

'A different future – How business can reduce inequality'



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op**

Acknowledgements

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About Co-op

Co-op is one of the world's largest consumer co-operatives with interests across food, funerals, insurance and legal services. Owned by millions of UK consumers, the Co-op operates almost 2,400 food stores, over 800 funeral homes and provides products to over 6,000 other stores, including those run by independent co-operative societies and through its wholesale business, Nisa Retail Limited. Employing 56,000 people, the Co-op has an annual turnover of over £11billion and is a recognised leader for its social goals and community-led programmes. The Co-op exists to meet member owners' needs and stand up for the things they believe in.

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Ruskin Institute for Social Equity (RISE)

The Ruskin Institute for Social Equity (RISE) is being launched in September 2024. It builds on the work of the Centre for Inequality and Levelling Up at the University of West London which finished its work in July 2024 with the election of a new Labour government. RISE will produce policy relevant research related to inequality in the UK with a particular focus on place based inequality; education and skills, work/labour market and the role of business. It will be co-located in London and Ruskin College, Oxford. Ruskin became part of the UWL group in 2021 and has a 125 year history of providing access to higher education and progressive thought. RISE will be supported by a group of Ruskin Visiting Fellows drawn from politics, higher education and the charitable sector.

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Marc has worked and conducted research in the area of regional inequality and local growth for several years, writing reports on the Levelling Up Agenda, community power, and devolution.

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EXECUTIVE SUMMARY

Why this report?

Inequality has hardly reduced over the last 30 years in the United Kingdom (UK) and the UK is one of the most unequal of the richer countries in the world. The responsibility for combating inequality is usually perceived as lying with the government. However, the deep-rooted nature of inequality in the UK means that addressing it requires a whole society and economy approach which includes the business sector. This report, supported by The Co-operative Group, outlines what role business has and could have in addressing inequality at the national and local level. It draws upon discussions with 50 businesses and other stakeholders in the business

sector. The businesses consulted were primarily large and had a total asset value of over £1.5 trillion. There were 6 representative organisations consulted with a combined membership of over 400,000 members. The businesses and representative organisations were from 4 sectors: Tech; Utilities; Retail and Hospitality and Finance/Banking.

It includes case studies of initiatives that businesses are undertaking as well as an analysis of the structures and culture required to increase commitment to address inequality from the business sector. It also outlines recommendations for policymakers and businesses.



Key Findings

Key Finding 1:

Businesses see themselves having an increasing role in addressing inequality as society is changing.

Many businesses thought that politicians, customers, staff and potential future staff wanted business to show that it was aware of its impact on society and to undertake activities with some form of social purpose. Business was also able to do certain things, such as increase opportunities in the workplace, that other stakeholders could not lead on.

Key Finding 2:

Business addresses inequality in a range of ways – but social mobility and workforce development is where most businesses see the biggest potential impact.

The study identified 4 ways in which businesses were looking to address inequality:

- Financial/non-financial support supporting communities and individuals
- Campaigning and convening
- Future Talent and Social Mobility
- Creating opportunities for the existing workforce.

The areas most frequently mentioned were Future Talent and Social Mobility along with creating opportunities for the existing workforce. These were the areas where inequality is the most visible to the companies consulted. The importance of addressing inequality in terms of addressing social mobility reflects both calculations regarding what a company can control and also how it can combine work to address inequality with business goals.

Key Finding 3:

Businesses can have a big impact on place based inequality and need to be encouraged to do more here.

Some excellent examples of how businesses were focused in their work on place were identified. In retail especially the relationship with place is seen as a strong one. However, businesses tend to focus internally first on what they know they can affect before looking externally. We need to know more about how those who are addressing inequalities related to place are doing so and how this work is developing - especially because much is being done by small and medium sized enterprises. Levelling up did not on the whole act as a vehicle to engage businesses in place based work related to inequality but it did at least highlight the importance of place based inequality. It is important that post-levelling up the government considers how it can support businesses already working on this agenda and how it can encourage more to do so.

Key Finding 4:

Values can drive addressing inequality, but this approach needs developing.

Several businesses from across sectors couched their commitment to addressing inequality in terms of the values that underpinned their organisation. A value driven approach can unlock a deeper commitment to addressing inequality but this is an approach that needs nurturing. However it is far more common for work to address inequality to be something that can benefit the business directly rather than a reflection of its values.

Key Finding 5:

Government engagement, data and size are all major challenges to unlocking greater engagement from business.

The challenges to greater engagement in addressing inequality could be divided into 3 broad categories:

- **Engagement with government** Long term stability in government policy and structures to facilitate dialogue/ collaboration were identified as actions that could enable more work to address inequality.
- **Using data to enable change** The difficulties in collecting data from their existing workforce and establishing evidence of impact were identified as impediments to progress in this area.
- **Size of the organisation** How to support small and medium sized businesses to contribute here was a big issue and it is vital that this is recognised in any future policies developed to enable businesses to engage in addressing inequality.

EXECUTIVE SUMMARY

Recommendations for Government

Recommendation 1:

Produce a new Business and Social Purpose strategy as part of Labour’s new growth mission.

The businesses in this study were making a clear ask for leadership from government in the inequality and social purpose space. The new Labour government should produce a new Business and Social Purpose Strategy which could embed and define where business should sit with regard to addressing inequality providing a framework within which they can do this work. This strategy can help boost economic growth by aiding business to increase profitability.

Recommendation 2:

Establish a Business and Social Purpose Commission to enable government to convene and communicate with business.

The businesses consulted wanted engagement with government. Establishing a body with a dedicated staff who can lead on this engagement should be a key part of the strategy described in Recommendation 1 above.

Recommendation 3:

Develop and pilot a Business and Social Purpose regulatory framework.

There are limitations in the progress that can be made in this area via encouraging convening, communication and sharing of practice. A regulatory framework should be developed in consultation with businesses and their representative organisations that can mandate the reporting by larger businesses of their social purpose data, activities and strategy.

Recommendation 4:

Ensure small and medium sized businesses are integrated into a new Business and Social Purpose agenda.

The policy discussion surrounding what business should do to address inequality assumes a certain level of size. This study showed however that smaller businesses have a crucial role to play in this agenda. The Business and Social Purpose Commission should establish a specific part of their work programme focused on small and medium sized businesses.

Recommendation 5:

Embed priorities and activities related to the social purposes of business in local growth plans.

Labour’s local growth plans are described as ‘long-term plans’ produced by local leaders working with key stakeholders to identify growth sectors. These plans must also acknowledge the importance of place based inequality explicitly focusing on how growth can benefit all groups/communities in an area, especially those facing the most challenges, identifying the central role the report shows that business can play here.

Recommendation 6:

Build an explicit commitment to addressing inequality into the new Growth and Skills Levy.

Many of the businesses called for greater flexibility in the use of the levy and saw it as a tool to support their social mobility work. Labour’s proposed new Growth and Skills levy should have a more explicit focus on supporting key target groups impacted on by inequality such as those from lower socio-economic backgrounds, black and minority ethnic groups, those with disabilities and others who have difficulties entering the labour market.

Recommendation 7:

Undertake a review to identify how to incentivise and support businesses to measure and publish data on the socio-economic background of their workforce.

Data was identified as a key driver of change in this area. Collecting data on the personal and economic characteristics of staff was seen as crucial to inform the development of organisational social mobility targets. The case for making socio-economic background a protected characteristic as some respondents favour should be examined as part of this review.

Recommendations for Business

Recommendation 8:

All levy paying businesses should appoint a Social Purpose and Inequality Director.

The models that business will follow in order to address inequality will inevitably differ across organisations as this research shows but giving responsibility to a named individual will provide a focus for the kind of value-based change described above that is so crucial to taking this work forward.

Recommendation 9:

All levy paying businesses to invest 0.5% of profit into activities related to social purpose.

The scale of engagement and commitment from businesses in the UK to combating inequality can increase. This will benefit them and society. A requirement such as this would allow commitment and activity to be clearly benchmarked.

Recommendation 10:

Use industry networks to lead on sharing social purpose related work and form new networks specifically to address this issue

There are several good examples in this study of industry and trade organisations trying to take a lead in this area. Systematic efforts to engage industry and trade organisations by government would be beneficial but these organisations as well have a responsibility to show leadership in this space as much as they do in other aspects of their work.



Summary: Unlocking the social purpose of business

The businesses and organisations consulted in this study were all committed to bringing their organisations closer to addressing inequality in what they do and there are numerous examples below of how they are doing this which need to be shared and scaled up. But larger questions of the relationship between profit and purpose in the UK economy remain. The bias toward short-term profit that characterizes the UK’s economic model will always act to restrict the impact on inequality business can have.

Labour’s approach to inequality is still emerging. Its Opportunity mission focuses heavily on schools and then the broader education system. Its Growth mission has a welcome focus on inequality but needs practical policies outlining how inequality can be addressed. There is the chance now to make business part of the approach to addressing inequality building on the work described in this report and the government needs to take it.



1. Introduction

Addressing inequality is generally seen as the preserve of government with some assistance from the voluntary sector. Businesses are more usually cast as contributors to increasing inequality as opposed to being part of any solution. There are good reasons why business is seen in this light. The gaps between the lowest and highest paid in the private sector in the UK are huge and have grown over recent decades.¹ The UK's economic model has also been criticised for being geared toward increasing, rather than alleviating inequality, putting shareholder value above all else in the pursuit of short-term profit.²

The UK has among the highest levels of income inequality in the Organisation for Economic Co-operation and Development (OECD).³ Over the last 10 years the number of parcels distributed by food banks has grown from 0 in 2006-07 to nearly 3 million in 2022-23,⁴ and inequality is costing the UK £106.2bn more a year compared with the average developed country in the OECD.⁵ Inequality is a challenge for all sectors and this includes business - evidence from recent decades shows that government and the voluntary sector cannot shift the dial here alone. Progress in reducing inequality since the 1980s has been slow or non-existent under governments of all persuasions.⁶

The aim of the report, supported by the Co-operative Group, is to outline what role business could have in future work to address inequality at the national and local levels. It draws upon discussions with 50 businesses and other stakeholders in the business sector. It includes case studies of initiatives that businesses and representative organisations are undertaking as well as an analysis of the structures and culture required to increase commitment to address inequality from the business sector. It also outlines recommendations for policymakers and businesses.

In the aftermath of a general election and in the early days of a new government how Labour will address inequality is still taking shape. The mission based approach is new and untested while the priorities and language used to frame inequality including the role of social mobility within this for example will take time to emerge. But what we do know is that public money to address inequality is relatively scarce compared to when Labour last came into power in the 1990s. In this context, it is vital that business becomes a positive force for improving the lives of those in the most challenging circumstances in the UK or progress over the coming years is likely to be very limited.

