The ‘purpose ecosystem’: emerging private sector actors in earth system governance

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Abstract
The private sector arguably plays a critical role in addressing the challenges of the Anthropocene and providing potential solutions to achieve the United Nations Sustainable Development Goals. Recently, a myriad of new actors in the form of intermediaries, initiatives and organisations have started driving wider systems change by advocating and advising companies to reconsider and broaden their fundamental ‘raison d’être’. In this Perspective we argue that the emergence of this ‘purpose ecosystem’ could play an important function within earth system governance, specifically by endorsing and accelerating action aligned with achieving the UN SDGs; yet we also highlight a number of risks, barriers and critical considerations for its overall assessment and propose important questions for further research.

Keywords
Earth system governance; private sector; purpose-driven business; purpose ecosystem; UN sustainable development goals
The private sector has been identified as having critical agency within research on understanding the causes and potential solutions for addressing challenges of the Anthropocene (Albareda & Waddock, 2018; Hoffman & Jennings, 2015, 2018; Wright et al., 2018). In fact, there are growing indications that businesses have started to adopt the language and aspirations of the UN Sustainable Development Goals (SGDs) (UN Global Compact & Accenture, 2019; Williams et al., 2019). Yet much like governments, companies’ engagement with the Agenda 2030 is entirely voluntary, thus raising questions over how they approach the complexities involved in addressing a multitude of interconnected sustainability issues (Dahlmann & Bullock, 2020; Folke et al., 2019; Kourula et al., 2017). For instance, there are significant concerns that private sector engagement with the UN SDGs simply reflects new efforts to enhance social legitimacy through ‘SDG- or rainbow-washing’ and superficial adoption of the underlying aims of the Agenda 2030 (Dyllick & Muff, 2016; Etzion et al., 2019; Scheyvens et al., 2016; Shrivastava, 2018; 2019).

Partly in response, a myriad of new intermediaries, initiatives and organisations have emerged which seek to drive wider systems change by advocating and advising the business sector on how to reconsider and broaden their fundamental ‘raison d’être’. The aim of these private sector actors is to create ‘purpose-driven businesses’ that integrate social and environmental objectives into their organisational purpose, rather than pursuing a singular focus on financial objectives (such as maximising profits and/or shareholder value). Such companies thus serve some form of purpose beyond their own self-interest as well as that of private wealth maximisation, and include the creation of social and environmental value. To drive and support such developments, many new actors have started to challenge and address the broader purpose of the private sector through various forms of engagement.

In this Perspective, we propose to conceptualise this emerging network of private intermediaries, initiatives and organisations as a ‘purpose ecosystem’ – an interesting and
relevant empirical phenomenon in need of further research (Dahlmann et al., 2019). In fact, as an emerging form of private governance the purpose ecosystem may have the potential to support wider sustainability transitions (Kohler et al., 2019) and systems transformations necessary for achieving the UN SDGs (Sachs et al., 2019). Given the growing number of organisations operating in this purpose ecosystem, we argue that its focus on changing the purpose of business plays an important function in enabling and accelerating action to address socio-ecological challenges. However, drawing on the latest earth system governance research agenda, we also highlight a number of risks, barriers and critical questions to be considered in the overall assessment of this purpose ecosystem.

**Emergence of a purpose ecosystem**

Research on how businesses engage with questions of sustainability is becoming increasingly mainstream and is leading to a wide range of insights and theories (Etzion, 2018; Meurer et al., 2019). At the same time, there is widespread concern that companies’ efforts are either insufficient at best, or superficial and detrimental at worst (Delmas & Burbano, 2011; UN Global Compact & Accenture, 2019).

While doubtlessly there are plenty of examples of increasing activity and efforts to reduce the negative impacts of business on the environment and society, many perceive these to be futile unless companies appreciate their position as being embedded within a wider socio-ecological network (Starik & Rands, 1995; Stubbs & Cocklin, 2008; Valente, 2012).

