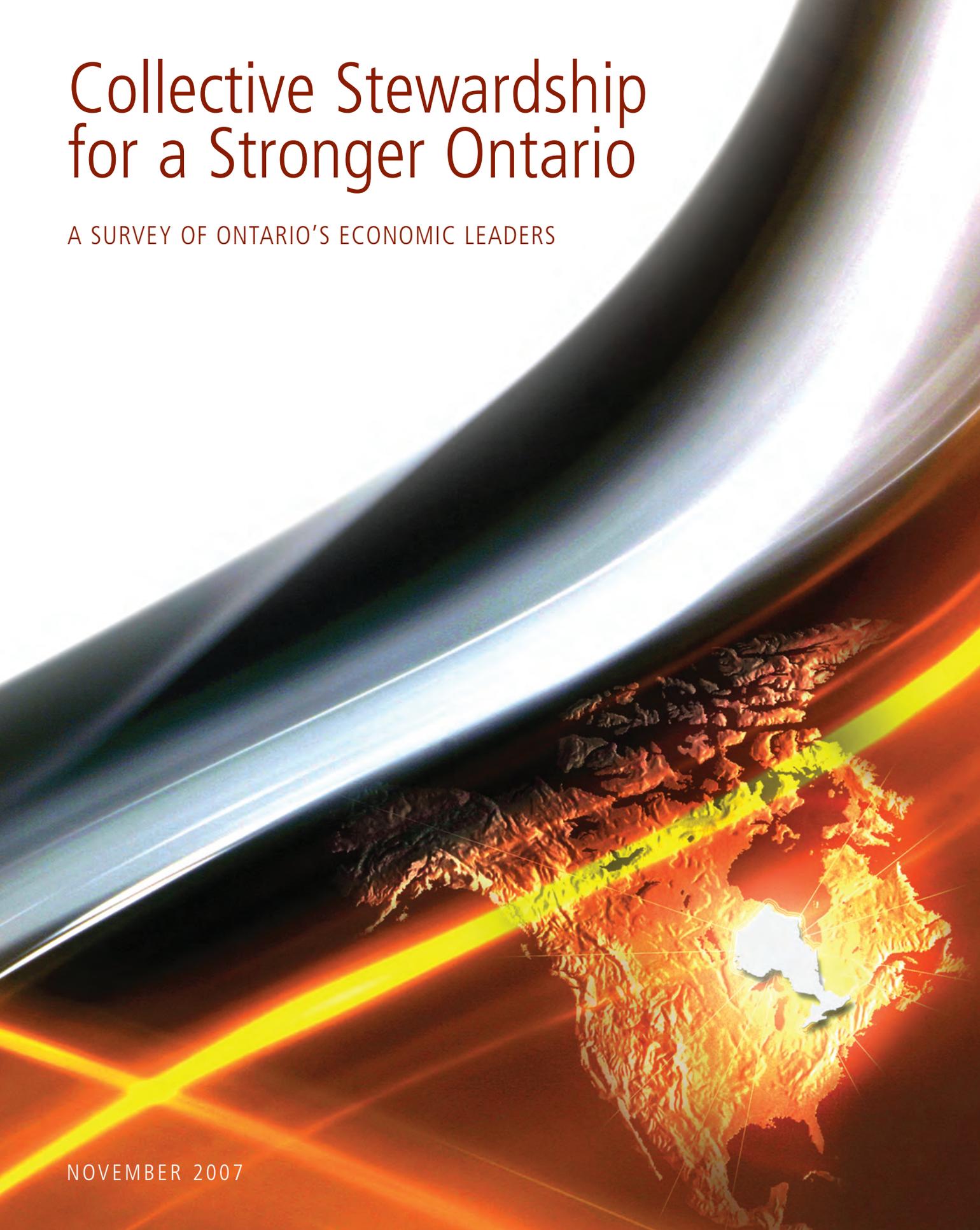


Collective Stewardship for a Stronger Ontario

A SURVEY OF ONTARIO'S ECONOMIC LEADERS

NOVEMBER 2007



Collective Stewardship for a Stronger Ontario:

A Survey of Ontario's Economic Leaders

Prepared for the Ontario Economic Summit

Prepared by Leger Marketing on behalf of the
Ontario Chamber of Commerce and the Ontario Economic Summit

November 2007

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Background

The Ontario Chamber of Commerce in partnership with Leger Marketing has conducted a survey of economic leaders about the key challenges and opportunities our provincial economy faces and the impact of these on Ontario's economic prosperity and opportunities for growth.

Ontario's economy is currently experiencing a number of changes with a strengthening Canadian Dollar and a struggling manufacturing sector presenting new challenges for the province. Ontario experienced economic growth with a 1.3% increase in real GDP for the first half of 2007 (adjusted for inflation).¹

Three hundred and fifty eight of Ontario's economic leaders from across business, academic, government and labour sectors participated in Leger Marketing's Ontario Economic Summit online survey carried out in September 2007.

This report details survey findings in the context of the current economic landscape, with a special focus on the following key areas: competitive communities, infrastructure development and international stewardship of environmental sustainability and global health issues.

¹ Ministry of Finance, "Ontario Economic Finance Accounts October 2007 second quarter", <http://www.fin.gov.on.ca>

Executive Summary

With increasing globalization and competitive pressures, it is important to understand how Ontario's economy is changing in terms of stewardship in the areas of community competitiveness, infrastructure development and renewal and international stewardship of environmental sustainability and global health issues, as a means to maintaining a strong economy for the long-term.

Economic leaders of Ontario's business, academic, government and labour sectors support action-oriented strategies, with many indicating more is needed on these key fronts. While many economic leaders remain optimistic about our future, some feel Ontario has remained stagnant or in some cases, is in decline when it comes to these areas.

The results of this research study revealed that stewardship in the aforementioned areas is important to keeping Ontario competitive in today's economy. Of the four factors, sound infrastructure development and renewal is seen as the most important requirement for keeping Ontario competitive. The landscape in which Ontario operates is rapidly changing with increased competition from both within Canada and internationally. Sound stewardship of Ontario's infrastructure development and renewal is seen as a critical component to sustaining community competitiveness. While many of Ontario's economic leaders feel Ontario is improving when it comes to infrastructure issues, there is a division in opinions on what the key barriers to infrastructure development and renewal are at the local level.

On the global front, environmental sustainability and global health are key issues related to Ontario's international stewardship role. With the effects of globalization and cross border trade, environmental and health and safety concerns are increasingly prevalent. Ontario economic leaders have consensus on the importance of working towards preserving the environment. Many of Ontario's economic leaders feel Ontario is making positive steps towards the development of environmental sustainability. When it comes to global health issues however, Ontario economic leaders are unsure whether we are making advances in solving this issue. Survey results indicated there is no real consensus among Ontario economic leaders on whether there will be more or less organizations helping to solve global health issues in the future, but respondents believe Ontario is moving in the right direction with global health concerns.