1. High Pay Centre (2024) High Pay Hour 2024 <https://highpaycentre.org/high-pay-hour-2024/>

2. Hutton, W. (2015) How Good We Can Be: Ending the Mercenary Society and Building a Great Country. Boston: Little, Brown.

3. Francis-Devine, B. & Orme, S. (2023) Income inequality in the UK. London: House of Commons Library.

<https://researchbriefings.files.parliament.uk/documents/CBP-7484/CBP-7484.pdf>

4. Pratt, A. (2023) Food banks in the UK. London: House of Commons Library.

<https://researchbriefings.files.parliament.uk/documents/CBP-8585/CBP-8585.pdf>

5. Hill, A. (2023) 'UK spends more financing inequality in favour of rich than rest of Europe, report finds', The Guardian, 27 Nov. Available at: <https://www.theguardian.com/inequality/2023/nov/27/uk-spends-more-financing-inequality-in-favour-of-rich-than-rest-of-europe-report-finds> (Accessed: 8 March 2024).

6. Francis-Devine, B. & Orme, S. (2023) Income inequality in the UK. London: House of Commons Library.

<https://researchbriefings.files.parliament.uk/documents/CBP-7484/CBP-7484.pdf>

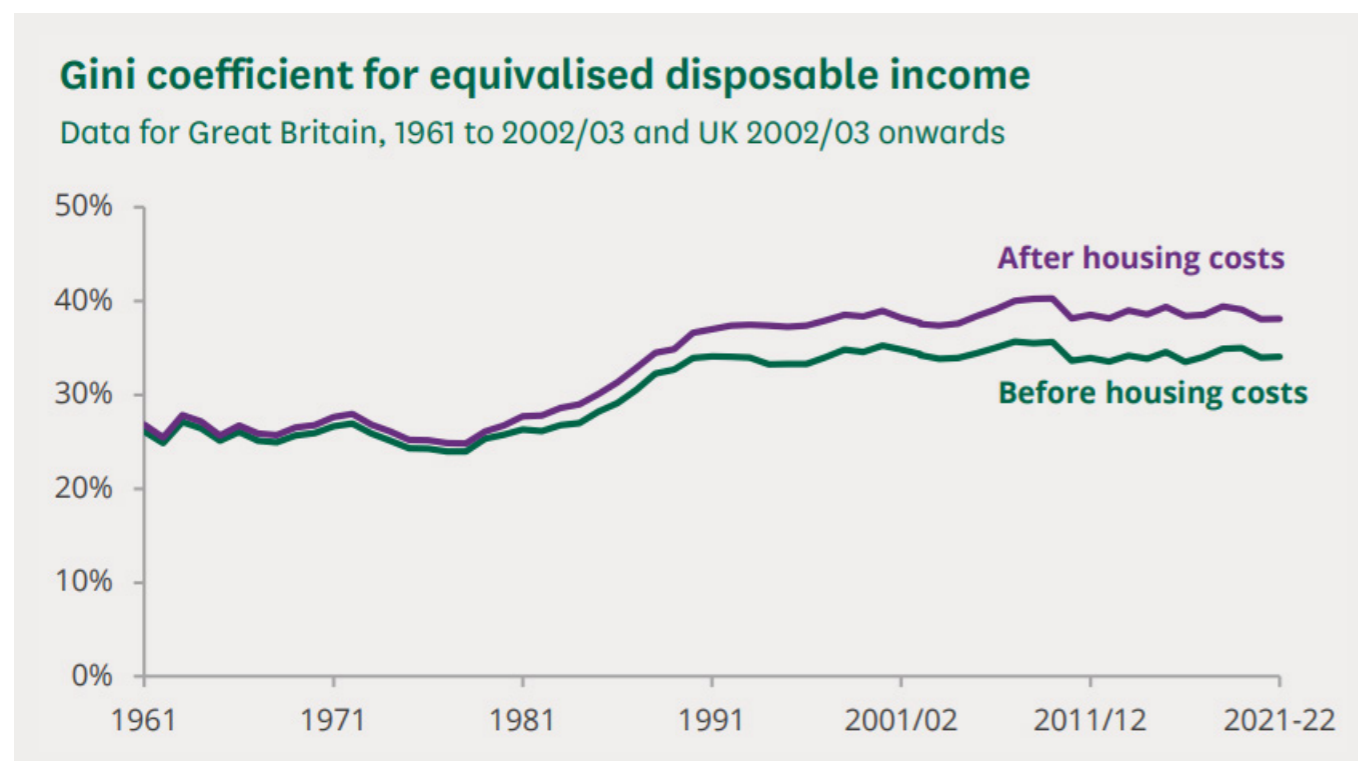
2. Inequality and the business sector in the UK

Business undertaking activities that aim to impact inequality is not new in the UK. Philanthropic activities date back well over 200 years⁷. However, it was not until the 1950s and 1960s with the development of ideas relating to corporate social responsibility (CSR) that this area of work began to really grow. Prior to this philanthropic activities were paternalistic related to broadly Christian values which inspired individual businessmen to contribute to supporting the welfare of their workers or the areas in which their businesses were located.⁸ The development of CSR was associated with the increasing prevalence of larger business organisations particularly in the USA and academic research related to the nature of these organisations. However, even as the field of CSR began to grow the pursuit of profit remained the primary concern of the corporate sector especially in the US and the UK. As the renowned economist Milton Friedman said in 1970⁹ *‘there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits’*.

Friedman’s broader views on the free market came to exert a strong influence on economic policy in the UK and US in the 1970s and 1980s which exacerbated existing differences between these countries with their ‘Anglo Saxon’ model of capitalism and those in other parts of the world. These differences are important in understanding how business in the UK engages with inequality. The Anglo Saxon Model, is characterised by a strong focus on creating deregulated, low tax market conditions in which firms can operate with shareholder value as the metric of performance.¹⁰ These Anglo Saxon capitalist values were at the heart of the Thatcherite approach to economic policy in the UK in the 1980s which was also the time when inequality really began to increase in this country. In contrast, many Western European countries for example,

pursued an approach to capitalism based on long-term investment, regulation and worker engagement.¹¹ Such social democratic or corporatist models of capitalism position business and its role in society quite differently from how its position has evolved in the UK over recent decades. The consequence of the economic policies pursued from the 1970s in the UK are illustrated in Diagram 1 below which shows how the Gini co-efficient increased in the 1980s but has changed little since then. The Gini-coefficient summarises inequality in a single number which takes values between 0 and 100%. A higher value indicates greater inequality.¹²

Diagram 1: The Gini coefficient for equivalized disposable income from 1961 to 2021-22



At the same time as the UK was pursuing a path that many argued made business a net contributor to inequality¹³, via CSR the interest in business playing a role in addressing inequality was increasing especially when the potential for CSR to contribute clearly to the economic goals of the business started to grow as an idea.¹⁴ The concept of the triple bottom line was developed by Elkington in 1994 as a framework for performance that looks to account for the company’s social, environmental and economic impact. It represented an important step in the move from work to address inequality as a philanthropic endeavour to something more central to what a business does.

The interest in CSR has continued to grow with its parameters becoming more flexible and context driven. It is now a well-established area of activity for many businesses, especially larger multinationals who have become increasingly aware of the negative implications of their activities for inequality as they have taken advantage

of both neo-liberal economic regimes and globalisation to lower wages and the quality of working conditions. The growing interest in inequality by the business sector is reflected by the World Economic Forum, a member organisation of over 1,000 multinational companies, repeatedly identifying inequality as one of the biggest threats to the global business environment over the last decade.¹⁵

But while an understanding of the relationship between business and its impact on inequality may have grown in the early 21st century progress in addressing inequality by the corporate sector is slow. More than half of UK companies do not have a CSR strategy (although all FTSE 100 companies do report on corporate responsibility in their annual reports¹⁶). While over £1.85 billion is being donated to charitable causes by FTSE 100 companies in 2023, this amount has decreased by 26% compared to what they gave in 2012.¹⁷

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 8. Latapi Agudelo, M.A., Jóhannsdóttir, L. & Davídsdóttir, B. (2019) ‘A literature review of the history and evolution of corporate social responsibility’, *International Journal of Corporate Social Responsibility*, 4, 1.
 9. Friedman, M. (2007) ‘The Social Responsibility of Business Is to Increase Its Profits’, in Zimmerli, W.C., Holzinger, M. & Richter, K. (eds) *Corporate Ethics and Corporate Governance*. Heidelberg: Springer, pp.173-178.
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 13. High Pay Centre & Trades Union Congress (2019) *How the shareholder first business model contributes to poverty, inequality and climate change* https://highpaycentre.org/wp-content/uploads/2020/08/Shareholder_Returns_report_November_2019_1.pdf
 14. Burke, L. & Logsdon, J.M. (1996) ‘How corporate social responsibility pays off’, *Long Range Planning*, 29(4), pp.495-502.
 15. Bucher, G. (2023) ‘Global inequality is a failure of imagination. Here’s why’, *World Economic Forum* <https://www.weforum.org/agenda/2023/01/global-inequality-is-a-failure-of-imagination/>
 16. Pilot, S. (2011) ‘Companies are embracing corporate responsibility in their annual reports’, *The Guardian*, 29 Sep. Available at: <https://www.theguardian.com/sustainable-business/blog/companies-embrace-corporate-responsibility-annual-reporting> (Accessed: 8 March 2024).
 17. Charities Aid Foundation (2023) *Corporate giving by the FTSE 100* https://www.cafonline.org/docs/default-source/giving-as-a-company/corporate_giving_ftse100_2023_report.pdf



3. Methodology

The fieldwork undertaken for this study consisted in the main of qualitative interviews/focus groups with 50 representatives of businesses/organisations representing businesses and other stakeholders including local authorities. The majority of participants (60%) were large businesses with over 3,000 employees. The total assets of the businesses engaged was over £1.5 trillion.¹⁸ We also consulted with organisations representing businesses who had a total of nearly 400,000 members. The fieldwork was undertaken from June to November 2023.

The businesses were drawn from 4 different sectors: Tech, Retail & Hospitality, Utilities, and Finance and Banking. These sectors were selected to maximise the range of insights that could be gained into this issue through a research project of this scale. Finance and banking is an area of high strategic importance to the UK economy and also one where there has been considerable scrutiny in recent years with regard to the contribution the sector makes to inequality via its activities and those employed within it.¹⁹ Retail and hospitality employ the largest number of people of any industrial sector in the UK²⁰ and hence are a crucial sector to engage. Utilities as with the Finance and Banking sector is of great strategic importance as recent economic events have confirmed and finally the Tech sector is of real interest as it is becoming very important socially and economically but has a shorter history where engagement with issues such as inequality is concerned than the other sectors engaged with.

