



FAMILY
ENTERPRISE
FOUNDATION

Are Canadian Family Businesses Engaging in **SUSTAINABLE DEVELOPMENT PRACTICES?**



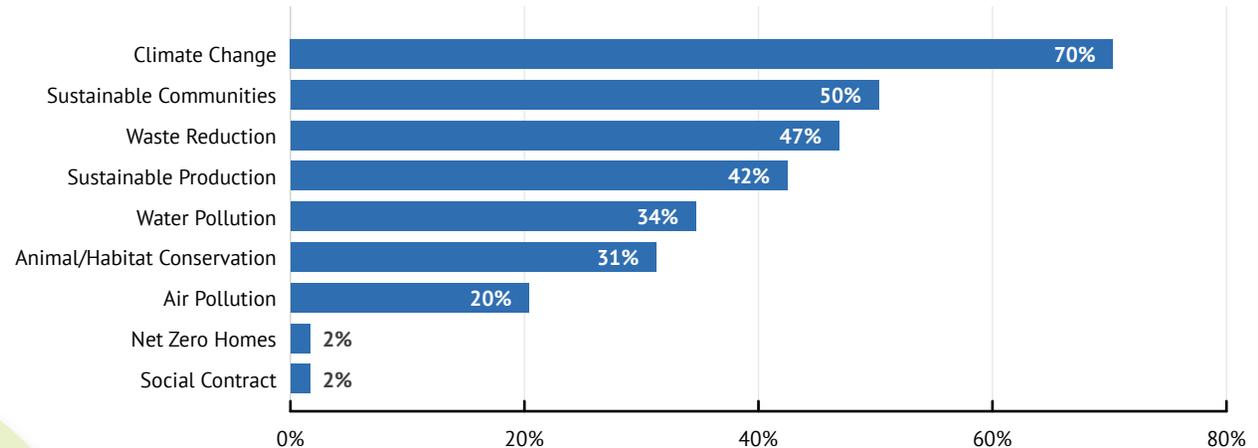
A SNAPSHOT

In 2020, the Family Business for Sustainable Development (UNCTAD-FBN-I) initiative launched, propelling the Family Enterprise Foundation into action. This led to the formation of a committee comprising family business owners, entrusted with the task of evaluating the concerns and engagements of Canadian family businesses in alignment with the United Nations Sustainable Development Goals. Fast forward to 2023, and the culmination of the Committee's initial efforts are encapsulated in this report. While the findings may lack statistical evidence, they serve as a compass, guiding family businesses through the sustainability landscape. These businesses, contributing significantly to Canada's economy (constituting 49% of GDP from the private sector), are invited to glean insights and actionable tips from this report. For additional depth, one can explore the [Family Enterprise Foundation website](#). To learn more about our Family Business for Sustainable Development (FBSD) initiative in Canada, please visit [here](#).



WHAT FAMILIES CARE ABOUT MOST AND WHERE THEY ENGAGE

FIGURE 1: KEY ENVIRONMENTAL ISSUES



TIPS FOR IDENTIFYING A CAUSE

- 1 Align with family beliefs and goals.
- 2 Conduct thorough research and involve the family.
- 3 Consider the desired return on investment.
- 4 Develop or update a family sustainability mission statement.
- 5 Pursue a cause the family is passionate about.

Respondents were prompted to designate their top three environmental concerns.

Unsurprisingly, **climate change emerged as the paramount worry**, securing mention just over 70% of the time. Sustainable communities (50%) and waste reduction (just under 47%) clinched the remaining slots in the top three. These findings mirror the pervasive impact of climate change incidents across Canada. From uncontrolled forest fires engulfing vast regions to abnormally excessive precipitation inundating communities with months' worth of rain in mere hours, the environmental landscape in Canada has been tumultuous. Interestingly, air and water pollution fell lower on the priority list, potentially owing to the abundance of water and fresh air in Canada. Additionally, the historical prominence of these factors might have relegated them to a secondary concern, with more urgent needs demanding attention today.

“Our family understands the urgent need for innovative solutions to protect and restore our threatened freshwater resources.”