In fact, in most cases of conventional sustainability initiatives, the key method of transformation relies on tapping into companies’ self-interest as primarily profit-driven entities. Such efforts have undoubtedly yielded significant positive impacts on people, planet and prosperity. Yet, given widespread concerns about the state of the natural environment and persistent social challenges, such ‘fit and conform’ narratives (Smith & Raven, 2012)
that work from the ‘inside-out’ have raised questions about their wider efficacy within the established market-based economic system.

As a partial response to these growing concerns about the nature and purpose of companies in being willing and able to support the sustainability transition, an increasing number of social movements, charities, not-for-profits, consultancies and others are emerging that take more systemic approaches towards affecting change. Specifically, these private-actor organisations, networks and initiatives lead the transformation towards sustainable development by seeking to change how businesses operate and interact (Albareda & Waddock, 2018; Kivimaa et al., 2019).

Common in many of these private sector actor efforts is a shared belief in redefining the purpose and nature of business by focusing on broader non-financial performance measures, such as environmental and social sustainability outcomes. Hollensbe and colleagues (2014, p. 1228) propose that purpose defines the remit and scope of business activity, linking purpose to values that promote the well-being of society and individuals in order to positively transform them. The underlying premise of this argument is that business is part of society, not separate to society. As such, acceptable standards of business behaviour are drawn from society, rather than having opposing standards within business and society. By coupling purpose directly with positive societal outcomes, purpose-driven businesses derive profits from delivering products and services that intrinsically benefit society, promote the ‘common good’ (George et al., 2016; Hollensbe et al., 2014) and proactively contribute to societal wellbeing (Stephan et al., 2016). Purpose-driven businesses explicitly adopt a blended mission in which economic, social, and environmental goals are combined (Muñoz et al., 2018).
While many existing purpose-driven businesses tend to be small to medium sized, and include new entities such as B Corps and social enterprises (Stubbs, 2017), there are also increasing calls for large organisations to reconsider their purpose as well and to rebuild trust between business and society (Fink, 2018; Gartenberg & Serafeim, 2019; The BA, 2019).

Drawing on Moore’s (2013) perspective of business ecosystems, we define the ‘purpose ecosystem’ as a self-organised economic community of organisations and interdependent stakeholders organically seeking to promote wider systemic change to support the creation of purpose-driven businesses. Table 1 provides an indicative overview of key types of actors found in the emerging purpose ecosystem, which we identified through an initial mapping exercise, ongoing informal discussions with some of these actors in Australia and the UK, and from secondary research. As a result, we accept that this purpose ecosystem has no definitive boundaries, is subject to a changing membership, and that the identification of its constituent actors may be subject to subjective bias and interpretation.

While some of these actors’ efforts are designed to instil change by redefining capital allocation processes, increasing organisational transparency and the implementation of innovative performance metrics, others are approaching the transformation by redefining the nature and purpose of business through the creation of new forms of corporate governance, business models, mindsets and leadership approaches (Geels, 2019; Westley et al., 2011).
Table 1: The purpose ecosystem as an emerging form of private sector involvement in earth system governance