In terms of identifying participants in the research we approached a sample of 200 businesses from across the 4 sectors. The participating businesses were in the main those who responded to a direct invitation to engage but also a snowball method was deployed to identify some participants.²¹ The non-business stakeholders also emerged via snowballing. All participating organisations are listed in Appendix 1.

Of the participating organisations 28 engaged via focus groups and 22 via one-to-one interviews. All fieldwork was conducted online and the focus groups/interviews ranged from 25 min to 95 min in length. The representatives of the organisations had a wide variety of job titles, a point discussed in the findings section of the report. They were also drawn from differing functions in the organisation. The most common functional area was human resources.

A framework approach was used to analyse the data.²² The framework approach is a systematic approach to examining qualitative data. It involves transcribing interviews/focus groups followed by a detailed examination of the data to identify major themes. The data is then assembled to correspond with these themes and this allows patterns across interviews to be established and the key findings are then drawn out from this process. The approach in presenting the data is to as far as possible include the voice of the participants and let the data 'speak for itself'.

18. We compiled the total assets from the latest annual reports of each company, then aggregated these figures to determine the overall sum of assets.

19. For more information see: <https://www.fca.org.uk/publication/discussion/dp21-2.pdf>

20. IBISWorld (2024) *Biggest Industries by Employment in the UK in 2024* <https://www.ibisworld.com/united-kingdom/industry-trends/biggest-industries-by-employment/>

21. Naderifar, M., Goli, H. & Ghaljaie, F. (2017) 'Snowball Sampling: A Purposeful Method of Sampling in Qualitative Research', *Strides in Development of Medical Education*, 14(3).

22. Goldsmith, L.J. (2021) 'Using Framework Analysis in Applied Qualitative Research', *The Qualitative Report*, 26(6), pp. 2061-2076.

4. Key Findings

The analysis produced 5 key findings and they are outlined below.

KF 1: Businesses see themselves having an increasing role in addressing inequality as society is changing

The sample for this study is self-selecting. It focuses almost exclusively on those who are engaged in some form of work to address inequality. Hence, the extent to which it can be claimed that the work described here and especially the interest in addressing inequality is representative of the business sector as a whole must be seen in context. Nevertheless, as also outlined above businesses with a total assets of over £1.5 trillion and a range of sector bodies have been consulted. Hence it is fair to say that the study shows interest in addressing inequality does exist. Moreover, that interest may be increasing. Sophie Hulm is CEO of Progress Together, a membership body focusing on progression, retention and socio-economic diversity in the financial services sector. As she stated:

'An asset manager member of mine told me that they'd seen a four-fold increase in enquiries from investors on socio-economic diversity in particular in the last 12 months.' It just seems to be on the agenda, with Keir Starmer talking about smashing the class ceiling. It's the next thing that HR and DNI teams are thinking, 'Okay, we need to tackle this and we need to figure out how to measure it and what to do about it.'

The increasing emphasis on addressing socio-economic diversity in certain parts of the business community is a point picked up on by Rory Tanner, Head of UK Government Affairs and Public Policy from Revolut. Formed in 2015 Revolut is a major online bank employing over 7,000 people across the world.

'There's definitely been a bigger shift in the last 10 years where consumers are looking to businesses to be leading on this. It's actually driving people away from certain businesses if they do not see their values reflected in what the business does. I think in part businesses have been forced to react to society changing.'

As another respondent said:

'The days when businesses just focused on profits and that's it are coming to an end, particularly for large businesses. For example, when they list on various stock exchanges including the London Stock Exchange they are expected to give some kind of idea of their ESG approach''.

Why business may engage with work to address inequality was not described just in terms of a response to a changing political and social environment. For some it was intrinsic both to what business does and the nature of inequality itself implies that business needs to have a role. As another respondent stated:

'The way that we see it is that the private sector is about 65% of the economy, and it is frankly where the money is. However much government funds things through public expenditure and so on, it is not going to be able to deliver the full package.'

The idea of a symbiotic relationship between business and government where social challenges are concerned is summarised well by Nick Lakin from Kingfisher. Nick is the Group Director of Corporate Affairs. As he stated:

'Business doesn't act in isolation. I talk about 3 cogs - business, society and government - and you try to get all three turning in the same direction to drive positive outcomes for all. That's been my philosophy for the last decade.'

Paul Gerrard is the Campaign and Public Affairs Director at the Co-op. He pointed again to what business can do that the government can't in terms this time of social mobility:

'If social mobility, fundamentally, is in some or large part an economic thing, it's going to be the private sector, predominantly, that is going to drive it forward.'

The evidence outlined above suggests that businesses perceive a value for themselves in adapting to what they see as changes in society. Where inequality is concerned, these changes manifest themselves in changes in what policymakers may say, other businesses are doing or an understanding of the specific role that business could play here.

KF2: Business addresses inequality in a range of ways – but social mobility and workforce development is where most businesses see the biggest potential impact

The discussions with businesses and sector groups showed that there is no one model of engagement here. It differs by sector and organisation as do the activities. It could broadly be described as falling under the banner of corporate social responsibility (CSR). However, as argued above CSR is a wide field of activity and very few of the participants used the term CSR to describe the work in which they were involved. This may be a result of the individuals we engaged with in the study, but could also indicate that more specific terms are being used when it comes to looking at work to address inequality which is a sub-set of what is usually understood to be CSR. The work to address inequality described by the participants can be divided into 4 broad areas.

1. Financial/non-financial support supporting communities and individuals

Direct financial support to those who need it would appear to be the most straightforward way in which business can make a difference. Even directing a small percentage of their profits to charitable causes would make a big impact. In 2022 FTSE 100 companies in the UK gave £1.85 billion to charities.²³ Across the businesses consulted in this study 65% had some form of fund or foundation that gave financial support to communities or individuals. In terms of how this financial support for communities and individuals manifests itself this comes in various forms and differs across sectors.

In the banking and finance sector the DirectLine Insurance Group launched their Community Fund in 2020 which has since helped over 300 charitable causes, supporting over 200,000 families and individuals facing adversity, mental health challenges and food poverty.²⁴ Interestingly though, the focus of the fund shifted in 2022 to *'building a more inclusive and equitable Britain'* and toward aiming to equip younger people with career skills.

From the retail sector, Tesco established a Community grants programme in 2016. Through the programme it has awarded £100 million in funding to more than 50,000 community projects, with grant awards decided by 700 million votes cast by Tesco customers in stores across the UK. The programme supported activities across a range of themes including improving health & wellbeing; education and training; and improvements to outdoor spaces such as playgrounds and sport. In 2023, this programme was replaced by a new scheme *'Tesco Stronger Starts funding programme'*.²⁵ The £5 million scheme will focus on supporting schools and children's groups to develop activities related to food and healthy living. Staying in the retail sector, B and Q is part of the Kingfisher group which participated in the retail strand of the study. The B and Q Foundation has donated more than £3million to over 600 charity projects.²⁶

The Co-op has used its membership reach to raise over £117m, reaching 7 million people across the UK since 2016.²⁷ They maximise the impact of these funds through the development of long-term partnerships, for instance, through collaborating with Mind, the Scottish Association for Mental Health (SAMH), and Inspire to improve mental well-being across the UK.

Where utilities are concerned, the focus is slightly different again. Anglia Water, one of the participants in the Utilities focus group, launched a £135 million customer support package for those struggling with the cost of living in 2023, building on a £65 million support package offered in 2022. The package includes discounted tariffs on water bills of up to 50% for eligible customers, temporary payment plans and bill forgiveness schemes.²⁸

As one of the respondents from a large domestic energy supplier stated:

'We worked closely with the Trussell Trust especially during the COVID pandemic. We also asked colleagues to let us know charities that are important to them that we can donate to, because often, we'll have large charity partners. That is great, but often, because they're so well-known, they are getting significant support and actually we don't know about the local community ones that need assistance.'

23. Charities Aid Foundation (2023) *Corporate giving by the FTSE 100* https://www.cafonline.org/docs/default-source/giving-as-a-company/corporate_giving_ftse100_2023_report.pdf

24. For more on the Community Fund visit <https://www.directlinegroup.co.uk/en/sustainability/our-society/community-fund-2022.html>

25. For more on the programme go to <https://tescostrongerstarts.org.uk/tesco-stronger-starts-news/>

26. For more on the B and Q Foundation visit <https://bqfoundation.org.uk/>

27. For more information visit: <https://www.co-operative.coop/media/news-releases/co-op-opens-applications-for-local-community-fund>

28. For more information visit: <https://www.anglianwater.co.uk/news/anglian-water-launches-largest-ever-support-package-for-customers-during-talk-money-week/>

29. For more on the British Gas Energy Trust visit <https://britishgasenergytrust.org.uk/>

KF2: Business addresses inequality in a range of ways – but social mobility and workforce development is where most businesses see the biggest potential impact Cont.

Addressing financial hardship and the cost of living is a theme picked up by Donna Hunt, Social Impact Specialist from the Coventry Building Society. As she stated:

What's having the biggest impact on inequality for us is the work we're doing to increase the capacity of social supermarkets and debt advice in Coventry. It's important that we strengthen people's safety nets because if you're

2. Campaigning and convening

The work related to campaigning and convening involves businesses either alone or in combination with others using their power and position to bring a focus on a specific issue.

It includes both externally facing and internally facing activity. Externally facing work looks to harness the role and profile of the organisation to advocate for issue-based change. Sodexo delivers Facilities Management, Catering and Food Services and Property Management. It is a global firm employing over 8,000 people in the UK. As Raj Jones, Head of Diversity, Equity and Inclusion from Sodexo stated:

'Our Starting Fresh campaign³⁰ leverages our extensive experience in managing prisons and as an inclusive employer to advocate for and provide employment opportunities for ex-offenders, and encouraging other organisations to do so, as well.'

Monzo is an online bank founded in 2015. It has been working with Pret a Manger, Thames Water, and the DWP, drafting a covenant encouraging employers to recruit homeless people.³¹

The work of Sodexo and Monzo relates to wider barriers regarding the recruitment of certain groups into employment. Curry's has led on work that sits closer to what they do as a business. As Moira Thomas, Group Director of Sustainability and ESG stated:

'One of the issues we see is around digital poverty. Whether that's because people don't have the skills, and basic foundational digital skills that they need for life, or whether it's that they're still offline, or they haven't got access to a device, there are lots of different things contributing to that. So, together, with the Institute of Engineering Technology, we founded the Digital Poverty Alliance³². The Alliance aims to pull together lots of businesses, charities, NGOs together, to say that we need to help eradicate digital poverty within the UK.'

