

Resilient growth and social responsibility an emerging model

12 May 2025

1. Addressing resilience – 20 years of progress

1. Acas, CIPD and the Royal Society of Arts (RSA) know well that what's good for business and good for workers lies at the heart of effective employment relations and social partnership.
2. There is no one right path to success but healthy organisations tend to be more resilient and outperform unhealthy ones. This includes organisations who deliver for customers and have well-managed workplaces offering good work with high levels of trust and engagement. This can lead to outcomes that are more productive, more profitable, more likely to contribute to economic growth and also critically at this time – more resilient.
3. It's 20 years since the groundbreaking advocacy of Who Cares Wins proposed shared standards for measuring businesses' wider impact on society and the environment. That seminal work supported by 18 major global businesses and the UN, kickstarted a worldwide sustainability movement.
4. Since then, challenges and questions have emerged as the wider movement evolves. While the governance and natural capital dimensions have become more developed, an understanding of what social responsibility means has remained relatively underdeveloped. It is, however, increasingly recognised that leaders who pursue growth while also carefully considering how their strategies could impact people, the planet and their company's long-term resilience can significantly enhance long-term value and better equip companies and countries to be prepared for future disruptions and opportunities.
5. We fully accept that focusing on the social responsibility dimension of resilience will not, by itself, save any underperforming company with a flawed strategy or poor execution. Capital markets give valuation premiums only to companies that outperform on financial metrics. It is well reported that materiality matters. As with environmental and governance dimensions, not all social responsibility elements are likely to be material for every company.
6. For some it's matters such as community relations, workforce preparedness, or equality issues. For others it could be customer relationships, labour relations, human rights or health and safety that matter. Investing in resilience can be costly: prioritising strategic risks and opportunities means future challenges and opportunities are addressed in a systematic way.
7. "In an increasingly complex and interconnected world, the importance of actively managing risks and opportunities related to emerging environmental and social trends, in combination with rising public expectations for better accountability and corporate governance, presents a new set of challenges with far-reaching financial consequences for corporations." Who Cares Wins, 2004.

2. Where are we now?

8. What concerns Acas and many of our partners 20 years after Who Cares Wins is that the social responsibility dimension of resilience remains less well developed, understood or consistently reported upon than other elements. Definitions and metrics – which

help with benchmarking and can accelerate improvement – for environment and governance are more mature and widely used with much more facility. Discussion about social responsibility is still not always conducted in the plainest of English and can be based on random lists of factors rather than any systematic framework. This is ironic since, as Alex Edmans from London Business School points out "the evidence on the materiality of social factors is much stronger than on environmental factors".

9. We believe it's now time to inform a national conversation on 'what good looks like' on the role material social responsibility factors can have to resilient growth.

3. An emerging model of social responsibility

10. Acas, CIPD and the Royal Society of Arts, with Ipsos Strategy3 have been developing a straightforward model of social responsibility impacts. We hope this might assist companies which have not yet developed this themselves.

11. Our approach recognises that value from social responsibility comes largely from reducing legal, regulatory or reputational risk and from improving engagement and retention alongside customer satisfaction, loyalty and community cohesion, while increasing the potential for innovation. There's further value to be gained from growing investor confidence, enhanced brand and market opportunity and meeting standards.

12. There's no single one-size-fits-all model that will work for all companies, every one of which has its own strategic ecology. Given that the end goal is the creation of long-term value, it's critical that Company Boards consider what is material given their own particular purpose, strategy and sector – and where their points of differentiation lie.

13. Leaders need to identify the material sources of value within reach for their specific organisation and location, aligned with Internationally recognised materiality matrices. A mining and metals business may choose to prioritise creating a safer, more innovative work environment and to address its local impact through agreements with indigenous people and local communities. A financial service business may focus more on equality of access to financial services, national financial literacy and information rights.

14. This interim model aligns and builds on existing frameworks such as European standards (ESRS), the United Nations Global Compact (UNGC), the United Nations Sustainable Development Goals (UN SDGs), and the UK Corporate Governance Code 2024.

15. Our approach tests the footprint a company can create with the people who make, deliver, buy and use its products and services. It encompasses all the company's material relationships and reputation in the communities where it does business, capturing stakeholder and financial impacts.