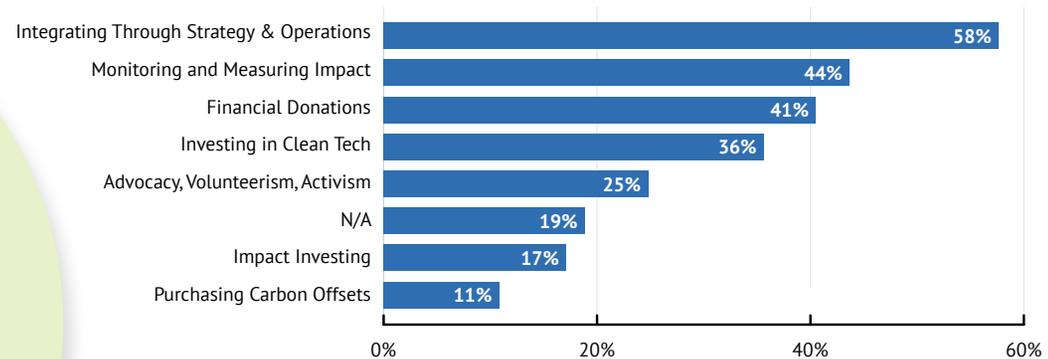
—François de Gaspé Beaubien, Founding Chair, AquaAction

ADDRESSING ENVIRONMENTAL ISSUES

TIPS FOR TURNING INTEREST INTO ACTION

- 1 Start small and provide an opportunity for others to also get involved.
- 2 Educate others on how your actions and work make a difference.
- 3 Highlight your good work and desire to increase your impact.
- 4 Ask for financial donations, actionable help, volunteers.
- 5 Recognize those who have contributed to your goal; it will draw others to help.

FIGURE 2: ACTIONS TAKEN



Respondents were asked for top three environmental actions taken.

Actions taken to address environmental concerns revealed some unexpected results. Despite recent governmental emphasis on carbon offsets, with several provinces and the federal government offering rebate programs, only 11% of respondents indicated purchasing carbon offsets. Similarly, the investment in clean tech, a concept gaining popularity, was cited only 36% of the time.

Encouragingly, close to 58% of respondents indicated that they are integrating environmental practices into their business strategy and operations. Similarly impressive is that just under **45% of respondents have some type of monitoring and measuring system for environmental impact** within their organization. Rounding out the top three is financial donations at just over 40%, whereas advocacy, volunteerism and activism are at 25%.

“We exist to preserve the world’s resources, building thriving communities by accelerating metal recycling. We have a five-year goal to provide training and clean-up services to every First Nations community in British Columbia.”

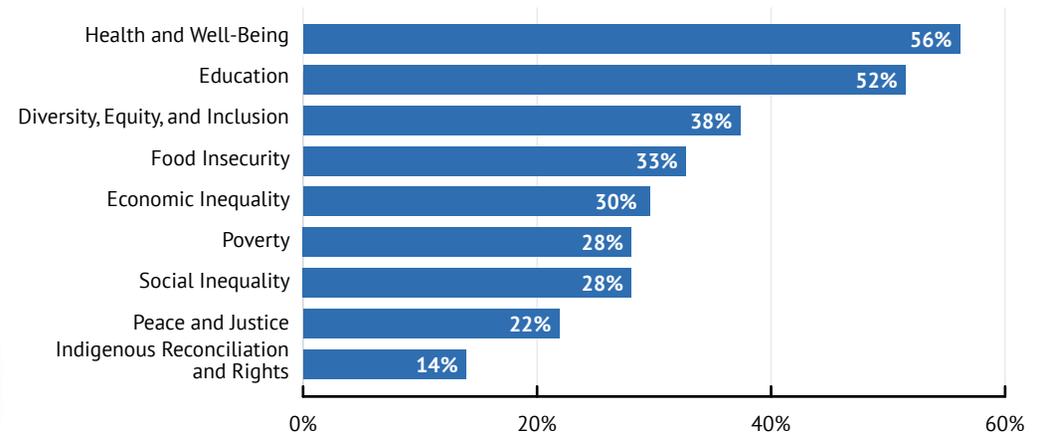
—David Yochlowitz, CEO, ABC Recycling

SOCIAL ISSUES FAMILIES CARE ABOUT

IDEAS TO ADDRESS SOCIAL CHALLENGES

- 1 Pay living wages rather than minimum wages.
- 2 Establish legal frameworks that hold individuals and institutions accountable.
- 3 Education is a powerful tool to combat social issues and injustices.
- 4 Listen and help to amplify marginalized voices.
- 5 Engage in conversations that challenge discriminatory attitudes and behaviour, and strive to educate and persuade others to join the cause.