<table>
<thead>
<tr>
<th>INITIATIVES AND ACTORS</th>
<th>METHOD OF TRANSFORMATION</th>
<th>SYSTEMIC PURPOSE</th>
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<tbody>
<tr>
<td><strong>Impact Investment</strong></td>
<td>- Investing in social enterprises or organisations with an explicit sustainability impact purpose&lt;br&gt;- Accepting various levels of trade-offs between profits and impact</td>
<td>- Changing the broader purpose of investing beyond maximising financial returns</td>
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<tr>
<td>Family offices, high net worth individuals (HNWIs), foundations, charities, endowments, religious investors, investment managers, Global Impact Investor Network (GIIN)</td>
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<tr>
<td><strong>Sustainability Target Initiatives</strong></td>
<td>- Developing guidance on organisational target setting in non-financial performance areas</td>
<td>- Changing the way in which companies set strategic targets that are aligned with scientific evidence on Earth system science, sustainable development and the UN SDGs</td>
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<tr>
<td>Non-profits such as Science-Based Targets, We Mean Business Coalition, Future Fit Business, Pivot Goals, World Benchmarking Alliance, etc.</td>
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<tr>
<td><strong>Business Purpose Change Agents</strong></td>
<td>- Setting norms and principles for business management&lt;br&gt;- Developing guidelines and tools for organisational behaviour and decision making&lt;br&gt;- Evaluation and certification of non-financial performance measures&lt;br&gt;- Community-building</td>
<td>- Changing the governance, business model and purpose of business to account for and address a wide range of social and environmental concerns&lt;br&gt;- Changing mindsets among business leaders</td>
</tr>
<tr>
<td>Social movements, non-profits, charities, micro-consultancies and other stakeholder coalitions such as B Lab, Blueprint for a Better Business, B Team, Conscious Capitalism, Forum for the Future, Net Positive, Volans, etc.</td>
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Table 1 proposes three broad types of actors and initiatives within the emerging purpose ecosystem supporting the development of purpose-driven businesses to create wider systemic change. Impact investment refers to a growing community of investors who explicitly and primarily target social and environmental outcomes through their investments; Sustainability target initiatives consist of stakeholder coalitions typically supported or driven by non-profits that aim to provide business with non-financial performance metrics grounded in sustainability sciences; Business purpose change agents encompass a wide range of emerging organisations, coalitions and movements that share a desire to change the purpose and nature of business more generally. This classification is illustrative rather than definitive as some actors also blend different approaches and/or closely collaborate with others.
Many of these actors also typically operate through networked forms of organisation whereby a small number of employees seeks to engage not only directly with businesses but also with a wide variety of other stakeholders interested in changing the purpose of business. As such, they act as a form of private sector intermediary that connects with businesses and other stakeholders with the aim to bring about wider systemic change.

Drawing on Hervieux & Voltan’s (2016) definition, we use ‘ecosystem’ to describe how actors in this ecosystem create favourable framings, systems and infrastructures to support the development of purpose-driven businesses. Key features include a social/environmental entrepreneurial approach; support networks, and infrastructure to enable social, environmental and economic change through an ecosystem that is connecting and bringing together actors from multiple areas; and, educating new and potential businesses to be social and environmental innovators or ‘change-makers’ (Hervieux & Voltan, 2016).

We argue that a key difference between conventional and emerging efforts and approaches towards sustainability is the shift in focus away from an instrumental perspective on efficiency improvements within single-purpose business ambitions, towards a broader transformation of what constitutes the purpose of business. Actors and initiatives behind the emerging purpose-driven approaches are working from an ‘outside-in’ perspective that views businesses embedded within the wider socio-ecological systems as their starting point of observation and guidance. Here, the focus is comparatively more on developing new ‘stretch and transform’ narratives to reimagine and enact new organisational structures and processes that have the potential to change businesses more fundamentally (Smith & Raven, 2012). In particular, they are driven by a recognition of the importance of external advisors as crucial actors and social innovations in helping to transform the existing market structures and individual mindsets among established (and new) businesses (Kivimaa et al., 2019; van Lente et al., 2003; Westley et al., 2011).
Actors within this emerging purpose ecosystem, therefore, primarily define themselves as ‘enablers’, ‘catalysts’, ‘pioneers’ and ‘critical friends’ whose aim is to transform and develop new rules for business through awareness raising, education, coaching, and networking. Inspired by digital innovation trends and thus often providing freely available and open-sourced materials, this myriad of small, typically non-profit, organisations acts as a ‘movement of movements’ to influence the influencers and create a domino-effect among business leaders.