The above examples illustrate externally facing campaigning. However, there is also a significant amount of convening underway where sector organisations in particular are working to bring their members together in order to address inequality both in terms of workforce composition and to capture the broader work their members are doing in this area. Sector organisations have

constantly firefighting then you don't have the resources to plan for employment and life.'

The direct investment above is significant and more examples from the businesses consulted exist but it is not the only nor the predominant way in which the businesses in the study framed their work regarding inequality.

an important role in relation to addressing inequality. In the technology sector, the Tech Talent Charter (TTC)³³ is an organisation set up in 2015 by the Department of Science, Innovation and Technology with the support of a number of industry partners including Sky, HP, Lloyds Bank and PWC. The TTC was created to address the diversity problem in the Tech industry by encouraging collective effort across organisations, industries, and sectors. Its work is described in Box 1 below

Box 1: Tech Talent Charter

The Tech Talent Charter (TTC) is a membership group with over 700 signatory organisations, supported by the government and led by the industry. Its mission is to unite these organisations, providing them with networks and resources to bolster their diversity and inclusion initiatives.

The TTC has 4 main areas of work:

- facilitating collaboration across organisations and sectors;
- curating insights via the Open Playbook to support companies in improving their D&I strategies across the entire talent pipeline. The Open Playbook is an open-source catalogue of actionable strategies, resources, and case studies related to diversity and inclusion work. There are over 40 chapters in the playbook covering data; diversity and inclusion enablers; diversity and inclusion lenses; leadership, recruitment and strategy;
- producing annual benchmarking data that helps signatories to measure the diversity profile of their workforce and track progress. This data informs the production of annual 'Diversity in Tech' report which includes survey submissions from 649 organisations, employing over 930,000 people. The most recent report in 2023 showed that the percentage of ethnic minority employees in signatory organisations had increased to 25% which is an increase of 20% the previous year.
- spotlighting the work of Signatories to improve their employer brand.

Progress Together³⁴ is a not-for-profit membership body that concentrates on inequality in the financial services sector. They support UK financial services firms to focus on greater senior level socio-economic diversity.

As their CEO Sophie Hulm stated, *'the impact that you can have on your own workforce and your own employee base is important, but also just by being a member of a peer network you're encouraging others to join this growing group of companies that are making a change and that is very powerful.'*

Sophie pointed to the key role that membership network bodies play here in fostering changes in values,

3. Future Talent and Social Mobility

The third area where businesses work to address inequality is trying to change the composition of the present or future workforce and provide opportunities for those from different backgrounds to progress within the organisation. This area of work is frequently framed in terms of addressing 'social mobility'. Alongside the 4th area of work on Creating Opportunities for the existing workforce outlined below, it is the area where those consulted in this study focused their energies the most where addressing inequality was concerned. Luiza Gomes, HR Policy Lead from the British Retail Consortium pointed to research she had undertaken with their members which showed how social mobility was becoming an increasing priority for them:

'In 2021 social mobility figured in only 20% of diversity and inclusion strategies. In 2023 it figured in 65%.'

The composition of the company's workforce appears the area where inequality is the most visible to the companies consulted. The importance of addressing inequality in terms of addressing social mobility reflects both calculations regarding what a company can control and also how it can combine work to address inequality with business goals. As one participant stated:

'Given the fact that the tech sector is crying out for talent, there's so much more that we need to do to make sure that people have the opportunity to enter the sector from a CSR point of view, but also from a selfish point of view.'

culture and building a business led eco-system that can give higher priority to addressing inequality. The British Chambers of Commerce (BCC) is the national representative body of 53 chambers of commerce across the UK representing 50,000 businesses. In 2023 it launched a year long equity commission that aims to investigate workplace equity through the lens of various businesses, especially small and medium sized enterprises.³⁵ The Commission is part of the BCC's three-year workplace equity campaign. It is collecting valuable information on what small and medium sized enterprises (SMEs) are doing to create equitable workplaces and how they can be supported to take such work forward.

Dave Payne from the Institute of Chartered Accountants in England and Wales (ICAEW) which is a professional membership organisation that promotes, develops and supports chartered accountants and students around the world picks on this point highlighting how younger entrants into employment may be looking for businesses to display their inclusivity credentials:

'We need to be aware of what talent we've got coming through. So Generation Z in particular, but we're about to hit Generation Alpha as well. They are looking at businesses and the organisations that deliver social good as well as profits etc. and that's where they're going to go or that's certainly what the research is showing us.'

Steven Cooper, CEO from Aldermore Bank summed up this view when he said:

'The current generation of talent expects to work for a company that aligns with what they believe in.'

This link between workforce futures and social mobility is also made at the regional level by Sarah Mulholland from the Northern Powerhouse:

'When businesses, particularly in the North, look to future workforce issues and the social mobility agenda they are completely and utterly linked.'

The limit to which businesses can affect broader societal inequalities outside their direct sphere of operations was best articulated by Sam Rope from Adecco.

30. For more on the Starting Fresh campaign go to <https://uk.sodexo.com/StartingFresh.html>

31. Fox, A. (2023) 'Employers urged to sign up to new pledge to help homeless in the workplace', *The Independent*, 14 Sept. Available at: <https://www.independent.co.uk/news/uk/employers-workplaces-monzo-pret-a-manger-thames-water-b2411105.html> (Accessed: 8 March 2024).

32. For more on the Digital Poverty Alliance visit <https://digitalpovertyalliance.org/>

33. For more on the Tech Talent Charter go to <https://www.techtalentcharter.co.uk/home>

34. For more on Progress Together go to <https://www.progresstogether.co.uk/>

35. For more on the equity commission visit <https://www.britishchambers.org.uk/policy-campaigns/people-and-work/our-solutions/workplace-equity-commission/>

KF2: Business addresses inequality in a range of ways – but social mobility and workforce development is where most businesses see the biggest potential impact Cont.

‘There are four key determinants for poor outcomes for people, and that’s health inequality, housing inequality, education inequality and employment. Now the government can and should play an active role in the first three, but I don’t think they’re the experts in the fourth. That is where we come in, and for me there are two key elements that we need to focus on. First is worklessness, so how can we remove barriers to employment? And then once we bring people into work, career mobility enables social mobility. I just don’t think we can expect the government to square this circle anymore.’

‘We are the experts in the room, and we need to find a way to collaborate and work together to address that fourth inequality, and we’re best served to do that.’

Of the businesses who participated in the study 75% are engaged in some form of work to nurture future talent from diverse backgrounds. Much of this work involves direct engagement with schools. This includes specific initiatives often delivered in partnership with voluntary sector organisations. Coventry Building Society for example, works with 9 partner schools in very disadvantaged areas, to improve attainment but also to widen the horizons of the learners.

Ovo is the country’s third-largest domestic energy supply company. They have worked with Alito Foundation to offer a year of mentoring to 10 people from difficult backgrounds. They selected 5 who showed the most enthusiasm for a summer long paid internship. Aldermore Bank works with a number of partners to support their activities with young people. These include Leonard Cheshire Disability³⁶ and the 10,000 Black Interns programme which provides paid internships for Black students and graduates.³⁷ They also run their own financial literacy and information programme which reaches over 300 schools nationally.

The one organisation that goes far beyond specific initiatives though is the Co-op, which is involved in long-term strategic engagement with the school sector via the Co-op Academies Trust. Box 2 describes the work of the Co-op Academies Trust.

Supporting Apprenticeships

In addition to working with schools broadly, there were numerous examples of businesses working with specific groups of learners. The one most frequently mentioned was apprentices with several making an explicit link between working with apprentices and social mobility. As Eugenie Teasley, Head of Impact from Amazon stated:

‘When we think about social mobility at Amazon, one of the biggest areas of impact would be apprenticeships, thanks to the size and the scale of our business. The fact that we have an internal apprenticeship team means we can utilise the Apprentice levy in a way that it’s often difficult for other organisations, particularly smaller ones.’

Box 2: The Co Op Academies Trust³⁸

The Co-op Academies Trust was founded in 2010. It now includes over 32 schools with nearly 19,000 pupils at primary and secondary level in West Yorkshire, Manchester, Staffordshire and Merseyside and almost 3000 staff. The Trust’s schools are located in some of the most challenging areas in the country. The Trust has a strong set of aims and values that put young people and their differing needs first.

For the children and young people educated in the trust schools the aim is that they:

- are successful regardless of age, gender, ability, ethnicity, religion, sexual orientation or economic circumstances;
- have high aspirations and know how they can achieve them;
- know how to learn successfully, and keep themselves safe and healthy;
- understand the rich heritage of co-operation and how it can be a force for good in society.

The commitment to co-operative values and principles is particularly important for the academies in the Trust with pupils encouraged to understand their contribution to the communities in which they live.

Tesco, one of the largest employers of apprentices in the country also echoes this view. As Ben Andersen-Tuffnell U.K. Corporate Affairs Director stated:

‘Apprenticeships act as a real ladder from a social mobility point of view. We have around 1,000 level 2 retail apprenticeships at anyone time across Tesco.’

Retail was not the only sector where apprentices were seen as crucial to addressing inequality. As the participant from BP stated:

‘We are treating apprenticeships as in the same way that we were treating our graduate offer. We are committing to more than doubling our apprenticeship numbers from around 880 when we set our ambition to over 2,000 by 2030’.

Centrica is the parent company of British Gas in the UK and employs over 20,000 people. They have 1,000 engineers following apprenticeship programmes. UK Power networks is a distribution network operator for electricity covering the South East of England, East of England and London. As Liz Nash, Learning and Development Manager, stated:

‘Our recruitment strategy is designed to ensure we reach underrepresented groups and social mobility cold spots. This is proving to be a really good avenue in attracting diverse talent.’

However, many of the participants who spoke about their own apprenticeship programmes were also critical of the apprenticeship levy. At present all businesses with an employer’s annual pay bill of more than £3 million a month have to pay 0.5% of their annual pay bill. The major challenge here is the flexibility associated with the levy in its present form and utilising all the levy spent.

As Donna Hunt from Coventry Building Society stated:

‘We need to make it easier for organisations to transfer the apprenticeship levy. We have had some success with this in our supply chain and we’re also offering it to our charity partners, but it is difficult.’

Another respondent pointed to the requirements that need to be met for the apprenticeship programmes:

‘If we want to really impact inequality then we need to reassess the minimum entry requirements and flexibility looking how we can gift our apprenticeship levy.’