FIGURE 3: KEY SOCIAL CONCERNS



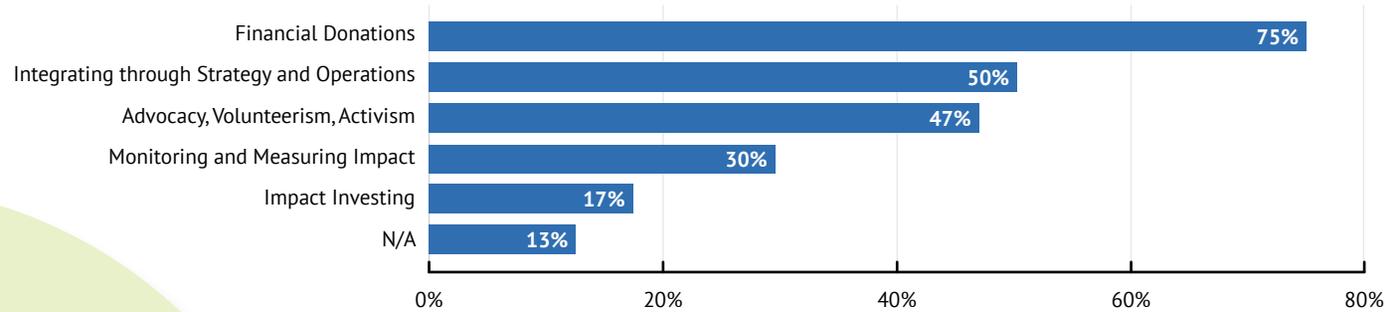
When it comes to social concerns, respondents were asked to choose their top three. **Health and well-being topped the list** at 56%, closely followed by education at 52%, and diversity, equity and inclusion (DEI) at 38%. The prioritization of health and education is not surprising, considering Canada's global reputation in these realms. However, the notable concern is the relatively low emphasis on Indigenous reconciliation and rights, marked at 14%. This contrasts with other issues that can be linked to Indigenous rights, such as DEI, economic inequality (30%), poverty (28%), social inequality (28%), and peace and justice (22%). The question arises: Has a government focus on these issues in recent years turned people off?

“We sometimes save money for rainy days, but it's raining.
We need to address our problems because it's pouring outside.”

–Carolynn Beaty, Sitka Foundation

ADDRESSING SOCIAL ISSUES

FIGURE 4: ACTIONS TAKEN ON SOCIAL ISSUES



Respondents were asked for top three social actions taken.

IDEAS TO TAKE ACTIONS TO THE NEXT LEVEL

- 1 Put your money where your mouth is and lead by example.
- 2 Social change is often bottom-up. Empower your employees as much as your family members.
- 3 Assume the best, not the worst. Consider influence strategies for persuading others to act.
- 4 Target your message. People focus more on what messages would influence them personally as opposed to what would influence others.
- 5 Use moral language and frame the social issue as part of the organization's values and mission.

Financial donations and advocacy, volunteerism and activism find themselves in the top three actions taken to address social issues, standing at 75% and 47%, respectively. Sandwiched between these two factors is integrating environmental practices into business strategy and operations at 50%. Impact investing and monitoring and measuring find themselves near the bottom of the list (aside from those indicating this question was not applicable).

