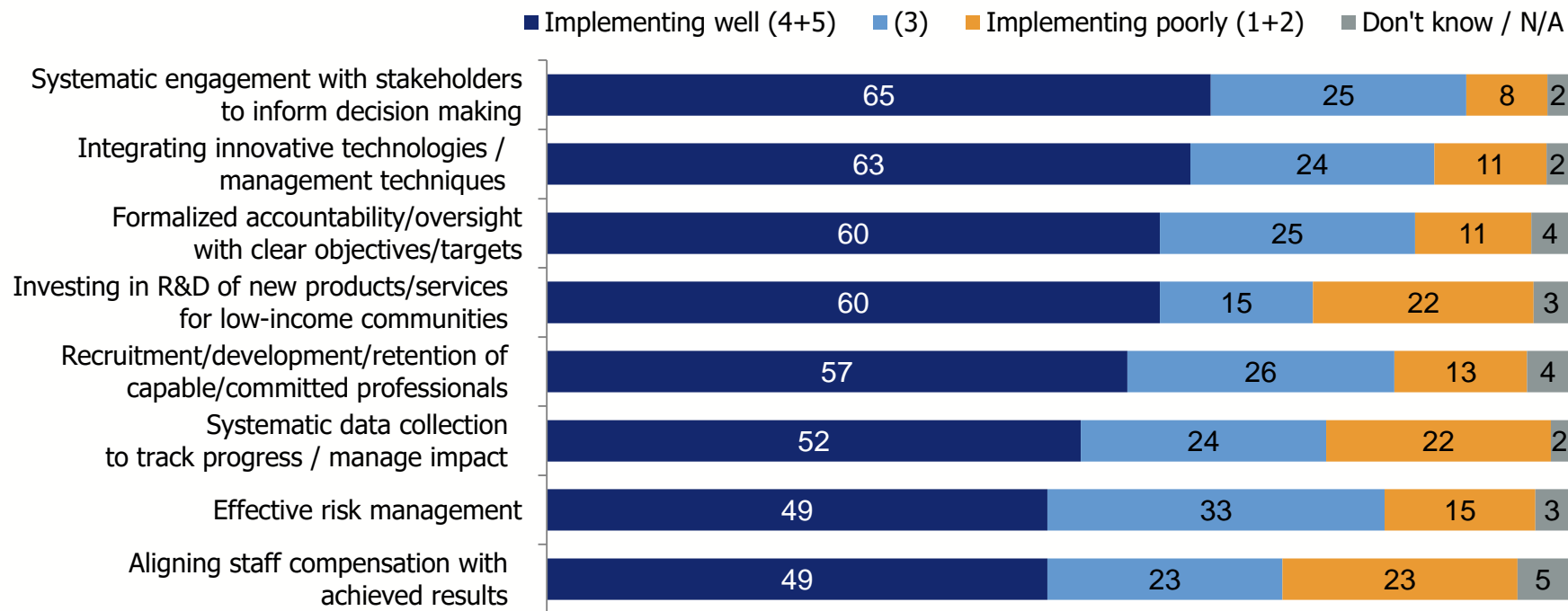
- This scatter plot demonstrates a misalignment between the perceived importance of risks to inclusive business initiatives and organizational management of these risks. Risks that are perceived to be most substantial to inclusive business initiatives are treated as lower priorities, while those that are considered relatively less important, are managed as the highest priorities—perhaps due to degree of difficulty.
- Although unfavorable government regulations and the impact of climate change on low-income communities are viewed as the main risks to inclusive business initiatives, these are treated as relatively low priority when compared with other potential risks.

Q: How much of a risk do you think each of the following environmental, social, governance factors pose to your inclusive business initiative(s)? (n= 91) Q: To what extent is your inclusive business initiative(s) managing each of these same risks that you ranked as posing a large risk to the initiative(s)? (n= 18-54)

Data collection, risk management, staff compensation seen as weakest areas of implementation in support of IB



Implementation of Practices to Support IB,
Subsample: Respondents Currently Engaging in IB, 2018



Q: How well do you think your own organization is implementing the following practices to support your inclusive business initiative(s)? Please use a 5-point scale where 1 is "very poorly" and 5 is "very well." (n=91)