This point is taken up by Sam Rope from Adecco Group:

‘The apprenticeship levy was designed with good intentions but it is inherently discriminatory. It has a prerequisite for Maths and English. For those who did not meet this attainment level at school they face a barrier. Whilst this barrier can be overcome through a functional skills assessment, many opt out.’

Targeting those who need the most support

Aside from apprentices there was important evidence to highlight of work being undertaken concentrated on those who need the most support in progressing in the labour market. These groups included:

- Ex-offenders
- Those with disabilities
- The unemployed and young people who were having problems accessing the labour market and may be NEET (Not in Education, Employment or Training)
- Women
- Ex-military service personnel.

With regards to those who were NEET, Amazon for example is partnering with Barnado’s, a national children’s charity, to deliver a 10-week learning programme providing young care leavers with training and mentoring to support them as they enter the professional world. The programme is described in Box 3.

Sodexo works with a range of social enterprises to offer supported work placements for young adults with disabilities ranging from two weeks’ work experience to a full year with supported education.

Discussions with utilities companies identified some particular challenges where representation in the industry by women is concerned. Centrica pointed to how their apprenticeship programme is targeting women and ex-military personnel, many of whom have been out of work for up to 5 years.

The use of explicit targets to drive workforce diversity was found amongst other businesses as well. Natalie Penrose is Head of Legacy at HS2 Limited. HS2 manages the construction of the UK’s new high speed rail network. As she stated:

‘We’ve set ambitious corporate targets on workforce diversity. Our aim is for 40% female representation and 23% representation from ethnic minorities in our workforce, which is significantly above industry averages. As at the end of March 2024 Hs2 ltd had 39% female representation and 29% ethnic minority representation’.

Box 3: Journey of Becoming Successful (JOBS) programme

The aim of the JOBS programme is to support 500 young people who are not in education, employment or training (NEET) by 2025. Amazon is partnering with Barnado’s, a national children’s charity, to deliver a 10-week learning programme providing young care leavers with training and mentoring to support them as they enter the professional world. The programme is targeted at known “social mobility cold spots” like Tilbury, Gateshead, Coventry, Dartford, Manchester, Dumfermline and Swansea.

The JOBS project focuses both on soft skills – building confidence and supporting better mental and physical health as well as technical and professional skills. Sessions focus on specific topics such as abuse, alcohol, health and nutrition, and more practical site training on hazards and safety. The course has also been designed to be as welcoming and inclusive as possible and contrasting to school which is an environment in which many of these people have struggled. In 2022, 95% of participants felt that they had learned the fundamental life skills to help them enter the world of work.

36. For more on Leonard Cheshire Disability visit <https://www.leonardcheshire.org/>

37. For more on the programme go to <https://10000internsfoundation.com/our-programmes/>

38. For more on the Co-op Academies Trust visit <https://www.coopacademies.co.uk/attachments/download.asp?file=19&type=pdf>

KF2: Business addresses inequality in a range of ways – but social mobility and workforce development is where most businesses see the biggest potential impact Cont.

4. Creating opportunities for the existing workforce

While accessing the best talent matters to the future of the business, so does maximising the potential of those in the business already. As Nick Lakin at Kingfisher stated:

'If any group of people within the organisation are less engaged because they feel excluded, and typically they'll not be from the majority group, then you're never going to get the best out of your workforce. As a retailer serving the whole country, it's important our colleagues represent the communities we serve at all levels. We've got more to do and have a range of initiatives underway. For companies it is a kind of enlightened self-interest, as well as playing our part in contributing to a healthy, more inclusive society.'

Many of the businesses were concerned about how to provide opportunities for all staff to progress. Tesco, for example, has 6 different colleague networks where staff can come together to discuss shared challenges, find out how others grow their careers and network with like-minded colleagues across the business and gain the support of mentors. They work with external organisations to support this, including Business in the Community, Business Disability Forum, Stonewell etc. BP is another organisation aiming to foster progression within the organisation via building internal employee networks which they frame explicitly around social mobility.

Box 4 describes their Social Mobility Business Resource Group.

Finance and banking is a sector that has been aware of the challenge regarding the progression of employees from lower socio-economic groups for some time. As Sophie Hulm from Progress Together stated:

'Businesses are investing a huge amount of money and resource in diversifying the junior talent but they're not moving up through the pipeline. Research we have looked at finds³⁹ that employees from working-class backgrounds were progressing 25% slower but there was zero link to job performance. So, it's not performance that is holding people from such backgrounds back.'

The final example of supporting the existing workforce is the partnership that Uber has formed with the Open University. For drivers who have reached Diamond or Platinum status and completed at least 1,000 trips, Uber will fund 100% of course fees for themselves or a family member towards an undergraduate degree, short course or micro-credential at the Open University.⁴⁰

Box 4: BP Social Mobility Business Resource Group

BP's Social Mobility Resource Group was created in 2022. It aims to foster a more inclusive workplace environment by focusing on improving representation, inclusion, and retention, particularly for employees from backgrounds where they may have faced potential or actual barriers to professional progress.

It primarily achieves that by aiming to shift the culture within BP through internal networking and events.

The group is leading four initiatives:

Mentorship: group-based mentorship programmes (8-12 people) focusing on various topics such as reframing and overcoming self-limiting beliefs. Mentors and mentees participate in structured discussions aimed at supporting career progression and addressing challenges specific to social mobility.

Socio-economic Data Collection: encouraging employees to self-identify their socio-economic backgrounds to facilitate data collection. This has been promoted through blogs and internal engagement (newsletter etc).

Panel events and monthly cafe calls: panel events featuring BP leaders and external organisations like KPMG, PWC, Accenture discuss social mobility within the workplace. They also host monthly cafe calls where charity partners and employees from across the world can share their experiences. These events overall facilitate dialogue and collaboration on topics of social mobility and inclusion.

Volunteering and external partnerships: leveraging the network's resources to support BP's external social mobility projects, such as mentorship programmes with young people or work experience opportunities.

The Social Mobility Resource Group initiative has expanded outside the UK, with new groups being launched in other countries including the US and Canada reaching 1,200 members globally. In the future, the group would also like to influence BP's supply chains to engage with social mobility issues.



As Ed Davison, Public Policy Manager, from Uber said:

'We're delighted that the first 15 drivers have now completed their degree qualifications. Drivers can choose from hundreds of different degree courses or other micro credentials and they have full flexibility to study concurrently with their work. Each graduate has a unique story and their commitment to education while balancing their work and family lives is an inspiration.'

The evidence outlined under this Key Finding shows the range of activities that the organisations consulted in this study engage in with the majority engaged in most, if not all the 4 areas of work described. It shows that there is no one model of engagement, but there is much that could be spread within and across sectors and the vital role that professional organisations and networks of businesses and other organisations can have going forward.

39. For more on the Co-op Academies Trust visit <https://www.coopacademies.co.uk/attachments/download.asp?file=19&type=pdf>
 40. The Bridge Group (2020) *Who gets ahead and how? Socio-economic background and career progression in financial services: a study of eight organisations* https://static1.squarespace.com/static/5c18e09b40b9d6b43b093d8/t/5fbc317e96e56f63b563d0f2/1606168962064/Socio-economic_report-Final.pdf

KF 3: Businesses can have a big impact on place based inequality and need to be encouraged to do more here.

The importance of place to their work to address inequality did come through with many of the businesses that participated in the study. However, it was not usually the primary driver of activity. It was more common to see the focus being a specific group in society as described above or the delivery of an activity that relates to the needs of the business e.g. future talent. Such activities may be delivered in specific places but addressing the needs of the place itself is usually secondary. This does not mean however, that examples of work that puts place first did not exist nor that businesses are not aware of their importance to places. But differences across sectors were important here. The nature of retail gives businesses in this sector a particular relationship to place. As Paul Gerrard from the Co-op stated:

'I think local businesses are in some ways, anchoring institutions in their communities.'

As Andrew Goodacre from the British Independent Retailers Association (BIRA) said: *'My members are smaller businesses, but they play a significant role in local community and local enterprise. That's where we live. We don't live in the big, city centres, as such, and the shopping malls and so on. We are local businesses in local areas.'*

For smaller businesses the relationship with place is an important one. Research undertaken by the Federation of Small Businesses (FSB) found 80% of FSB members in 2019⁴¹ have volunteered and or contributed to a local community organisation or charitable cause in the last 3 years and 27% of FSB small businesses held a position within their local community.

Certain larger businesses are defined by place and thus there is a focus on their locality. Heathrow Airport has its own Education and Skills Academy. It aims to connect local residents to job and career opportunities at the airport via in-school activities, virtual work experience programmes, skills workshops, and support for job seekers. It focuses its efforts on the 7 local authorities adjacent to the airport.

Box 5: Legal and General and Croydon Council

In 2020, Legal & General partnered with Croydon Council to provide 250 homes for homeless families in the borough, investing £66.2 million. The investment has been made on behalf of Legal & General Retirement Institutional, and the homes will be managed by Croydon's housing team under a 40-year lease, after which they will be given to the council. This initiative is expected to save the council around £20 million in loan costs. Rents will be set at Local Housing Allowance ('LHA') levels.

The investment was beneficial to Legal & General pensioners as it was backed by a housing grant, creating a safe asset class that met regulatory requirements for paying pensions. It is estimated this additional investment will save the council £24.5m over the loan period.

Across the other larger businesses in the study, aside from the work of the Co-op referred to above with their Academies Trust, 2 other examples of regionally focused work on inequality stood out. Firstly, the work of Legal and General is described in Box 5 above. This partnership with Croydon Council illustrates a wedding of the business imperative with social outcomes.

The second prominent example of an area based approach to addressing inequality was the work of Anglia Water Group. Andrew Brown, their Head of Sustainability described how they work with particular regions focusing on their work in the town of Wisbech in Cambridgeshire. This model of place based regeneration is described in detail in the 2023 report from the Government Outcomes Lab, University of Oxford.⁴² In Box 6, it is also described by Andrew Brown from the Anglia Water Group.

Box 6: Anglia Water and Wisbech

'Wisbech is a town on the border of Cambridgeshire and Norfolk where we've worked for the last 10 years. Wisbech is the largest town in England that isn't connected to a railway line. Buses don't run after six o'clock in the evening. There are generations of people within that town who haven't been outside of Wisbech. We've really focused effort over the last 10 years on what can we do to try and work with the education establishments to raise aspiration and attainment, but also link them through to opportunities.'

'We've also worked with the district council and the county council and the combined authority on getting a trainline reconnected to the town as well as trying to restore some of the infrastructure. We've now got a similar operation running in Lowestoft on the East Coast and in Norwich as well.'