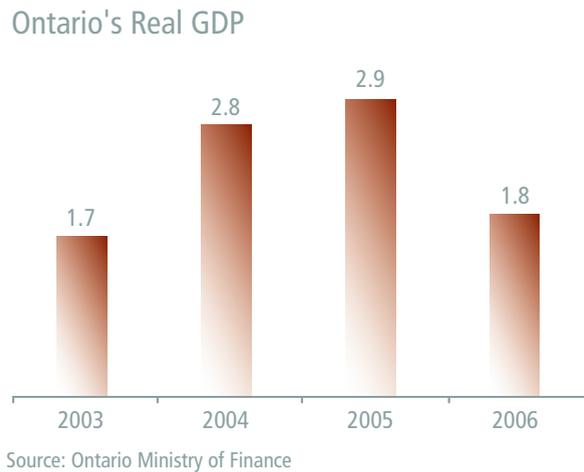
There are a number of facets to stewardship which cannot be avoided at either the local or international level. Engaging with the community presents several win – win opportunities for both business and the community in generating economic growth. While more companies are developing corporate stewardship frameworks, Ontario still has some way to go. Economic leaders today must begin thinking systematically about corporate responsibility issues and how to become better collective stewards of the economy.

The Ontario Economy

“The Current Landscape”

Ontario has built a strong economy, supported by its wealth of natural resources, diverse labour pool, shared borders with the United States and its location in central Canada. It is a magnet for manufacturing, finance, tourism and other industries located in Ontario.

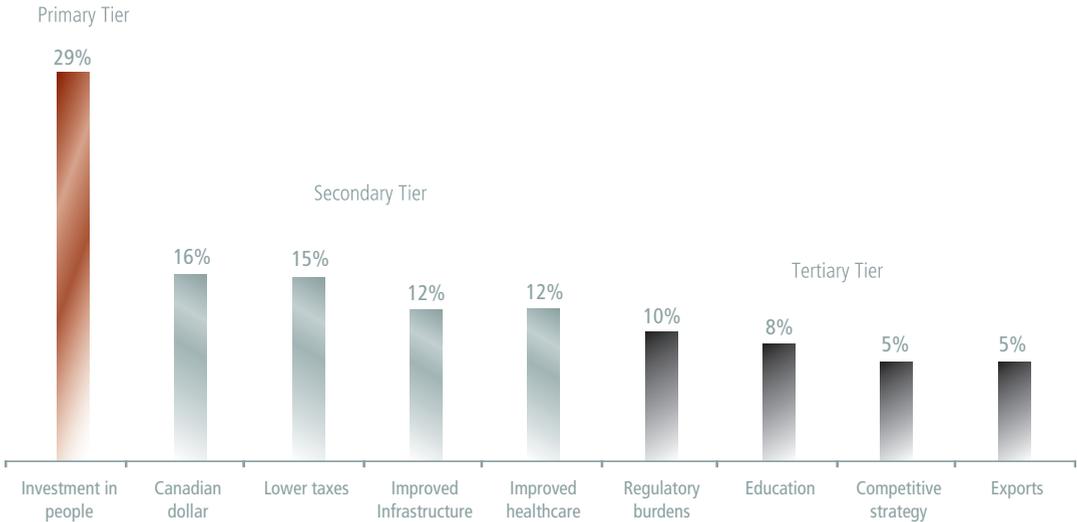
Ontario’s real GDP grew by just under 1.5% (adjusted for inflation) in the first two quarters of 2007 (0.8% in the first quarter and 0.6 in the second quarter) from the previous year.²



² Ministry of Finance, “Ontario Economic Finance Accounts October 2007 second quarter”, <http://www.fin.gov.on.ca>

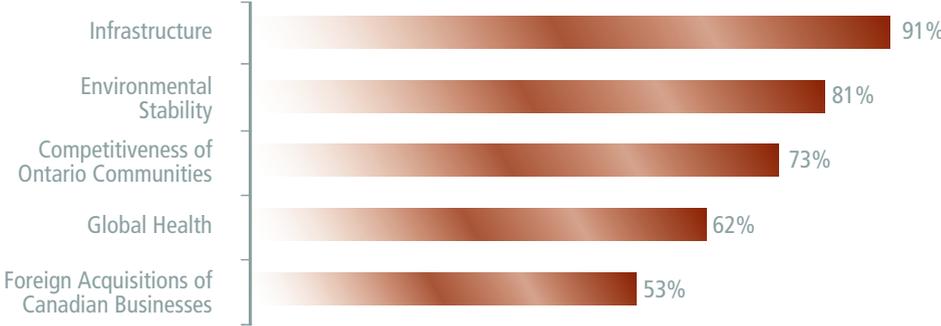
Economic Leaders Look to the Horizon

Despite Ontario’s ability to maintain a strong economy there are still issues affecting its economic growth. In Leger Marketing’s 2007 Ontario Economic Summit survey, results showed that the primary issue key decision makers in Ontario’s economic community view as being the most important was investment in people (29%). This is followed by secondary tier issues which include the Canadian dollar (16%), lower taxes (15%), improved infrastructure (12%) and improved health care (12%). Also important but occupying the tertiary tier are issues of regulatory burdens (10%), education (8%), competitive strategy (5%) and exports (5%).



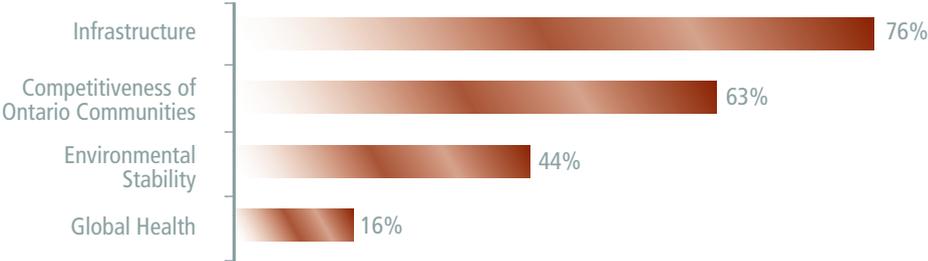
Of all the issues affecting the Ontario economy, which are the most important to be addressed?

Of all the issues to be discussed at this year's Ontario Economic Summit, Ontario's economic leaders believe that infrastructure (91%) is the most critical issue facing Ontario today. This is followed by environmental sustainability (81%) and competitiveness in Ontario's communities (73%). Global health (62%) and foreign acquisitions of Canadian businesses (53%) are seen as being the least critical issues to address.



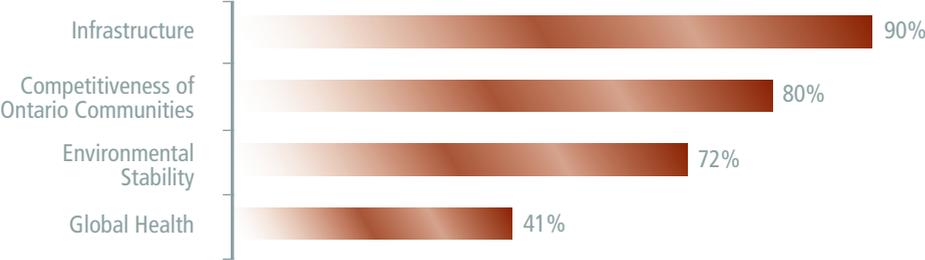
For each of the following issues, please tell me how critical it is that each issue be addressed?

Of all the issues to be discussed at the Ontario Economic Summit, economic leaders consider infrastructure to be the primary issue on which to focus, with (76%) considering it important. This is followed by the three secondary tier issues which are: competitiveness of Ontario communities (63%), environmental sustainability (44%) and global health (16%).



When it comes to issues of stewardship, please rank the following from the most to the least important to your organization?