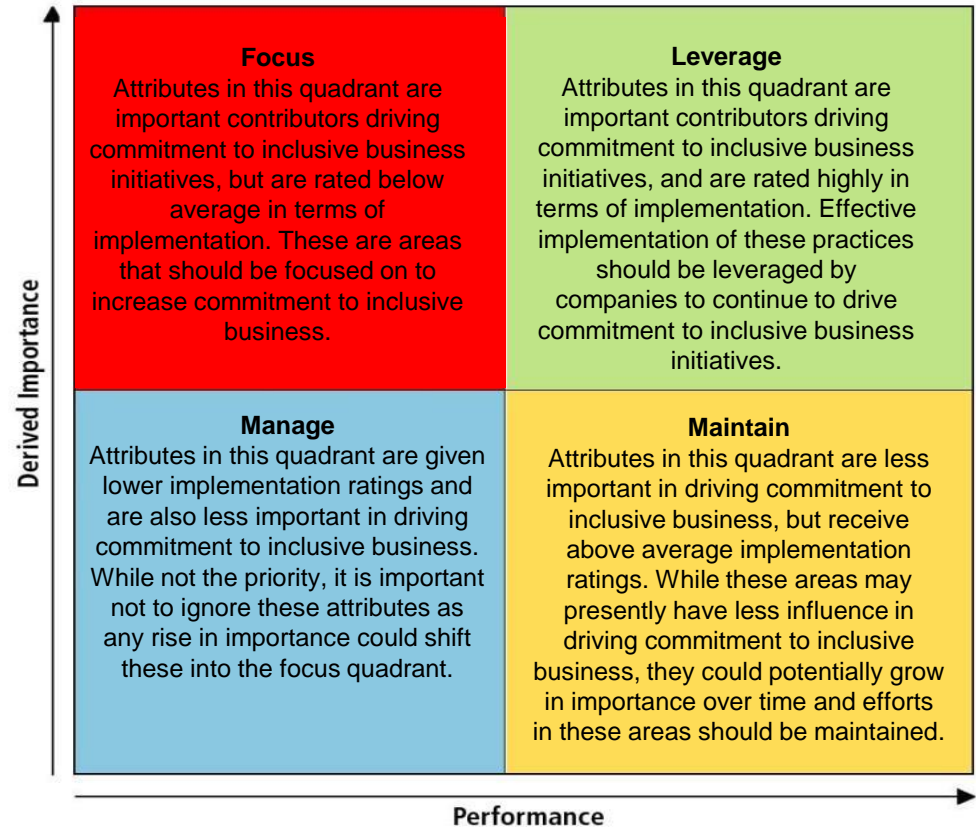
Drivers of Commitment to IB

Drivers Analysis is a predictive tool used to understand relationships between an outcome variable and a set of independent predictors. In this case, the relationship between the drivers of commitment to inclusive business and performance on these drivers was analysed.

Using regression analysis, the relative importance of each attribute, or driver, in contributing to organizations' commitment to inclusive business was determined.

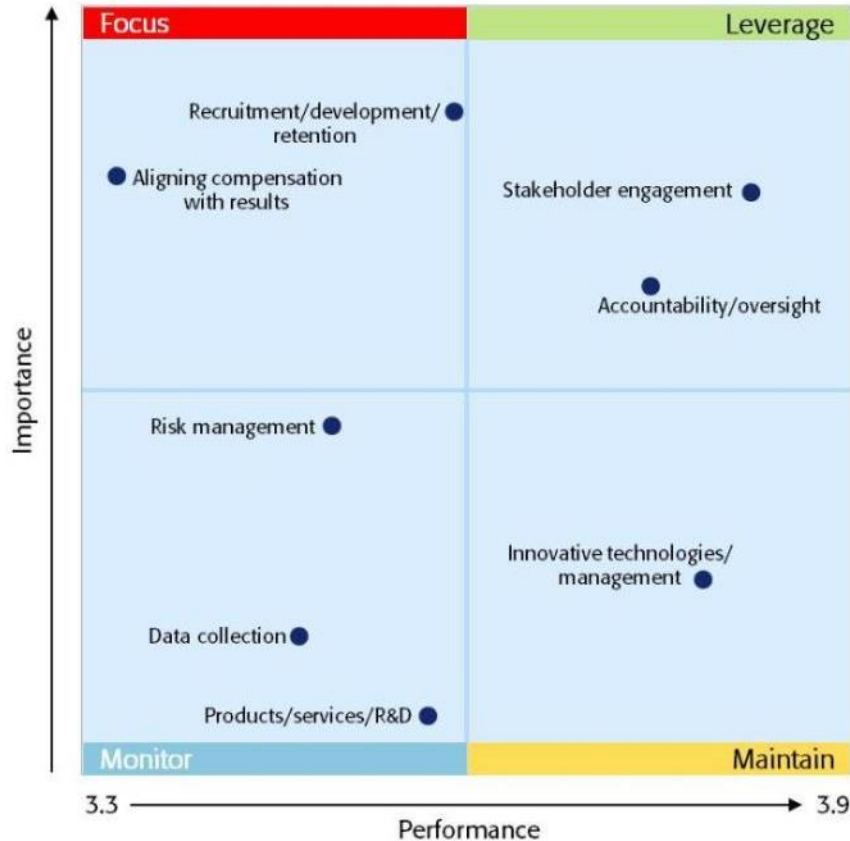
To visualise the resulting data of the drivers analysis, a matrix was created to plot each attribute on the importance and performance axes. Placing the data on a matrix helps determine the most operative options to support inclusive business growth. It does so by showing which drivers are the most important in supporting inclusive business and where an improvement in certain areas could have the most contribution in driving inclusive business initiatives.

It is important to remember that the drivers are plotted relative to each other. For example, when a driver appears in "Manage" or "Maintain," this does not mean it is seen as unimportant on an absolute basis in driving commitment to inclusive business; rather, it has a relatively weaker influence compared to other drivers.



Drivers of Commitment to IB

Subsample: Respondents Currently Engaging in IB, 2018



- Systematic engagement with stakeholders (e.g. low-income individuals, partners, local authorities, etc.) to inform decision making is rated as the practice that organizations are performing the strongest on in terms of implementation to support their IB initiative(s). Statistical analysis also shows that this is among the most important areas contributing to organizations' commitment to IB. Companies are recommended to continue their strong work in this area.
- Formalized accountability and oversight of inclusive business with clear objectives and targets is another relatively important area for driving commitment to IB where organizations also perform relatively strongly.
- Ensuring that organizations attract, develop and retain capable and committed IB professionals, and are aligning compensation with achieved results, are also key drivers of organizations' commitment to IB. However, these practices are rated below average in terms of implementation. In order to improve commitment to IB, organizations may want to focus specifically on strengthening these two areas that are both associated with human resources.
- Effective risk management of IB initiative(s) is currently close to average in terms of importance in driving commitment to IB, but is rated below average on implementation. Organizations could benefit from strengthening this practice, as it may become increasingly important as a driver of commitment

Q: How well do you think your own organization is implementing the following practices to support your inclusive business initiative(s)? (n= 91) Q: How strong is your company's current commitment to advancing inclusive business initiative(s), including the senior management's? (n= 97)



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