'You've got to be in it in the long-term. This is not about helicoptering in painting fences or doing a one-off kind of injection of finance or human resources. We could give them a cash injection, you can give them some one-off support, some team building days and that kind of thing. But actually, what they really need is long-term capacity building, and businesses got the opportunity and the expertise to do that.'

Andrew Brown, Head of Sustainability, Anglian Water Group

Inequality, Levelling Up and Business

The Levelling Up White Paper of 2022⁴³ presented levelling up as the responsibility of government with its goals to be achieved by government action. It included reference to over 130 policies that would be able to contribute to achieving the 12 levelling up missions. The role of business features in several of these missions but is not especially prominent in the White Paper. The new Labour government rapidly distanced itself from the levelling up brand dropping the title from the Department of Communities and Local Government. However, the views of the respondents with regard to levelling up are still very instructive where government policy is concerned and in particular with regard to flagship initiatives or ideas.

It was the strongly held view of participants that levelling up had far less traction amongst the respondents than social mobility. This was because it is a newer term and more associated with a policy agenda that itself that was never full pursued.

As a participant stated: *'We don't tend to use it (levelling up), as levelling up is a bit political and I don't think it's that engaging. If you were to ask colleagues what we are doing on diversity and inclusion, then they would be able to give answers. If I was to say, "How are we levelling up?" I think they wouldn't know so much.'*

This lack of understanding from those in the business community regarding what levelling up really means is also picked up by Emilia Quist, Head of Policy Research, Federation of Small Business:

'If you were to ask a small business what is a levelling up policy which reflects you and your business, I don't think many of them will be able to answer that question.'

The perceived lack of clarity where levelling up is concerned is also highlighted as a participant stated:

'With the levelling up strategy, there hasn't been a single vision of how everyone contributes to the same ends.'

Liz Nash from UK Power Networks drew a direct comparison between levelling up and social mobility pointing to the longer history that social mobility has:

'Our focus on social mobility is here to stay. Our priority is to ensure we continue ingratiate it into our wider inclusion strategy and ways of working.'

For those in the retail sector levelling up did appear to resonate to a greater degree. As Ben Andersen-Tuffnell from Tesco stated:

'Retail should be at the heart of levelling up and I would argue levelling up should be at the heart of retail.'

Raj Jones from Sodexo picked up on the importance of levelling up for the work of his organisation.

'It's very important to us, Sodexo is an intrinsic part of many communities and is well-placed to make a positive, social impact.'

As anchor institutions and a major part of the economic infrastructure of an area business has a major role to play in shaping the nature of inequality in any given place. There is a significant amount of research that supports this view pointing to how business engages with the community in which it sits and via Business in the Community especially a leading national organisation that brings together this agenda. However, in terms of activity to address inequality place is not the dominant theme.



41. Federation of Small Businesses (2019) *Small Business, Big Heart: Bringing communities together* <https://www.fsb.org.uk/resource-report/small-business-big-heart-communities-report.html>
 42. Taylor, I. (2023) *The Wisbech Case Study Place-based Partnerships and Responsible Business*. Oxford: Government Outcomes Lab, University of Oxford. https://golab.bsg.ox.ac.uk/documents/Wisbech_Case_Study_GO_Lab.pdf

43. HM Government (2022) *Levelling Up the UK*, https://assets.publishing.service.gov.uk/media/61fd3c71d3bf7f78df30b3c2/Levelling_Up_WP_HRES.pdf

KF 4: Values can drive addressing inequality, but this approach needs developing

The work described above is wide ranging and displays the breadth of avenues by which businesses can try to impact on inequality as well as the different groups that can be reached. What drives this work though needs to be explored and understood. As much as the commitments described above are significant, justifying it to those in the corporate sector who believe that profit is the sole goal is challenge.

As argued above, much of the work especially that related to workforce can be related to clear business priorities. This was not the only context in which work to address inequality was presented. Several participants also discussed how it relates to the values of the organisation. Locating work to address inequality in such a way, as central to the business and not, as some said, as an ‘add on’ could in principle give it a greater longevity and centrality engendering deeper commitment from the organisation.

This deeper commitment begins with the recognition that business has a responsibility to contribute to addressing inequality. As another participant stated:

‘If you’re a big company, and we’re sitting FTSE 35, I think you do have a responsibility to play your part in making sure that, regardless of where you’re born in the world, it doesn’t fixate where you end up.’

Staying with utilities, Alexander Storer is the Head of Inclusion and Belonging from OVO. He spoke about the relationship between the values of OVO and specific work to address social mobility and inequality:

‘It’s not just a charitable thing that we do. We always bring it back to our mission, and our mission is to make carbon living possible for everyone. This resonates with finding better ways to engage with our communities out there.’

In the retail sector Raj Jones from Sodexo outlined how he felt that the nature of their work implied that they had a responsibility to engage in this agenda:

‘We deliver services in many different markets including hospitals, prisons, schools, universities, offices and military bases. As such we have a good opportunity to contribute to the economic, social and environmental development of the cities, regions and countries in which we work, and play our part in driving wider societal change. We do have a responsibility, because we’re in a privileged position to have that reach and that impact.’

One of the strongest example of values driven commitment to addressing inequality comes from Anglian Water Group. Andrew Brown described how deeply embedded within the business this commitment is:

‘It’s not a kind of corporate social responsibility add-on bit that we feel we ought to be doing. It’s actually fundamental to the long-term success of our business. The position we got to 10 years ago or more was that we had no future as an organisation, unless we stopped looking within the operational boundaries of traditional thinking and started to tackle some of the issues around impacts of climate change and the impacts of population growth.’

In practical terms with the support of their shareholders, Anglian Water Group changed its company constitution, embedding public interest in the way it runs its business. The directors committed to considering their wider social impact, along with the interests of customers, employees, and suppliers, among other commitments. The work at Wisbech described above is a consequence of this change in direction.

But this value based approach was not the predominant way in which businesses described their work in this area. Nell Smirthwaite Good Growth Strategy and Implementation Officer from Cornwall Council outlined the challenges for those businesses they work with in Cornwall well here:

‘There are two elements of what we’re trying to do. We’re trying to help businesses to embed environmental change and we’re also trying to help them to shift towards being more inclusive employers. With the environmental changes arguably it is easier for businesses to see how it can work for them from on a financial level. So you can speak to a business in the business’s language, because you can say, look at your bottom line. But when you look at inequality and social inclusion, it’s a bit more complicated. They will be looking at the cost associated with that.’

The relationship between being value driven in this area of work, or seeing the social purpose and the economic benefit appear to sit for some side by side here. As Steve Aldermore, CEO of Aldermore Bank said:

‘There are two reasons we prioritise work in this area. One is there is an element of fairness and where you are born and how in what circumstance you born should not dictate to the outcomes and life and secondly, there’s a cold hard business logic to this: why would you close yourself down to talent that is available’.

There is a discernible sense of responsibility for what happens in society and for inequality amongst the businesses consulted and genuine commitment. It underpins the activities described under Key Finding 2 above and is evident in the studies quoted above from the Federation of Small Business (FSB) and British Retail Consortium. But the respondents were more comfortable describing the work they do in terms of how it would benefit the business than the extent to which it explicitly reflected the values of the organisations they represented. Moving more businesses to a value driven approach to addressing inequality is discussed further in Section 5.



KF5: Government engagement, data and size are all major challenges to unlocking greater engagement from business

There were numerous challenges the businesses and other organisations consulted identified as impediments to greater engagement in addressing inequality. They could be divided into 3 broad categories.

Engagement with government

From the perspective of the businesses involved in the study, there were a number of things they felt the government could do to support their work on addressing inequality but also challenges that they themselves had to find a way to grapple with.

The perceived differences in how government and business work was something that needed to be dealt with. As a respondent with significant experience working in the regeneration field stated:

‘Collaboration between government and business at the Whitehall level is quite a frustrating process sometimes because the language is different. Getting government to agree to long-term objectives is difficult.’

The call for long termism when dealing with societal challenges is not new. It is a common refrain from those working in public services. But it is also heard here from business:

‘Measuring the impact of outreach can be difficult, as we start engagement at a young age. Longer term we will be able to see the correlation between what we do now and the changing demographic of our workforce.’

To an extent the doubts regarding levelling up expressed above are part of the scepticism regarding government and its tendency to produce new initiative after new initiative. While those consulted do want more engagement from business, it is not in the form of more initiatives but opportunities for dialogue, leadership and a structure within which business could take this area of work forward. As Andrew Goodacre from BIRA stated:

‘What the government needs to do is provide a framework to that allows businesses, together with local authorities and local councils, to look at their place and say, “Right, how do we make it more inclusive?”’

This point regarding a structure within which business can work is taken up as well by another participant:

‘What we expect from central government is really just to lay out broad parameters and produce some signposts we can follow.’

From the local government perspective Nell Smirthwaite from Cornwall Council also pointed to the government’s strategic role here:

‘Central government’s role is to provide that long term vision and that broader strategic picture for local governments to work within’.

Finally, dialogue is crucial in encouraging greater engagement from business in this agenda. Bill Boler is the Partnership Director at West London Business for Hounslow Creative Enterprise Zone. His organisation represents 200 businesses in the West London Area area. As he said:

‘If government could show that it listened to business it could fix some of the apparatus that allows business to make a difference, that would go a long way’.

As a respondent from a London based business said:

‘We want to be part of our community, but actually we have a responsibility to the rest of the country. There are probably plenty of schools in more deprived areas in other parts of the country that would absolutely chew our hand off. Is there a place where government can intervene to say, “Let’s build these bridges between education and schools, and let’s evaluate which schools are getting access to these extracurricular activities?”’

Using data to enable change

The availability of data in specific areas related to inequality was something that across sectors was highlighted as a real issue. Establishing the impact of what business was trying to do in addressing inequality was the first major issue. The evidence regarding the impact of the work related to addressing inequality described in this report is patchy and that provides problems when it comes to engaging others, especially senior leaders. As Liz Nash from UK Power Networks described:

‘I think measuring the impact of some of these programmes, especially the school outreach stuff that starts at primary school is a challenge. It is difficult to demonstrate the impact you’re having upwards to the board’.

Evidence of impact is not the only problem. Understanding more about the backgrounds of staff, in relation to ethnicity for example, was identified as a lever of change. The major area where many would like more data, but collecting it is not easy, is the socio-economic backgrounds of their staff. Luiza Gomes from the British Retail Consortium discussed how they had done a range of activities with their members to support them in their data collection work but this was a difficult area:

‘I think one of the key barriers, when it comes to social mobility data is how do you measure progress and how do you target activities.’