Ontario’s economic leaders consider infrastructure to have the greatest impact on Ontario’s economic future, with (90%) believing it has a strong impact. This is followed by competitiveness of Ontario communities (80%) and environmental sustainability (72%). Global health was ranked last in terms of impact with (41%) indicating that global health issues have a strong impact on Ontario’s economic future. While infrastructure has the strongest impact on Ontario’s economic future, these results indicate that there are multiple other factors seen to have an effect on Ontario’s economy.



For the following issues, please rank each of them on how much impact you feel they will have on Ontario’s economic future?

With clear echoes from economic leaders on the critical issues Ontario faces, Leger Marketing’s survey for the Ontario Economic Summit focused on four key components of stewardship: community competitiveness, infrastructure development and renewal and international stewardship in the areas of environmental sustainability and global health.

Stewardship

Generally, stewardship is understood to be the way organizations integrate social, environmental and economic concerns into their values, culture, strategy and operations in a transparent and accountable manner, thereby establishing better practices within the organization, creating wealth and improving society.

Stewardship is a central management concern. It positions companies to proactively manage risk and take advantage of opportunities, especially with respect to their corporate reputation and broad engagement of stakeholders. As a result, organizations are now moving from simply reporting on stewardship efforts, to demonstrating effective and observable actions and societal impacts. Tony Fell, Chair of RBC Capital Markets stated “the ongoing vitality of our communities is both in our long-term business and in the interests of a healthy, vibrant country. No enterprise operates in a vacuum.”³

There are key benefits to implementing corporate social responsibility:

- Better anticipation and management of an ever-expanding spectrum of risk
- Improved reputation of management
- Enhanced ability to recruit, develop and retain staff
- Improved competitiveness and market positioning
- Enhanced operational efficiencies and cost savings
- More robust “social license” to operate in the community

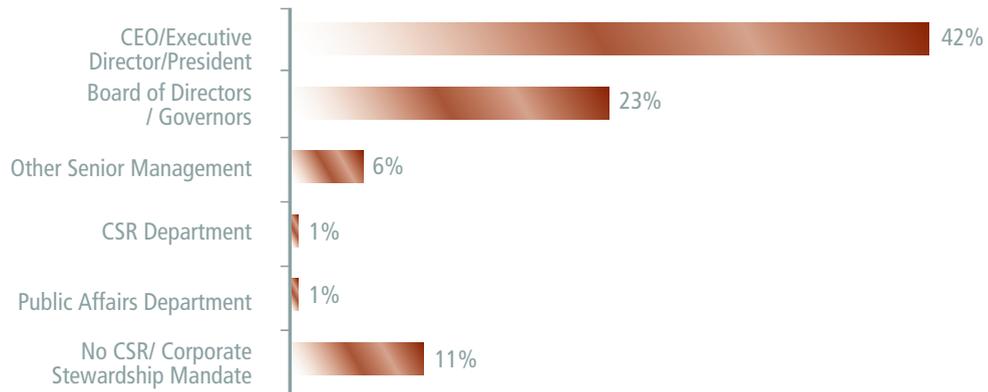
Businesses are beginning to recognize that their corporate reputation is closely connected to how well they consider the effects of their activities on those with whom they interact. As a result, reputation is invaluable, an asset which must be carefully managed as any other.⁴

³ Industry Canada, “Corporate Social Responsibility An overview of corporate social responsibility” August 2007, <http://strategis.ic.gc.ca/epic/site/csr-rse.nsf/en/rs00129e.html>

⁴ Industry Canada, “Corporate Social Responsibility An overview of corporate social responsibility” August 2007, <http://strategis.ic.gc.ca/epic/site/csr-rse.nsf/en/rs00129e.html>

Economic Leaders Look to the Horizon

Stewardship is seen as the responsibility of a number of different functions in organizations. Four out of ten respondents believe that stewardship should be overseen by senior level executives such as CEOs, Executive Directors and Presidents. Few of the organizations surveyed reported having a CSR department that oversaw stewardship issues in their organization. Approximately one in ten (11%) of Ontario's economic leaders do not have a corporate stewardship mandate.



Who oversees stewardship issues within your organization?

Community Competitiveness

A major component of stewardship is community involvement. Companies are increasingly finding that stakeholder engagement at the community level is critical to building corporate reputation and increasing shareholder value. Not only is stakeholder engagement important to maintaining community competitiveness but resources, industrial land, labour supply and local infrastructure are also needed to keep Ontario communities competitive and to enhance economic growth.⁵

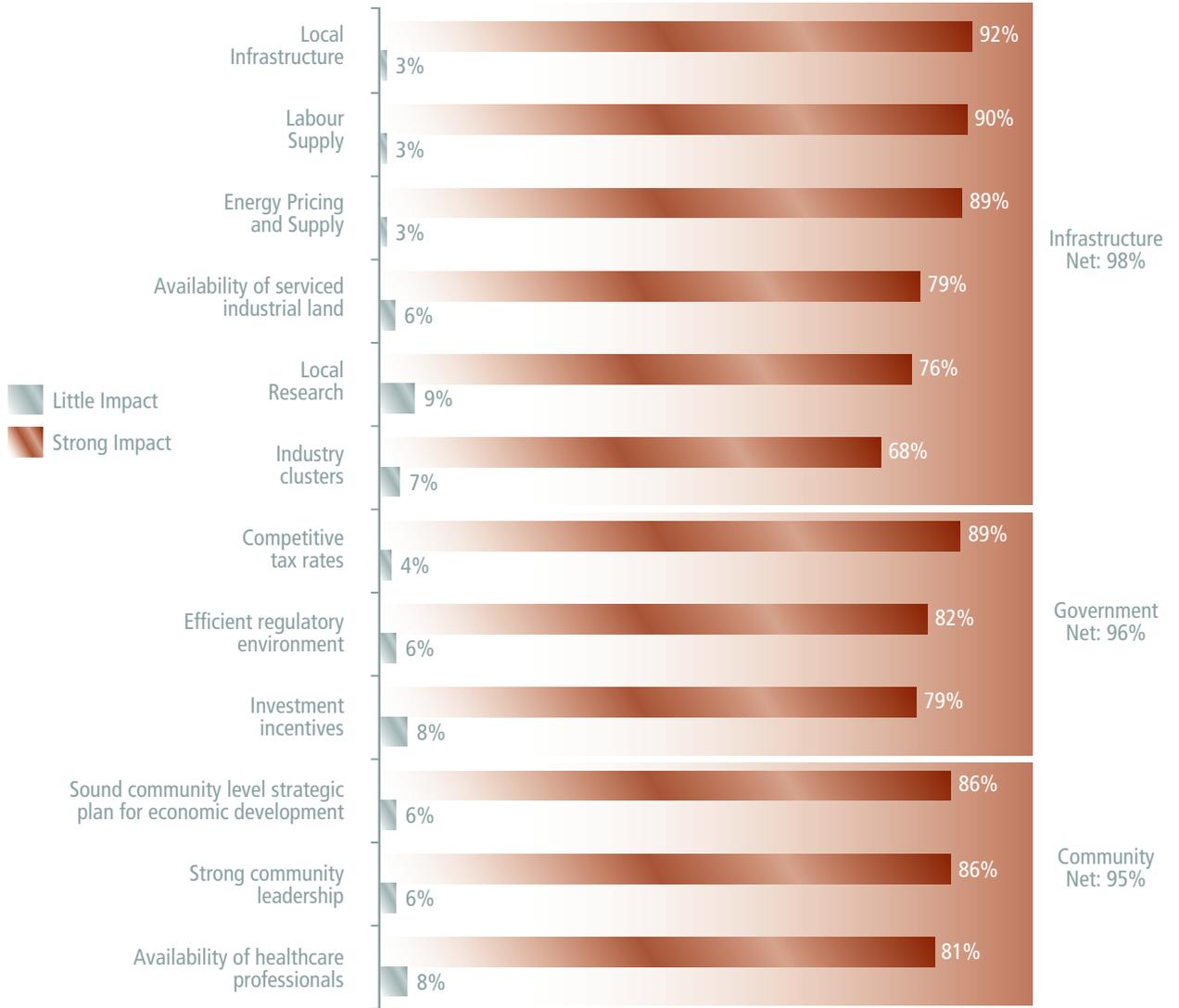
Existing stakeholder engagement is important not only to corporate reputation but also to maintaining working relationships and forging new ones. This in turn fosters business growth. As Michael Sabia, President and CEO, BCE and CEO, Bell Canada, has said, "Corporations are also social institutions. What they do and how they act and the role they play in the community they operate in is important. We can build better communities, stronger communities and, frankly, better places to operate business. The opportunity we have is compelling."⁶