In most cases, supporting the Agenda 2030 and contributing to the UN SDGs (explicitly or implicitly) forms part of their espoused missions and philosophies underlying their efforts to create more purpose-driven businesses. While there is open acknowledgement that the current capitalistic market-based system has its flaws and arguably contributed to many of the persistent planetary challenges, actors in the purpose ecosystem do not go as far as seeking to replace it completely. Instead, actors believe in a transformative process that is designed to retain some of the current systems’ perceived strengths (for example, a focus on innovation, and rewarding effort and creativity), while adapting the ultimate ends to which, and beneficiaries for whom, this economic system ultimately exists.

**Earth system governance – Transformations and the Anthropocene**

Here, we argue that the purpose ecosystem represents a novel emerging form of private sector governance that has the potential to transform the way in which companies and markets operate. As such, the purpose ecosystem exhibits agency within earth system governance that has not been previously captured in discussions on the private sector, and which have instead focused more on the role of governance within companies, and between companies and wider society (Burch et al., 2019).
Earth system governance provides a fruitful entry point into exploring the role of private actor-networks in general, and the purpose ecosystem more particularly. Its recently revised research agenda is also designed to stimulate new research efforts in multiple areas and is based on a wide range of critical social science perspectives (Burch et al., 2019; Earth System Governance Project, 2018).

Despite its focus on governance as the central concern, earth system governance is not based on a specific underlying theory and does not seek to explain how sustainability transitions could or should emerge. Its first research context – transformations – however, does stress the multitude of angles involved in earth system governance, calling for research on governance for and of transformations as well as transformations in governance (Burch et al., 2019; Patterson et al., 2017).

Earth system governance specifically views transformations as one core context within which to study governance efforts of a wide range of different actors. As such, transformation denotes the active and purposive processes of instigating change across different levels and actors in society with the intention of driving wider sustainability transitions (Burch et al., 2019; Geels, 2019; Hölscher et al., 2018; Patterson et al., 2017; Sachs et al., 2019). In combination with a second contextual condition of the Anthropocene, this allows us to identify efforts by the private sector such as the purpose ecosystem as one potential form of governance for transformation.

Specifically, earth system governance acknowledges the importance of agents and governance architectures as central phenomena in understanding the transition towards a more sustainable future (Betsill et al., 2011; Bouteligier, 2011; Dellas et al., 2011; Lim et al., 2018). While much research has traditionally focused on public governance and providing policy advice (Patterson et al., 2017), the most recent agenda includes explicit calls for more
research on the role of private and non-state actors involved in developing governance for and of transformations (Biermann, 2019; Burch et al., 2019).

**Research on, and with, purpose**

There is therefore a need to critically examine the purpose ecosystem by drawing on the earth system governance cross-over lenses. We argue that earth system governance allows us to specify important, as-yet-unanswered questions that these actors need to address, and which present fruitful avenues for future academic research.

Table 2 provides an indicative, non-exhaustive list of questions for future research on the purpose ecosystem based on the five lenses proposed by earth system governance (Burch et al., 2019). Broadly, our questions focus on examining the general nature and role of the purpose ecosystem within earth system governance; exploring the nature and role of its actors and their interactions within the purpose ecosystem and beyond; assessing the achievement of social goals and cultural compatibility at a global level; challenging the inherent beliefs about the future among purpose ecosystem actors; and critically questioning the barriers and desirability of achieving a general sustainability transformation through the purpose ecosystem.

The list of questions in Table 2 is thus intended to stimulate further research that is able to bridge management research on the emerging phenomenon of the purpose ecosystem (Dahlmann et al., 2019) with previous research fields on earth systems governance, such as those related to the institutional complexity of environmental and global governance (Eckersley, 2012; Orsini et al., 2013; Zelli and van Asselt, 2013). Furthermore, given that the aim of the various purpose ecosystem actors appears to be changing business without necessarily changing the underlying nature of capitalism and market-oriented approaches towards wealth creation and prosperity, they are likely to face criticism from those who argue
that economic growth and capitalism cannot be reconciled with the demands of achieving ecological sustainability (e.g., Feola, 2019; Pichler et al., 2017; Parrique et al., 2019; Reichel and Perey 2018; Wright et al., 2018). Therefore, future research on the questions of Table 2 should also consider whether and how these private actors perceive such critiques and tensions when carrying out their work; how individuals within these organisations handle such tensions, and how they respond to them as organisations.