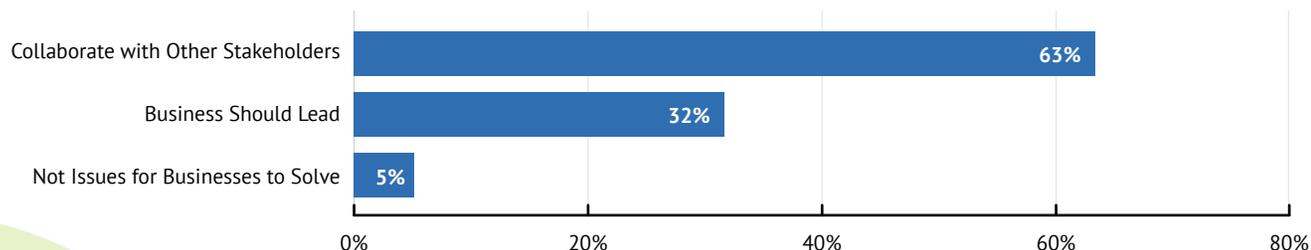
Perhaps more attention should be paid to how businesses can measure and monitor their social activism, as they relate to stronger returns on investments and as a strategy to encourage greater social engagement through such investments. Consider measuring and monitoring the impact of your financial donations to the cause(s) of your choice to see if it is having the effect you had desired.

“When I invest in things, I like to see businesses or organizations that I feel can get ahead of the issues and deal with root causes before they become full-blown problems.”

–Carol Newell, Founder, Renewal Partners

ASSESSING BUSINESS ROLES

FIGURE 5: ROLE BUSINESS SHOULD PLAY IN SOLVING ENVIRONMENTAL/SOCIAL ISSUES



TIPS FROM BDC ON HOW TO ENSURE YOUR BUSINESS IS A RESPONSIBLE CORPORATE CITIZEN

- 1 Adopt a business code of ethics.
- 2 Follow a workplace health and safety program.
- 3 Commit to protecting the environment.
- 4 Get your suppliers on board.
- 5 Be smart about donating money.
- 6 Don't greenwash your business.
- 7 Explore certifications to increase transparency and accountability.

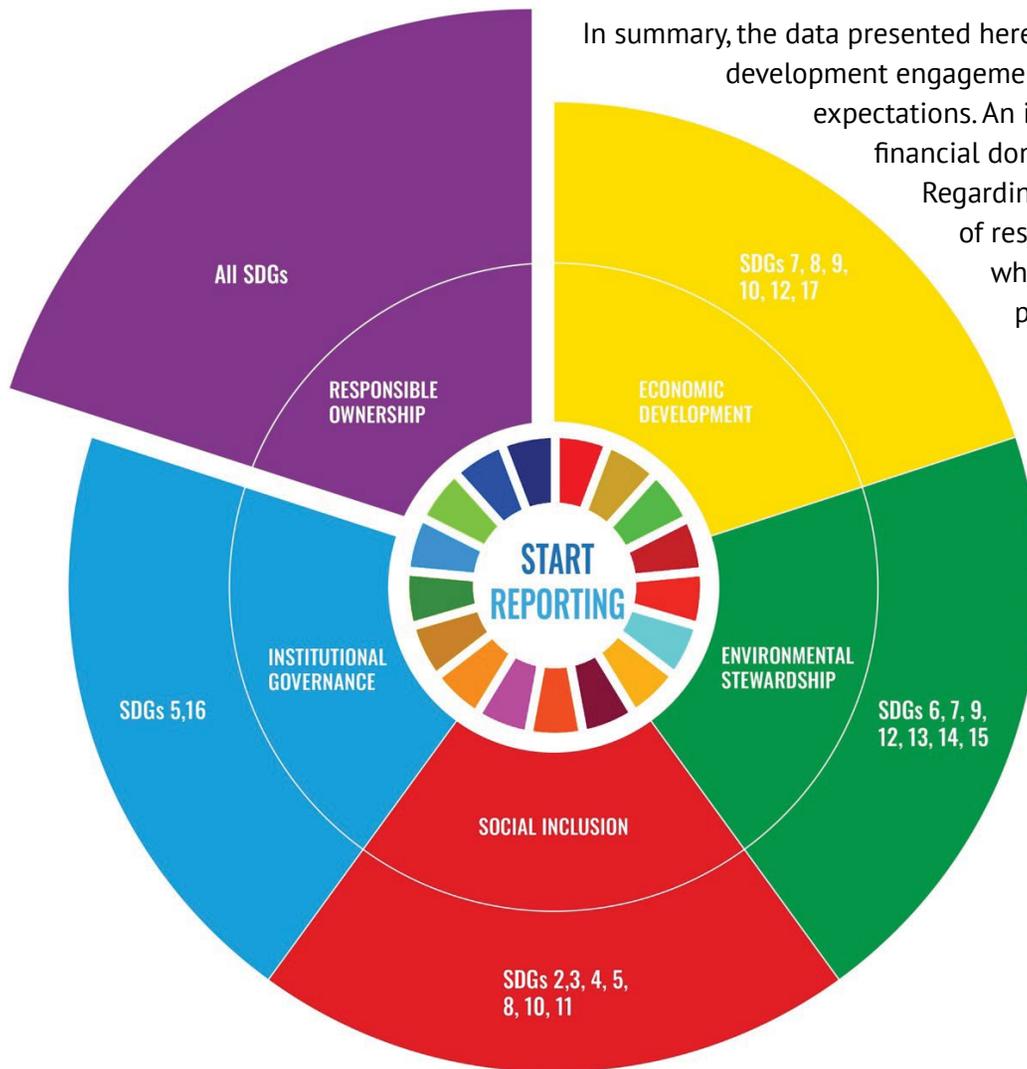
When looking at the responses to the environmental and social issues and actions being taken, it is clear that many family business owners bring a purpose into their business and do see one of their roles as helping to address these issues. Yet whose role is this actually?