⁵ Petro-Canada, "Committed Clear. Capable. Committed Petro-Canada's 2006 – 2007 Report to the Community", 2006 http://www.petro-canada.ca/pdfs/RTC_ENG_2006.pdf.

⁶ Industry Canada, "Corporate Social Responsibility Introduction" August 2007, <http://strategis.ic.gc.ca/epic/site/csr-rse.nsf/print-en/rs00128e.html>

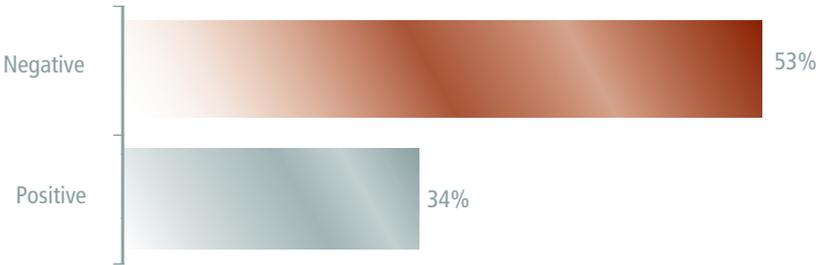
Economic Leaders Look to the Horizon

There are various factors that contribute to community competitiveness. Ontario's economic leaders agree all these factors (community, government and infrastructure) have a strong impact on community competitiveness with infrastructure ranked marginally higher than the rest in terms of impact.



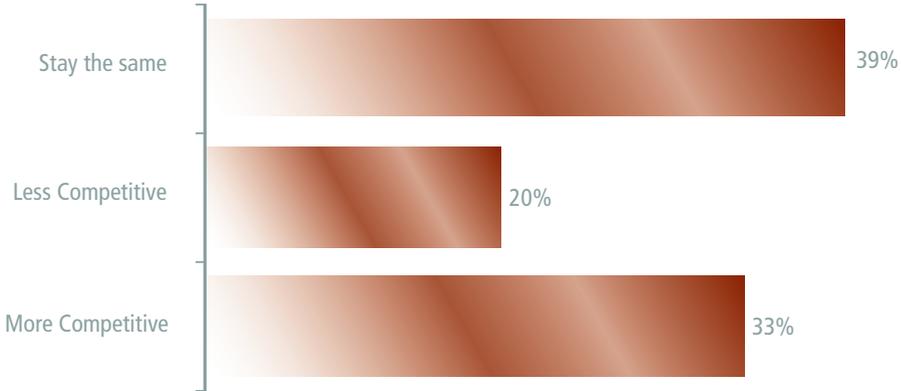
When it comes to creating and maintaining competitive communities, please rate the following factors on how much impact you feel they will have on community competitiveness?

Over half (53%) of Ontario's economic leaders believe the trend is negative for Ontario's communities, in comparison to (34%) who believe the trend is positive for Ontario.



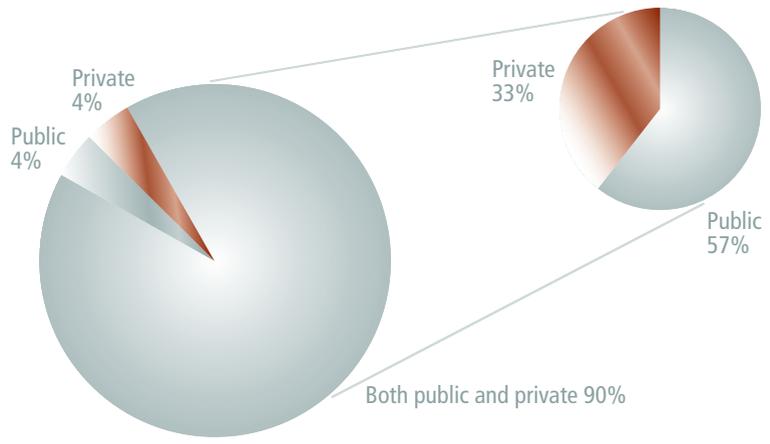
Is this trend positive or negative for Ontario?

Ontario economic leaders are concerned about community competitiveness. However, they are divided on whether Ontario communities have become more or less competitive. Three in ten (33%) Ontario economic leaders believe Ontario communities will become more competitive in the future in comparison to (20%) who believe Ontario will become less competitive. A slightly greater percentage (39%) believe Ontario communities will remain at the same level of competitiveness in the future.



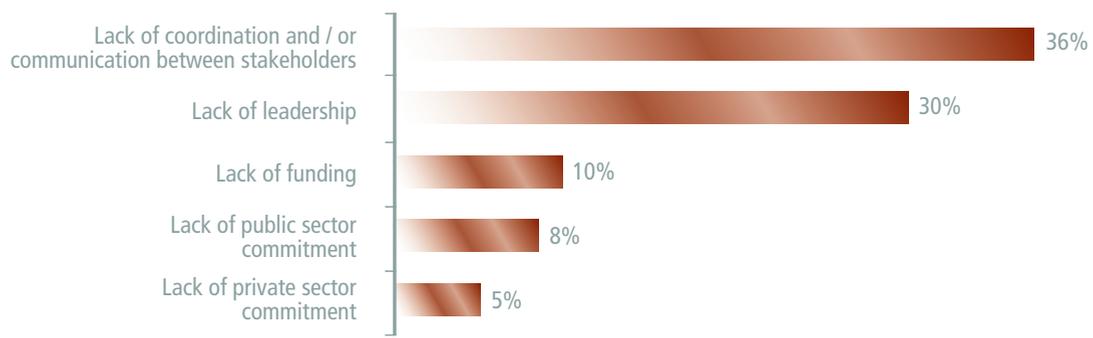
Will we see Ontario communities become more or less competitive in the future, or stay the same?

Collaboration is necessary for creating and maintaining competitive communities. The vast majority (90%) of Ontario economic leaders agree that creating and maintaining competitive communities involves the collaboration of both the public and private sector. Of those that agree both the public and private sector should be involved in maintaining competitive communities, (57%) agree that the public sector should take the lead and initiate discussions.