Table 2: Research agenda on purpose ecosystems informed by earth system governance

<table>
<thead>
<tr>
<th>ARCHITECTURE AND AGENCY</th>
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<tr>
<td>To what extent are these new private sector actor efforts aligned?</td>
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<td>Are the purpose ecosystem and its actors directly addressing the UN SDGs or are they working towards other or more selective goals?</td>
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<td>How clearly is the achievement of the UN SDGs by 2030 reconciled with purpose?</td>
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<td>Which principles, institutions and practices are members of the purpose ecosystem seeking to change and which ones remain untouched?</td>
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<td>Over what time scale is change envisaged?</td>
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<td>How does the purpose ecosystem interact with other ecosystems and other forms of governance?</td>
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<td>How effective are the purpose ecosystem actors in bringing about systemic and transformative change?</td>
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<tr>
<td>Is there competition or collaboration between different actors?</td>
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<td>Do they speak with one or many voices?</td>
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<td>How well resourced are they?</td>
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<tr>
<td>Are they operating at the most impactful level of systems intervention or are they targeting similar, potentially inert leverage points?</td>
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<td>How do businesses themselves view and respond to the emergence of these actors?</td>
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<td>Which system of formal and informal rules can be observed within the purpose ecosystem (even if emergent)?</td>
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<tr>
<td>How enabling or constraining is the agency of the purpose ecosystem to effectively drive transformations in business strategy and markets?</td>
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<tr>
<th>DEMOCRACY AND POWER</th>
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<tbody>
<tr>
<td>Who really are these private sector actors involved in the purpose ecosystem?</td>
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<tr>
<td>In whose name do they operate and decide, and with what level of self-interest?</td>
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<td>How are they funded? (To whom) are they accountable and transparent?</td>
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<tr>
<td>How do they interact with public governance efforts?</td>
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<tr>
<td>Are they mutually exclusive or complementary?</td>
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<tr>
<td>To what extent do their interventions reinforce existing power structures while marginalising other voices and actors?</td>
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<tr>
<td>Do policy and ideology matter?</td>
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<tr>
<td>(How) do they align (or not) with other social movements and NGOs (e.g., Extinction Rebellion, Friends of the Earth, Oxfam, WWF)?</td>
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| JUSTICE AND ALLOCATION |
Table 2 includes indicative questions for a research agenda on the purpose ecosystem based on the five lenses proposed by earth system governance.

**Conclusion**

We believe the purpose ecosystem represents an interesting emerging phenomenon and example of social innovation in private sector governance which has the potential to contribute to earth system governance and to achieving the UN Sustainable Development Goals. Unlike conventional efforts by companies themselves, the purpose ecosystem consists of a diverse range of actors that seek to change the purpose of the private sector more broadly.
Specifically, the purpose ecosystem potentially represents a paradigm shift that encourages organisations to move away from perceiving sustainability as a side concern within ‘business as usual’, profit-driven structures, towards a focus on embedding sustainability considerations directly within the purpose of their business more strategically.

Since actors within the purpose ecosystem use different approaches and theories of change, there are concerns about their compatibility and the overall efficacy of this form of private sector governance. Therefore, we call for more transdisciplinary research to ensure the purpose ecosystem can deliver on its transformative promises and potential.

As such, we hope our Perspective provides a promising agenda based on the broader framing of earth system governance that informs and inspires research and interaction with practitioners on the important emerging phenomenon behind the development of purpose-driven businesses.
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