Based on the results, the vast majority of respondents believe that businesses should collaborate with other stakeholders (63%) in addressing these issues. Further, just under a third believe that these are issues on which businesses should lead, either signalling their willingness and ability to do so or perhaps their lack of belief in the government's efficiency here. Only 5% indicated that they do not believe these are issues businesses are responsible for solving.

“Family businesses are facing drastic global changes, such as environmental degradation, growing economic inequality, and geopolitical volatility. Family firms have choices: they can be complicit in these problems, or they can confidently lead the way.”

—Rob Nason, Associate Professor of Strategy and Organization at the Desautels Faculty of Management, McGill University

CHALLENGES, OPPORTUNITIES, AND FUTURE DIRECTIONS

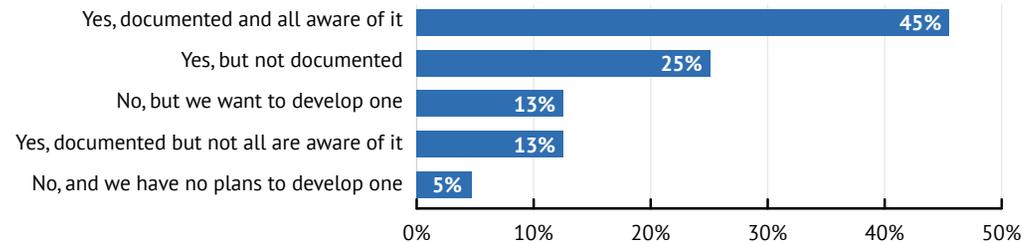


In summary, the data presented here offer intriguing insights into family businesses' sustainable development engagement. Some findings are surprising, while others align with expectations. An interesting revelation pertains to the divergence between financial donations and participation (advocacy, volunteerism and activism). Regarding environmental issues, the results demonstrate that 15% of respondents are probably more likely to fund than participate, whereas the gap for social issues is 28% between funding and participation. Ideally, these should go hand in hand.

Perhaps the intangible nature of measuring a return on investment plays a role here. Even with a willingness to address these issues, there must be some form of return or impact from that investment. The results illustrate a more passive than proactive approach among families. As the generational leaders in family businesses change over the next several years, will we see a greater emphasis on participation than financial donations?

Sustainable Development and Family Business Purpose

FIGURE 6: DO YOU HAVE A PURPOSE OTHER THAN PROFIT?



CONSIDER THESE VALUABLE RECOMMENDATIONS:

- 1 Clearly articulate your actions and reasons, encompassing perspectives from the family, business and ownership.
- 2 Pinpoint your family's shared passion. Pose the question: "What motivates us in our daily endeavours?"
- 3 Compile and reach consensus on your fundamental, non-negotiable core values.
- 4 Craft a few sentences that are both aspirational and easily understandable.
- 5 Seek input from colleagues within the business and, if feasible, from long-term stakeholders and suppliers.
- 6 Allow space for growth! You're commencing a journey with the potential for evolution.