**Who’s responsible for creating and maintaining competitive communities?
If both public and private are responsible, who should lead or initiate the discussion?**

Sustaining a competitive community is a constant challenge. There are many barriers which can impede competitiveness. Almost four in ten (36%) Ontario economic leaders indicate a lack of coordination and/or communication between key stakeholders, followed by lack of leadership (30%) as key barriers to creating competitive communities. Lack of commitment from the public (8%) and private sectors (5%) are secondary in nature when it comes to creating competitive communities.



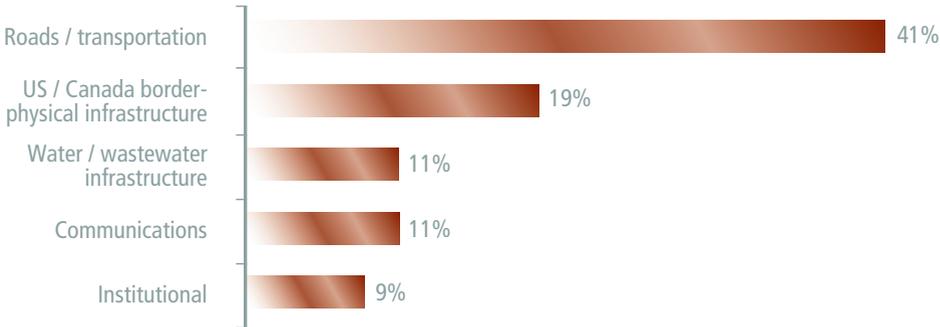
What is the key barrier to creating competitive communities?

Infrastructure

Local infrastructure is seen by Ontario economic leaders as the most important factor when it comes to competitive communities. Better roads, transportation and water infrastructure are all important resources to help our growing communities continue to flourish.

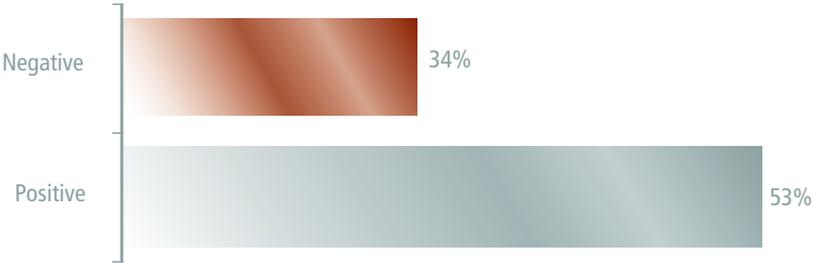
Economic Leaders Look to the Horizon

Ontario economic leaders agree roads and transportation infrastructure development and renewal are the most important for the Ontario economy (41%), followed by the US / Canada border (19%). Conversely, institutional infrastructure (hospitals, school, etc) is seen as the least important local infrastructure issue for the Ontario economy (9%).



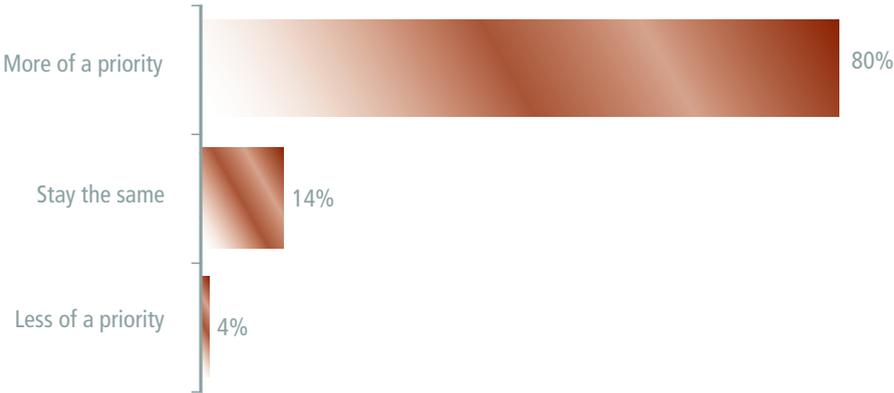
When it comes to infrastructure development and renewal, which of the following is the most important for the economy of Ontario?

Over half of Ontario economic leaders (53%) perceive infrastructure development in Ontario is improving in comparison to (34%) that believe infrastructure is getting worse.



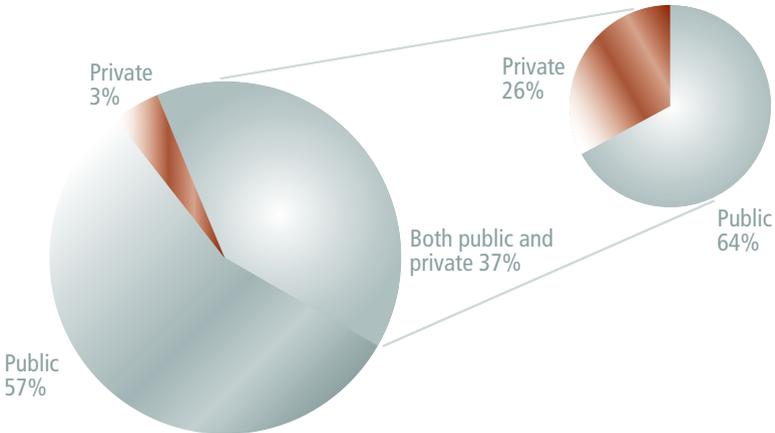
Is this trend positive or negative for Ontario?

The vast majority of business leaders consider that infrastructure issues will become increasingly important in the future. Specifically, four in five (80%) economic leaders agree that infrastructure issues in Ontario will become more of a priority in the future in comparison to only (4%) who indicate it will become less of a priority.



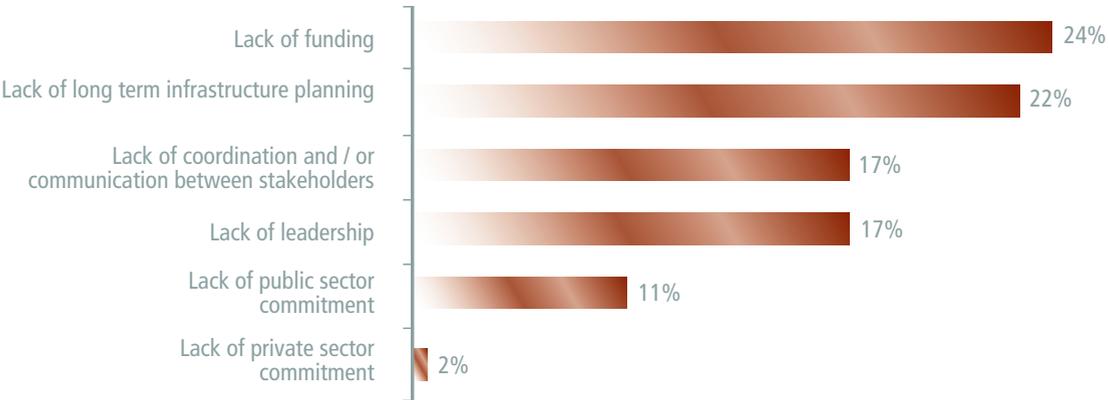
Infrastructure (such as transportation, institutional, water / wastewater etc.) Will infrastructure issues become more or less of a priority in the future, or stay the same?