Another participant pointed to how collecting different forms of data is related to context, and collecting socio-economic data may be particularly hard:

‘I think what we’ve learned from asking for socio-economic status is it’s very, very emotive. Somebody feeling confident to share what was going on in their family home at the age of 14, seems a big thing to do.’

Another respondent described how it had been difficult to create an environment in which data could be shared with regard to socio-economic background. However, creating a culture in which people felt comfortable doing this was key as was the timing regarding when data could be shared.

‘Actually, we’ve been on quite a journey around trying to get people to understand the importance of sharing data, from gender through to sexual orientation and now social mobility. Now, we’re asking for information when people join us, and we’re finding people much, much more willing to do that on entry than they are once they’re here. But we’ve worked really hard around getting people to understand why collecting data is important for them to provide that information and creating the cultural environment in which they provide that data.’

Sector led networks appear also to have an important role to play here. In the retail sector the work of Tesco was highlighted above. Sophie Hulm described how in the financial service Progress Together have been able to support their members in this area:

‘In financial services most employers don’t collect data on socio-economic background but at Progress Together 100% of our members collect data on socio-economic background. We’re working really hard with our employers to start collecting that data, but also encouraging them to share that data anonymously so that we can benchmark them against each other so they know what good looks like.’

Aside from what organisations themselves and networks are doing, the participants felt that government also had a role to play here, potentially by making socio-economic background a protected characteristic that businesses would be compelled to report on.

Dave Payne, Head of Access and Volunteer Programmes, ICAEW said:

‘One thing for government perhaps to consider is making socio-economic background a protected characteristic so that it falls within EDI legislation, because then all of a sudden we can start mandating collection and that will improve our data picture etc. So that might be one to consider from a policy perspective.’

Paul Gerrard from the Co-op picked up on this point:

‘I think businesses are only just beginning to gather data on socio-economic background. We started to gather it through our HR systems about six months ago. If you don’t have the data, you don’t know whether you’re being successful. It would be beneficial if it became a protected characteristic’.

Steve Cooper, from Aldermore Bank who was once the Deputy Chair of the Social Mobility Commission, spoke about the impact of reporting on gaps in pay by gender at his organisation.

‘I think reporting on the pay gap by socio-economic background, like we do the gender pay gap, will be important. It starts the conversation, encouraging businesses to capture their own data and see their own challenges.’

Size of the organisation

The organisations consulted in this study are predominantly larger ones, as reflected by the fact their total assets valuation is over £1.5 trillion. However, the majority of people in the UK are employed in the private sector work in Small and Medium Sized Enterprises.⁴⁴ As Nell Smirthwaite from Cornwall Council, when talking about the economy in Cornwall said:

‘The Cornish economy is dominated by small and medium sized businesses. These businesses find the resource issue much more of a challenge.’

The retail sector is one where small and medium sized enterprises are the norm. Andrew Goodacre from BIRA posed the question where this sector is concerned:

‘How do you communicate that inequality or social mobility message to 4,000 individual businesses who are hard-pressed for time, and focused on making their business successful? I do wonder if, policy-wise, there’s a way that government can bring that activity together to create a stronger set of data, alongside information and guidelines that would help small business owners fully understand where they can make a difference, and how they can do that?’



5. The issues in building a different future for inequality

The key findings outlined above generate 4 major ‘inequality issues’ that need to be addressed if the contribution that business can make to addressing inequality is to be increased.

Issue 1: How much is enough – business needs to do more

The extent to which business are active in undertaking work to address inequality should not be downplayed. Nor should the potential for this work to be scaled up and extended. However, the extent of the commitment needs to be seen in context. As valuable as much of the work that the organisations in this study are undertaking many of them have been accused of making a net contribution to higher levels of inequality through the other things they do. This can be through a range of ways including low pay⁴⁶, poor working conditions, failing to recognise the impact on communities of their investment decisions or offering products that can hinder rather than help the alleviation of poverty. Gamsu and Ingram (2022)⁴⁷ analysing the work of the Social Mobility Index in particular, argue that the kind of projects described in this report act to mask the impact that the UK corporate sector has on increasing inequality. As they argue:

‘Social mobility appears here to be a snake eating its own tail. While these companies seek to promote and foster social mobility for their staff, they are simultaneously engaged in eroding and undermining employment conditions for workers on a much larger scale...the performance of social mobility obscures broader questions of political economy and the impact of the everyday business of these organisations.’

Looking at the work that is going in to address social mobility especially from parts of the UK corporate sector – some of which is documented first hand in this report suggests that it goes beyond just performance. But it is also limited. This activity is also concentrated in certain sectors and less visible in others.

The contribution that is actually being made also needs to be monitored. Many businesses linked their work on inequality with the recruitment of apprentices via the apprenticeship levy and there is no reason to doubt their genuine interest in seeing the levy this way. However, at a national level the data shows that the majority of apprentices funded via the levy do not appear to come from lower socio-economic backgrounds or other backgrounds with protected characteristics.⁴⁸

The need for deeper reform of how the UK corporate sector operates and for improvements in pay/working conditions is inviolable. How a business engages with inequality is something that should permeate the whole of its operations and identity. There is much more to do but there needs to be a route map from where we are now to the kind of value based capitalism that places greater equality at its centre. The starting place for that journey is building on the work that has been described in this report.

The ICAEW has nearly 200,000 Chartered Accountants and students as members. Dave Payne from the ICAEW was quite open about the challenges faced where activities related to inequality and the members of ICAEW were concerned:

‘We have a lot of smaller organisations that are represented under ICAEW. They are small firms in localities where there would be low social mobility. We haven’t worked out how to mobilise them yet, and that is something we wrestle with all the time, so if anyone’s got any ideas on that that’d be great.’

And Bill Boler from the Creative Enterprise Zone West added:

‘The larger the business the more they have the flexibility to have policies to address these kind of things. That gets difficult when you get to medium and small businesses who have other priorities before they can get to that point.’

In terms of how to support the greater engagement of small businesses the Federation of Small Business produced a report in 2019 which did include a number of suggestions including incentivising the recruitment of staff from disadvantaged labour market backgrounds and making it easier for small businesses to recruit apprentices.⁴⁵

This key finding illustrates that there are a number of significant challenges to overcome if the scale of engagement in addressing inequality from business is to be increased. Meeting these challenges is not easy, but in most cases routes to how this could be done can be identified. Supporting small and medium sized businesses is perhaps the biggest challenge here.

44. Department for Business & Trade (2023) *Business population estimates for the UK and regions 2023: statistical release* <https://www.gov.uk/government/statistics/business-population-estimates-2023/business-population-estimates-for-the-uk-and-regions-2023-statistical-release>

45. Federation of Small Businesses (2019) *Small Business, Big Heart: Bringing communities together* <https://www.fsb.org.uk/resource-report/small-business-big-heart-communities-report.html>

46. Trades Union Congress (2024) *Soaring CEO pay shows “obscene levels of pay inequality” in Tory Britain* <https://www.tuc.org.uk/news/tuc-soaring-ceo-pay-shows-obscene-levels-pay-inequality-tory-britain>

47. Ingram, N. & Gamsu, S. (2022) ‘Talking the Talk of Social Mobility: The Political Performance of a Misguided Agenda’, *Sociological Research Online*, 27(1), pp.189-206.

48. Doherty, K. & Holt-White, E. (2021) *Apprenticeship Outreach*, London: Sutton Trust <https://www.suttontrust.com/wp-content/uploads/2021/12/Apprenticeship-Outreach.pdf>

Issue 2: How government defines inequality

The relative lack of engagement in levelling up found here is indicative of a broader problem with regard to how governments describe inequality and how that influences what business can do. Labour has moved away from levelling up and preferred the phrase opportunity as well as resurrecting class as a way of articulating social divides.⁴⁹ Social mobility has also seen its profile diminish policy wise compared to the 2010s. This is despite the emphasis on social mobility amongst the organisations who participated in this study and the existence of the Commission for Social Mobility.

The lesson to take from the levelling up experience here is that government needs to be better define what its priorities are with regard to inequality, pursue these priorities with real, long-term commitment and articulate clearly where business fits in. While levelling up has gone regional inequality has not, nor have activities related to addressing place based issues. The relationship between this work, opportunity and social mobility with its focus primarily on the individual is in need of clarification. This uncertainty at policy level feeds through to the sectors who wish to address these issues.

Resolving the relationship between place and individual is crucial to provide the impetus and direction that can unlock further commitment to addressing inequality amongst those in the business sector. Labour's opportunity mission risks the same uneven impact as levelling up unless it tackles these issues. The evidence above shows that social mobility has developed some roots in terms of a descriptor and method where addressing inequality is concerned, but the importance of place is not without relevance. The recent work of the Commission for Social Mobility is one example of attempts to bring these two agendas closer together⁵⁰, via their 2023 state of the nation report.

Labour needs to address these tensions between individuality and place based focus in what it means by 'opportunity'. These issues are not just semantics. As the comments from the participants in this research show how government defines these areas shapes what businesses think, do and what they then go on to do or not do.

Issue 3: How to address inequality and how to know what you are doing works

The report provides numerous examples of individual initiatives that are underway to address inequality in various ways. They represent a 'mosaic' of similar but also different activities which overlap and coincide. How this work is positioned within organisations appears very different. Postholders with responsibility for the work have differing titles, roles and authority. There is still much work to do in order to establish what structures within businesses need to be formed in order to foster impact and cultural change which can impact on inequality.

This work would be helped by an understanding of what activities are making an impact. Many of the activities described above also include evidence of impact but this is still an emerging field and more evidence of what works, in what sectors and when would be very valuable.

In doing this however, businesses and others should recognise that impact may take time to become evident and any individual activity/intervention will always interact with a range of other factors in affecting progression into or through employment, area-based inequality etc.

A lot can be learnt from the access to higher education field here. For the last 20 years the government and universities have been investing in efforts to increase the numbers of those from lower socio economic backgrounds entering higher education.⁵¹ These efforts have borne some fruit with far more such students entering higher education than before. But rather than being content with the overall progress there has been a drive to submit the myriad of individual programmes to attempts at random controlled trials. The difficulties in undertaking this kind of evaluation without very large samples have led many universities into a time consuming cul de sac. It is crucial that a business attempting to affect inequality know whether what it is doing is effective. But this work must be practical and proportionate to the individual activity and metrics of overall progress should be paramount.

Sector bodies such as those described here and organisations with a specific remit for addressing inequality such as Progress Together in the financial service sector, Business in the Community, the Social Mobility Commission and charities like the Purpose Coalition⁵² have a key role to play here in both fostering the development of good practice and also pushing forward the understanding of what works in this area.