Understanding the purpose of your family business is crucial, as it forms the bedrock upon which your business legacy stands. This purpose is distinct from the company's vision or mission and encapsulates the reason for your family's business existence. The journey of discovering and articulating this purpose is a pivotal step that many Canadian family businesses have undertaken.

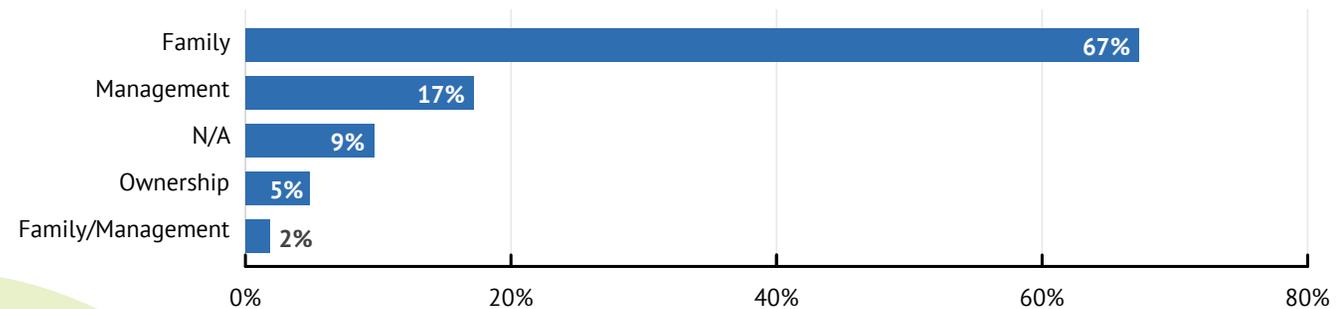
Survey findings reveal that **over 45% of respondents have a documented purpose that extends beyond profit**, and all stakeholders are aware of it. Additionally, 25% have articulated their purpose, albeit without documentation. A smaller percentage, 13%, have a documented purpose but haven't communicated it to all stakeholders. This signifies that a significant majority, exceeding 80%, operate with a purpose other than profit. However, less than 5% reported having no purpose beyond profit, with no immediate plans to develop one. Even within this minority, their engagement with environmental and social issues indicates a positive contribution in some capacity.

“When we talk about purpose in the social and economic context, we are usually referring to the promotion of 'goodness.' Purpose is the ability to leave the world in a better place for the generations that will come next.”

— Ido Aharoni, Global Distinguished Professor, New York University

Driving the Purposeful Process: Who Takes the Lead?

FIGURE 7: WHO IS DRIVING THE PURPOSE PROCESS?



TIPS FOR THOSE STEERING THE PURPOSEFUL PROCESS

- 1 Contemplate the impact of a purpose statement on dividends.
- 2 Identify the motivations beyond a paycheck that drive daily commitment to work.
- 3 Understand individual and collective contributions to the broader organization's success.

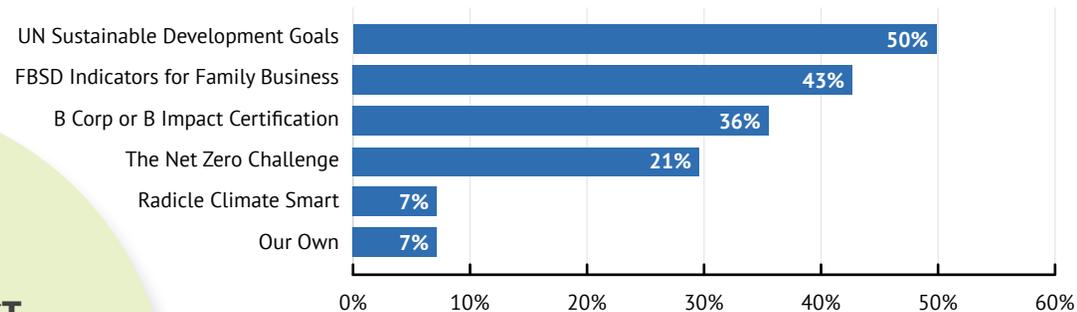
The pivotal question arises: who is at the forefront of developing the purpose for the family and/or organization? Survey results unequivocally point to the family, with over 67% of purposeful processes being driven by family members. Management follows at 17%, ownership at 5%, and a family/management split at 2%. Despite a quarter of respondents being owners, it's intriguing that the family often takes the lead, underscoring a nuanced understanding of roles and responsibilities within a business family.