Infrastructure development and renewal involves both the public and private sector. The majority of Ontario economic leaders (57%) agree the public sector should take the lead in terms of responsibility for infrastructure development and renewal. Interestingly, almost four in ten (37%) of Ontario’s economic leaders believe that both public and private sectors should collaborate when it comes to creating and maintaining infrastructure. Of those that agree both public and private sectors should share the responsibility of infrastructure development and renewal, (64%) agree that the public sector should also take the lead and initiate discussions.



**Who’s responsible for creating and maintaining infrastructure?
If both public and private are responsible, who should lead or initiate the discussion?**

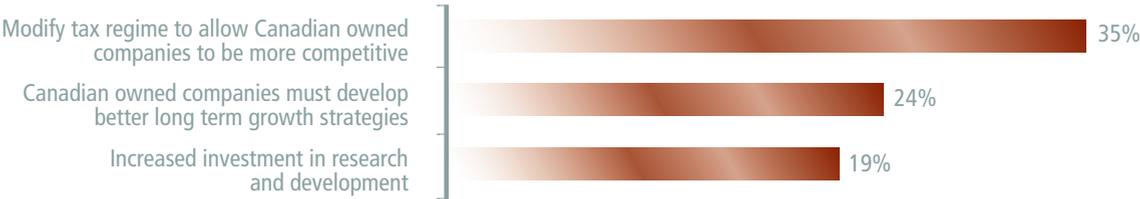
Ontario economic leaders are divided in terms of the key barriers to infrastructure development and renewal. Ontario economic leaders believe the top barriers to infrastructure development are: lack of funding (24%) and long term infrastructure planning (22%). Lack of coordination (17%), lack of leadership (17%) and lack of public sector commitment (11%) are seen as other barriers to infrastructure development.



What is the key barrier to infrastructure development and renewal?

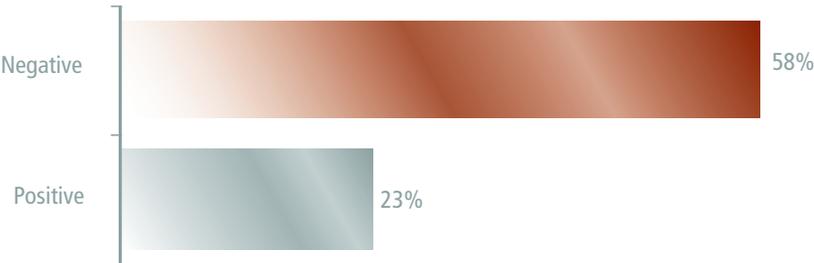
Foreign Acquisitions

Leger Marketing’s survey reveals that Ontario’s economic leaders believe the best option to address the issue of foreign acquisitions of Canadian owned corporations is to modify the tax regime to allow Canadian owned companies to be more competitive (35%), followed by Canadian owned companies developing better long-term growth strategies (24%).



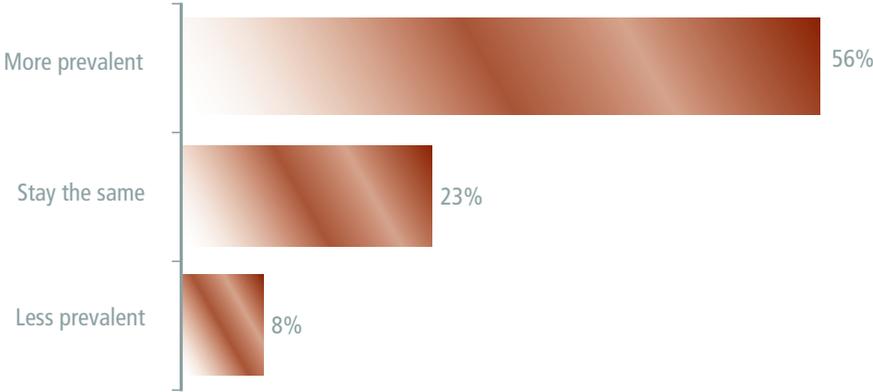
What do you think is the best option to address the issue of foreign acquisitions of Canadian owned corporations?

The results from Leger Marketing revealed (58%) of Ontario economic leaders believe foreign acquisitions are negatively affecting Ontario. Less than one in four (23%) see this as a positive trend.



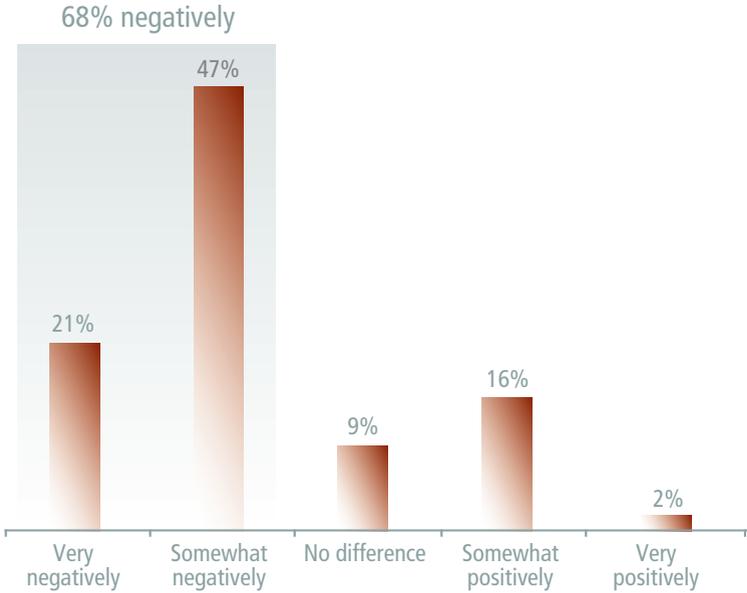
Is this trend positive or negative for Ontario?

According to the survey results, Ontario economic leaders believe foreign acquisitions of Canadian companies will increase in the future. Over half of Ontario economic leaders (56%) believe foreign acquisitions will become more prevalent in the future, in comparison to almost one in ten (8%) who believe foreign acquisitions will become less prevalent.



Foreign acquisitions of Canadian companies- will foreign acquisitions of Canadian companies become more or less prevalent in the future, or stay the same?

The majority of Ontario economic leaders agree that an increasing prevalence of foreign acquisitions in Ontario would have a negative impact on Ontario’s economy (68%).

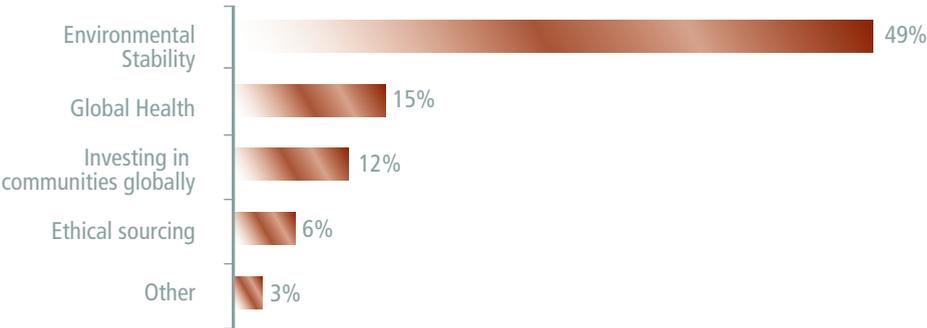


Overall, how do you feel this impacts Ontario’s economy?