Issue 4: How to move from profit to purpose

The question of why businesses should attempt to engage in activities that have as their primary or even secondary aim to address inequality was one that clearly exercised the participants. There was much discussion about what the business case for this kind of work should be. Where the commitment to addressing inequality appeared the most robust was where 'the case' was based around the values and purpose of the company. How and why companies should centre their work on purpose which incorporates profit rather than profit per se is the key to making business a contributor to reducing inequality rather than exacerbating it. Identifying and extending the impactful initiatives described above is important but building a more value - based model of capitalism is really the crucial change.

There is a range of work to draw upon that looks at how and in what way the UK model of capitalism could be changed. Paul Collier in his 2018 book describes the ethical firm that should have a responsibility to those who are dependent on them for security, including both workers and customers, as well as shareholders. He also argues such practice is good for business pointing to

examples of firms who have prospered by following such an approach.⁵³ Will Hutton has been writing for over 30 years on the case for a fairer form of capitalism in the UK. In his new book published in 2024 'This Time no Mistakes', he states 'the challenge is to create a dynamic capitalism animated by social purpose and the common good'.⁵⁴ The ex-Governor of the Bank of England Mark Carney described 7 values which should underpin contemporary capitalism and businesses operating within it: solidarity, fairness, responsibility, resilience, sustainability, dynamism and humility⁵⁵. Adherence to values and purpose diminishes the constant pressure to make the case for inequality related activities as pro-actively addressing inequality sits alongside pursuing profit.

Where the real work comes here though is understanding how firms like Anglia Water made the journey from profit to purpose. In enabling more businesses to go down this road it will also be important to work on approaches to evaluation of impact and success as described above in order to ensure that value, purpose driven corporate behaviour is genuine and does not mask a 'business as usual' approach.

49. Labour Party (2023) *Breaking Down the Barriers to Opportunity*, <https://labour.org.uk/wp-content/uploads/2023/07/Mission-breaking-down-barriers.pdf>

50. For more on the Social Mobility Commission visit <https://www.gov.uk/government/publications/state-of-the-nation-2023-people-and-places>

51. Kettleby, N. (2007). "The Past, Present, and Future of Widening Participation Research". *British Journal of Sociology of Education*. Vol. 28, No. 3. pp. 333-347.

52. For more on the Purpose Coalition go to: <https://www.purpose-coalition.org/>. The Prince's Responsible Business Network at <https://www.bitc.org.uk/> is another example.

53. Collier, P. (2018) *The Future of Capitalism: Facing the New Anxieties*. London: Allen Lane.

54. Hutton, W. (2024) *This Time no Mistakes*, London: Apollo

55. Carney, M. (2021) *Value(s): The must-read book on how to fix our politics, economics and values*. Glasgow: William Collins

6. Recommendations

In this section there are 10 recommendations that follow from the Key Findings and relate closely to the 4 inequality issues described above. It includes recommendations for government and for business.

For Government

1. Produce a new Business and Social Purpose strategy as part of Labour's new growth mission.

The businesses in this study were making a clear ask for leadership from government in the inequality and social purpose space. The new Labour government should produce a new Business and Social Purpose Strategy as part of its work on inequality and associated with its Growth mission. Such a strategy could bring departments together to produce a framework, mechanism and targets that can give impetus and direction to addressing inequalities in the life outcomes of individuals and communities. The strategy could help embed and define where business should sit with regard to addressing inequality providing a framework within which they can do this work as well as incorporating the recommendations below. Given the view of many businesses here that work related to inequality benefits business profitability this strategy, the commission and the actions will also support the higher levels of growth that Labour wants.

2. Establish a Business and Social Purpose Commission to enable it to convene and communicate with business.

As well as leadership the businesses consulted wanted engagement with government. Establishing a body with a dedicated staff who can lead on this engagement should be a key part of the strategy recommended in recommendation 1. It would have the responsibility for driving forward the recommendations below bringing together commitment from across government linking with Labour's 5 missions and the respective mission boards. The Commission would also produce and collate data on progress in engaging business with inequality related work and on the activities different sectors were doing in this area.

3. Develop and pilot a Business and Social Purpose regulatory framework.

There are limitations in the progress that can be made in this area via encouraging convening, communication and sharing of practice. There is a case for developing a regulatory framework within which some of the recommendations here could sit. Such a framework should be developed in consultation with businesses and their representative organisations mindful that it also has to challenge businesses to go beyond what they are doing at present. In terms of content while it has to be developed consultatively, it could potentially involve working toward the mandatory publication of a social purpose report alongside annual accounts and also the publication of social purpose strategies.

4. Ensure small and medium sized businesses are integrated into a new Business and Social Purpose agenda.

The majority of the organisations that participated in this study were large and the discourse surrounding what business do to address inequality assumes a certain level of size. This study showed however that smaller businesses have a crucial role to play in this agenda. Investment requirements and regulatory frameworks as described above will not necessarily work in the same way for smaller businesses. The Business and Social Purpose Commission should establish a specific part of their work programme focused on small and medium sized businesses. This should include more research identifying examples of what such businesses are doing which is then disseminated, consultation with representative organisations and piloting of sector based initiatives to foster the engagement of these businesses.

5. Embed priorities and activities related to the social purposes of business in local growth plans.

Labour's local growth plans are described as 'long term plans' produced by local leaders working with major employers, universities, colleges, and industry bodies identifying growth sectors. They will be accompanied by a deepening and widening of devolution. It is understandable why the new government was so quick to distance itself from levelling up and as the report shows it had limited traction with business. But it is crucial that the place based dimension of the inequality agenda is not lost and the contribution that business can make to it diminished. These plans must have substance and explicitly focus on how growth can benefit all groups/communities in an area, especially those facing the most challenges identifying the central role the report shows that business can play here.

6. Build an explicit commitment to addressing inequality into the new Growth and Skills Levy.

Many of the businesses called for greater flexibility in the use of the levy and saw it as a tool to support their social mobility work. However, at present most beneficiaries of the levy are from non-social mobility target groups. The flexibility in the new levy must also come with a more explicit focus on supporting key target groups impacted on by inequality such as those from lower socio-economic backgrounds, black and minority ethnic groups, those with disabilities and others who have difficulties entering the labour market.

7. Undertake a review to identify how to incentivise and support businesses to measure and publish data on the socio-economic background of their workforce.

In terms of shifting the dial on workforce diversity, identifying the personal and economic characteristics of staff was seen as both a challenge and an opportunity by a number of participants. Nevertheless, for the majority of those engaged in this work it was seen as crucial as part of a process of instilling awareness of the role that socio-economic background plays in staff progression in organisational culture. It also has the potential to inform the development of organisational social mobility targets. As to whether this should be done via making socio-economic background a protected characteristic as some respondents suggested, the case for this should be examined as part of the review as there are arguments against this as well as it may limit not extend the work that it is designed to foster.⁵⁶

For Business

8. All levy paying businesses should appoint a Social Purpose and Inequality Director.

Alongside the reformed levy businesses who contribute to it should have to identify a named member of staff with responsibility for this agenda. The models that business will follow in order to address inequality will inevitably differ across organisations as this research shows but giving responsibility to a named individual will provide a focus for the kind of value-based change described above that is so crucial to take this work forward.

9. All levy paying businesses to invest 0.5% of profit into activities related to social purpose.

Resources are required to drive forward a commitment to social purpose. The scale of work being undertaken in this area across the corporate sector in the UK is unclear but a requirement such as this would allow commitment and activity to be clearly benchmarked. It would also encourage the kind of strategic and cultural discussions that underpin a values-based approach to how businesses operate described above that is so important. What constitutes social purpose work for business will need to be more clearly defined here which is why the strategy outlined in recommendation 1 is needed.

10. Use industry networks to lead on practice sharing social purpose related work and form new ones specifically to address this issue.

One of the key themes across the sectors examined was the need for mechanisms to share practice and for businesses to engage with each other. There are several good examples in this study of industry and trade organisations trying to take a lead in this area. Systematic efforts to engage industry and trade organisations by government would be beneficial but these organisations as well have a responsibility to show leadership in this space as much as they do in other aspects of their work. Sectors could also take the lead from areas such as Banking and Finance and set up their own specific networks related to addressing inequality such as Progress Together.

56. Barmes, L & Malleon, K. (2023) 'The Case for Caution in Making Social Class a Protected Characteristic under the UK's Equality Act 2010', *Oxford Human Rights Hub*, 2 Aug. Available at: <https://ohrh.law.ox.ac.uk/the-case-for-caution-in-making-social-class-a-protected-characteristic-under-the-uks-equality-act-2010/> (Accessed: 8 March 2024).

7. Summary: Unlocking the social purpose of business

This study has included a range of examples of how businesses are working to reduce inequality in terms not just of their workforce but the broader communities in which they sit. It includes the views of organisations and individuals with a genuine concern for inequality and are trying to mitigate some of that in the work they do. How business and inequality should relate to each other remains a critical question though. This relationship between profit and purpose in the UK economy is one that policymakers need to devote greater attention to.

The recommendations above should be seen as part of a larger project to move the UK economy to a more values-based capitalism that locates profit within the purpose of a business, sector or the economy. There is much that has been identified in the study that the new Labour government can build on. Labour has to develop a robust, long term and innovative approach to addressing inequality that goes beyond the sticking plasters offered by previous governments. By making businesses as responsible for inequality as the rest of society and both encouraging as well as mandating them to contribute to addressing it Labour can potentially unlock huge amounts of financial and non financial resources. It can also show that it is taking a truly different approach to reducing inequality.



Appendix 1: Participating organisations

- Adecco Group
- Ajar Technology
- Aldermore Bank
- Amazon
- Anglian Water Group
- BP
- British Chambers of Commerce
- British Independent Retailers Associations (BIRA)
- British Retail Consortium
- BT Group
- Business in the Community
- Capita
- Centrica
- Cornwall Council
- Coventry Building Society
- Creative Enterprize Zone West
- Currys
- Direct Line Group
- Federation of Small Businesses (FSB)
- Financial Services Compensation Scheme (FSCS)
- Handshake
- Heathrow Airport
- High Speed 2
- In-Part
- Institute of Chartered Accountants in England and Wales (ICAEW)
- King Fisher
- Klarna
- Kyndryl
- Legal & General
- London Chamber of Commerce
- Monzo
- MyDocSafe
- Northern Powerhouse
- Now Communications
- OVO energy
- PricewaterhouseCoopers (PWC)
- Progress Together
- Revolut
- RSA insurance
- Scottish and Southern Energy (SSE)
- Show Your Connection Ltd
- Sodexo
- techUK
- Tesco
- The Co-operative Group
- The Social Mobility Foundation
- TSB Bank
- Uber
- UK Power Networks