“Our family business's purpose is that we exist to transform infrastructure for a healthy, thriving planet. As we work to integrate our purpose into our business model, strategy, and processes, we will be using a zero-waste environmental, social and corporate governance (ESG) framework to inform our decision making.”

—Liz McBeth, President, Armour Valve Ltd.

Measuring and Monitoring Contributions: Transparency and Accountability

FIGURE 8: MEASURING TOOLS FOR PLANNING AND REPORTING



TIPS FOR MEASURING IMPACT

- 1 Account for year-over-year changes.
- 2 Monitor donor volume.
- 3 Track volunteer participation.
- 4 Measure employee satisfaction.

Among respondents, 44% measure and monitor their contributions to environmental issues, while only 30% do the same for social contributions. This discrepancy may suggest reluctance in being transparent about social practices, such as paying a living wage. Delving into how these individuals measure and monitor provides insights into the current evaluation systems.

The survey indicates diverse methods for measuring and monitoring, with UN Sustainable Development Goals (SDGs) being the most cited, employed by 50% of respondents. The Family Business for Sustainable Development indicators rank second at 43%. Interestingly, those achieving a B Corp or B Impact certification also leverage other methods, emphasizing the absence of a one-size-fits-all approach. Many families use multiple resources, often culminating in certifications and tools that comprehensively gauge their impact.

“Follow effective action with quiet reflection. From the quiet reflection will come even more effective action.”

—Peter Drucker, Author, Mentor, and Consultant

INTEGRATING PURPOSE INTO SUSTAINABLE DEVELOPMENT

The journey of defining and aligning a family business with purpose is a critical step in contributing to sustainable development. Beyond profit, family businesses play an integral role in societal well-being and environmental stewardship. The commitment to transparency, accountability and active monitoring ensures that these businesses not only articulate their purpose but actively embody it.

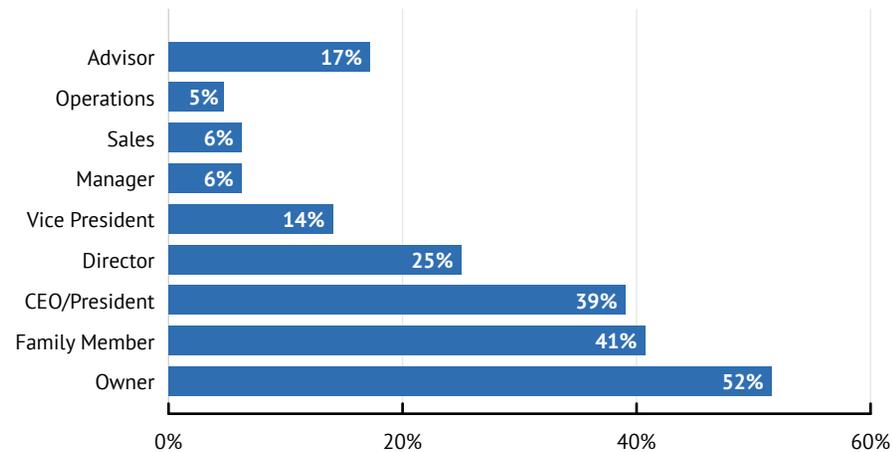
As family businesses navigate the intricate landscape of sustainable development, collaboration emerges as a key element. Engaging stakeholders, including family members, management and ownership, fosters a collective approach towards shared goals. Transparency in measuring and monitoring contributions, coupled with adherence to recognized standards and indicators, strengthens the credibility of family businesses in the realm of sustainable development.

In conclusion, the intersection of purpose, transparency and actionable contributions propels family businesses towards a sustainable future. By integrating purpose into their core values, strategies and operations, family businesses can leave a lasting impact on society and the environment. As they continue on this journey, the commitment to purposeful action will define their legacy in the landscape of sustainable development for generations to come.