International Stewardship

Stewardship is also important at the international level and there are many components to stewardship on a global scale. With globalization and cross-border trade on the rise, multinational enterprises and global supply chain networks are increasingly attentive to concerns about corporate social responsibility as it relates to human resource management, health and safety and environmental concerns, amongst others. As a result, governments and intergovernmental bodies such as the United Nations and the International Labour Organization have developed guidelines and principles that outline social norms for acceptable conduct.⁷

Leger Marketing’s survey revealed that almost half (49%) of Ontario economic leaders believe environmental sustainability is the most important issue when it comes to Ontario’s international stewardship role.



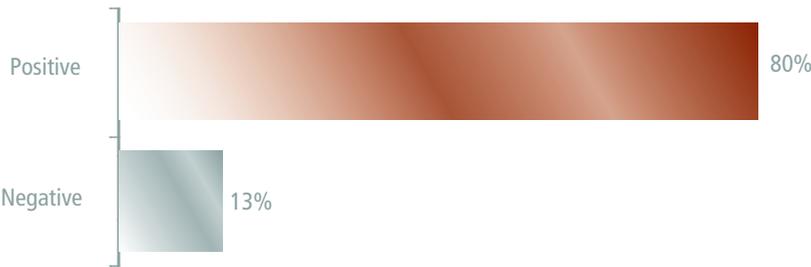
When it comes to Ontario’s international stewardship, which of the following is most important?

⁷ Industry Canada, "Corporate Social Responsibility An overview of corporate social responsibility" August 2007, <http://strategis.ic.gc.ca/epic/site/csr-rse.nsf/en/rs00129e.html>

Environmental Sustainability

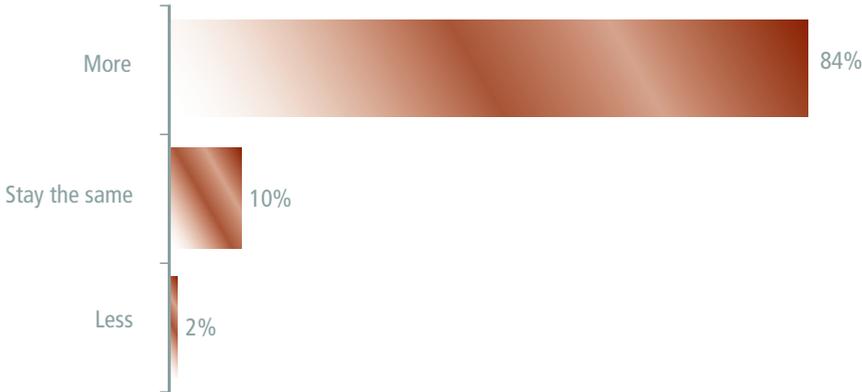
Sustainable environmental practices are another component to stewardship and becoming a growing factor that contributes to business performance. Many companies believe that environmental performance is based on setting clear goals, finding new and better ways to operate and staying on top of developing trends. Today, consumers and investors are showing increased interest in supporting responsible business practices and are demanding more information on how companies are addressing risks and opportunities related to environmental issues.

According to Leger Marketing’s survey, four out of five (80%) Ontario economic leaders agree Ontario is improving when it comes to environmental sustainability, compared to (13%) who believe Ontario’s performance is worsening when it comes to environmental sustainability issues.



Is this trend positive or negative for Ontario?

The majority of Ontario economic leaders agree more organizations will adopt environmentally sustainable practices in the future (84%).

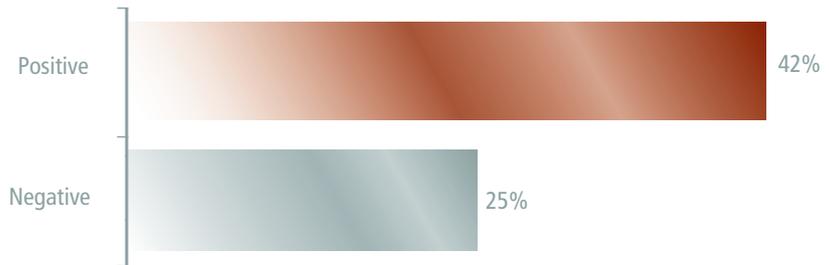


Environmental sustainability – Will we see more, less or the same level of organizations adopting environmentally sustainable practices in the future?

Global Health

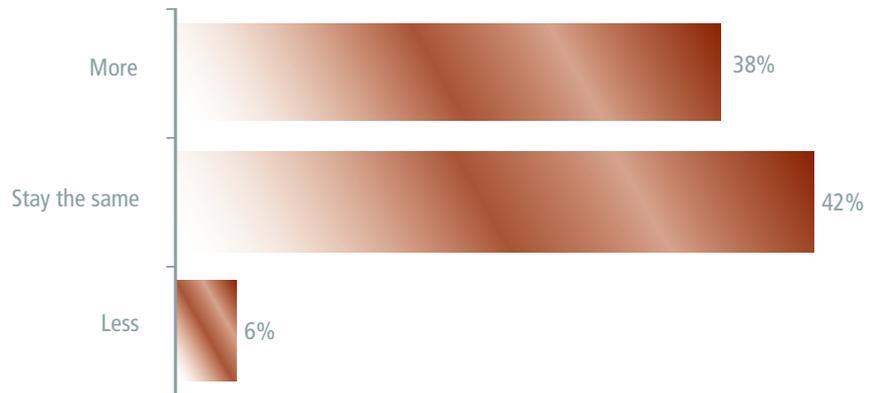
A Leger Marketing's global study that examined critical issues around the world revealed poverty and hunger were the most important issues from a global citizen perspective, with more than four in ten (44%) survey respondents agreeing it should be considered the most important priority for the world.⁸ World poverty is directly linked to global health. Providing citizens in less developed parts of the world with the essentials of life improves health conditions and the standard of living in areas that are poverty stricken. There are however, still some factors that impede businesses from actually partaking in global health initiatives.

Leger Marketing's Ontario Economic Summit survey revealed more than four in ten (42%) Ontario economic leaders believe Ontario is getting better when it comes to global health issues, in comparison to (25%) who believe Ontario is getting worse.



Is this trend positive or negative for Ontario?

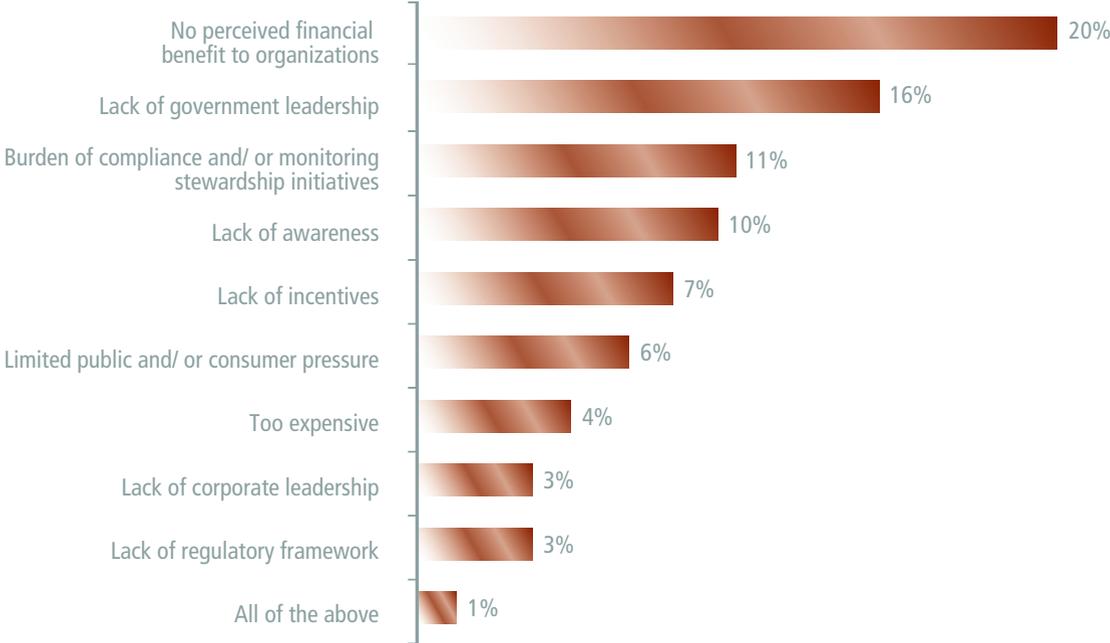
However, there is no real consensus among Ontario economic leaders on whether there will be more or less organizations helping to solve global health issues in the future. Leger Marketing's survey revealed that four in ten (42%) Ontario economic leaders believe the level of organizations helping to solve global health issues in the future will not change, in comparison to (38%) who believe there will be more organizations helping to solve global health issues in the future.



Will we see more, less or the same level of organizations helping to solve global health issues in the future?

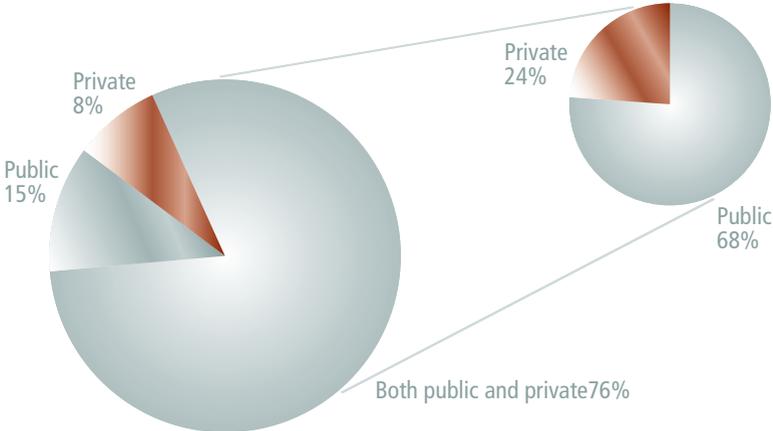
⁸ Leger Marketing, "Voice of the People 2006 What the World Thinks on Today's Global Issues", 2006 Transcontinental Books, 2006

Among Ontario economic leaders there is no real consensus on identifying one key barrier to enhancing international stewardship. The top barriers to enhancing international stewardship were thought to be no perceived financial benefit to organizations (20%) and lack of government leadership (16%).



In your opinion, what is the key barrier to enhancing international stewardship?

International stewardship involves various stakeholders. Ontario economic leaders think that both the public and private sector should be responsible for international stewardship (76%). However, when asked who should initiate discussions about international stewardship, of those that agree international stewardship is a shared responsibility, (68%) state the public sector should take the lead in contrast to (24%) who believe the private sector should initiate discussions.



**Who's responsible for creating and maintaining international stewardship?
If both public and private are responsible, who should lead or initiate the discussion?**

In Closing

It is evident that businesses have an affect on society and organizations must now consider the larger implications of their actions when making business decisions.

“There is no way to avoid paying serious attention to corporate citizenship: the costs of failing are simply too high... There are countless win-win opportunities waiting to be discovered: every activity in a firm’s value chain overlaps in some way with social factors — everything from how you buy or procure to how you do your research — yet very few companies have thought about this. The goal is to leverage your company’s unique capabilities in supporting social causes, and improve your competitive context at the same time. The job of today’s leaders is to stop being defensive and start thinking systematically about corporate responsibility.”⁹

⁹Michael Porter, Professor, Harvard Business School, at the April 2005 Business and Society Conference on Corporate Citizenship, sponsored by the University of Toronto’s Rotman School of Management

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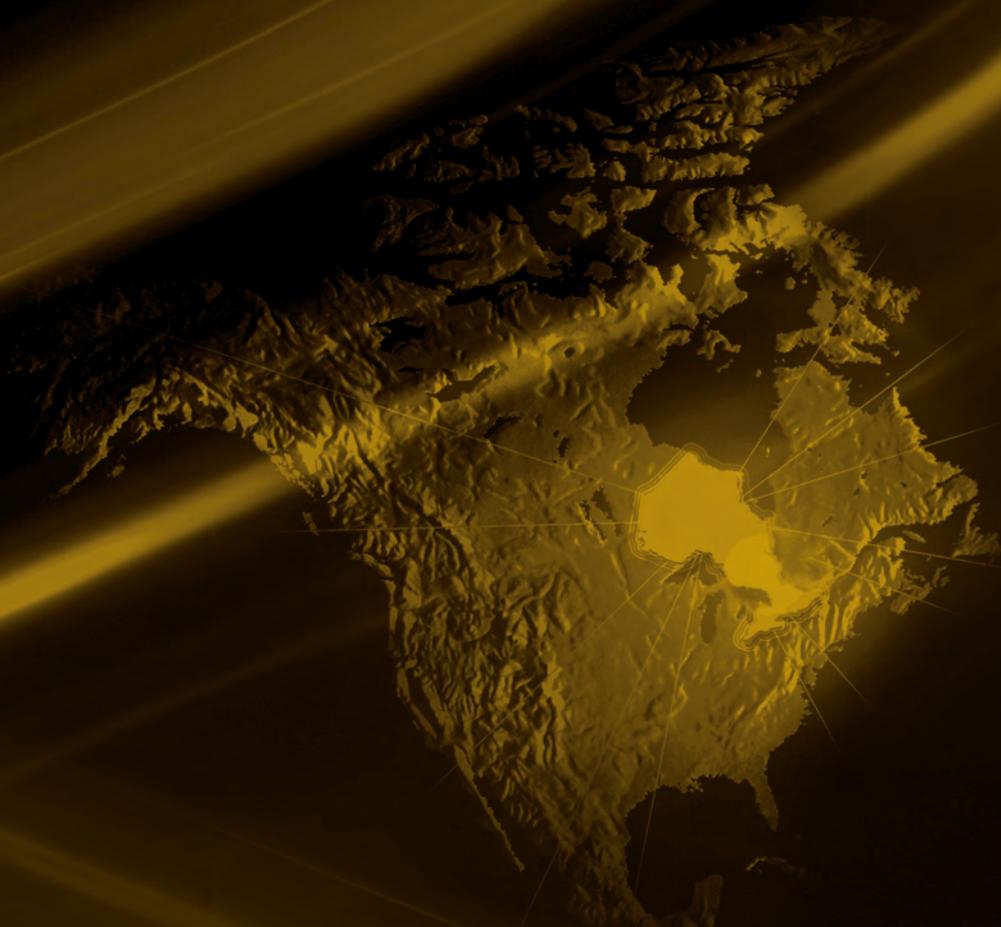
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