FAMILY BUSINESS RESPONDENT PROFILE OVERVIEW*

FIGURE 9: BUSINESS

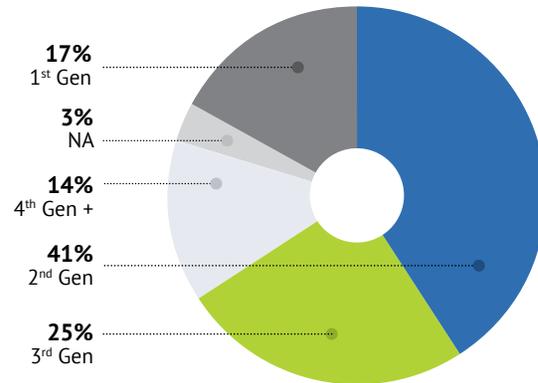
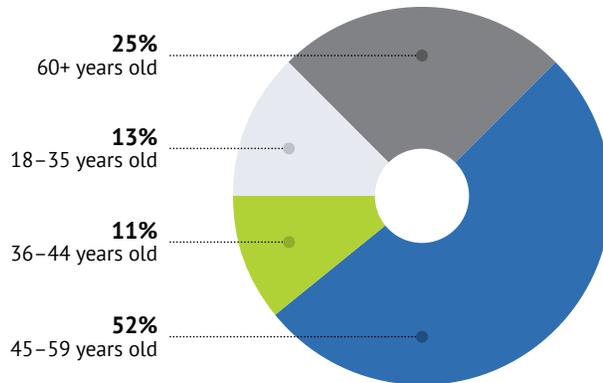


This 2023 survey, conducted in Canada on an open enrolment basis, primarily attracted respondents from the older “Now Generation” cohort (45–59 years old) at 52%, followed by the younger Now Generation (36–44 years old) at 11%, the Senior Generation (60+ years old) at 25%, and the Next Gens (18–35 years old) at 13%. A total of 64 respondent completed this initial survey.

Regarding roles within the business, the majority were owners (52%), family members (41%), or held executive positions (CEO/President – 39%, Vice-President – 14%). Among the owners, 21% were also family members. Advisors (8%) primarily originated from family business advisory groups, while 5% identified solely as family members without other roles.

Decision-making positions were most prevalent in the second generation (41%), followed by the third generation (25%), the first generation (17%), and the fourth generation or more (14%). Approximately 3% indicated NA, likely representing Advisor-only positions.

* This report does not provide statistical evidence but a trend on our Family Business community' actions in Canada.

FIGURE 10: OWNERSHIP**FIGURE 11: FAMILY**

Additional data revealed that the top five industries represented were Finance and Insurance (23%), Real Estate, Rental and Leasing (14%), Accommodation and Food Services (13%), Manufacturing (13%), and Construction (8%).

In terms of family business longevity, over 43% of respondents belonged to businesses incorporated over 50 years ago, while 34% were part of businesses incorporated from 21–50 years ago.

Business size varied across different employee brackets:

0–4 employees	20%
5–10 employees	25%
20–49 employees	14%
50–99 employees	10%
100–299 employees	3%
300–499 employees	9%
500+ employees	19%

Regarding business stage, 56% reported expansion or growth, 4% were in a mature business phase, 5% were in a start-up phase, 2% were in decline, and 3% were unsure.

To contribute to the next phase of the sustainability report, family businesses are encouraged to share their sustainability journey and benchmark their progress by participating in the [survey](#). The initiative was led by the Family Business for Sustainable Development steering committee, and resources, including inspiring case studies and reporting tools, can be found on the [Family Enterprise Foundation](#) and [Family Enterprise Canada](#)'s websites to kick-start the Sustainable Development journey.

Thank you to our contributors. This report was prepared by Family Enterprise Foundation in collaboration with the insightful participation of members of our Family Business for Sustainable Development Committee. A special thank you to Thomas Clark for facilitating the analysis of this data and supporting it through his thought leadership. Thank you to our donors for your ongoing support of family enterprise research.