16. The seven potential impacts of social responsibility in this model cover aspects of organisational differentiation and value creation, underpinned by aspects of organisational health:

- Loyalty – how do you build loyal relationships with material stakeholders including customers, workers and suppliers and what level of satisfaction and long-term loyalty do you achieve?
- Community impact – how do you achieve and maintain a license to operate and what differentiates your impact on community and society?
- Management and capability – how do you create clarity and understanding of purpose and strategy along with the culture, leadership, operating model and workforce capability and readiness to deliver value?
- Labour relations – how healthy are relations between employers and workers, what do you do to maintain a culture of collaboration and open engagement with worker representatives?
- Human rights – how are human rights respected in a way that promotes dignity and respect?
- Health, safety and wellbeing – how do you create a work environment where people can be safe and maintain or improve their health and wellness when interacting with the company and its products and services?
- Fairness – how do you deliver inclusion, equitable treatment for all and open access to opportunity?

17. There is emerging consensus that impacts need to be understood across 4 'scopes':

- own workforce
- supply chain workers
- affected communities
- consumers and end users

18. Value is created through increased prosperity, social stability and reduced risk of material downside events.

4. Next steps

19. What Acas, CIPD and the Royal Society of Arts want to do with partners in the year ahead is to check our thinking and model around emerging good practice in social responsibility. We're keen to hear from partners about how we might, together, better demonstrate why social impacts are critical for sustained business and economic growth.

20. We are therefore encouraging stakeholders to engage with us in this work. Our particular ask of Standard Setters and Regulators is to:

- collaborate on the development of common reporting approaches that demystify social responsibility and form the basis of sound metrics
- use their own significant convening powers to bring stakeholders together to foster open dialogue and knowledge exchange across the investor community to further mature social responsibility impacts
- update tools and matrices (including sector-specific materiality maps) to reflect the broad scope of social responsibility and the best evidenced, most material aspects of value creation and risk mitigation
- include the need to develop competency in social impacts to achieve good quality assessment and reporting once definitions and metrics start to mature
- help simplify social responsibility definitions across national and international boundaries to enable companies to best focus on material factors linked to the creation of long-term value

21. As indicated above, we hope we can continue to serve as conveners of the national conversation on social responsibility to develop what good looks like, demystify the detail and share insight freely to help Britain's companies, investors and regulators.

22. With your support and feedback, we believe we have an opportunity to help more businesses deliver greater financial value hand in hand with social value in the decade ahead at a critical time for the UK economy.

Clare Chapman, Acas Chair, May 2025

Appendix: Examples of sub-categories under each of the 'Social responsibility' domains

To illustrate 'S' impacts we have provided some examples of the sub-categories under each of the domains. We will detail these descriptions further with the aim being for organisations to move beyond a compliance mindset to leveraging their strategic assets to make a difference in the world.

Loyalty

- Products and services – is there demonstrable evidence that the benefits and risks to people and planet are understood and usefully leveraged or mitigated?
- Customer relations – are company levels of customer loyalty tracked and improved over time? Are complaints recognised and addressed?
- Supply chain relations – is there demonstrable evidence on the quality of relationships with suppliers, including prompt payment record?

Community impact

- Community impact – to what extent is the company considered a 'good neighbour'?
- Social impact – does the company play its part in assets being sustainable – including towards natural assets and talent?
- Economic impact – how the company contributes to communities in which they operate – including employment and the paying of taxes?

Management and capability

- Capabilities and skills – how does the company ensure availability of strategic capability and skills? How is the company investing in upskilling to future needs?
- Productivity – is there demonstrable evidence of the productivity being improved over time?
- Board and management – what is the quality of leadership to lead social sustainability from the Board given company purpose and strategy?

Labour relations

- Workplace relations – are worker relations healthy and is there evidence this is enabling innovation and collaboration and minimising labour disputes? Do you enable your workforce to engage with you collectively through trade unions?
- Engagement and loyalty – are levels of engagement strong and are levels of retention and sickness absence sustainable?
- Worker insight and action – is the quality of insight and action as strong as customer insight and action? Does this inform strategy and translate into worker loyalty?

Human rights

- What systems are in place for carrying out due diligence to identify and address potential rights, including protected characteristics and rights to information, privacy, freedom of opinion and expression?
- Modern slavery – does the company implement and monitor practices to protect against modern slavery?
- Child labour rights – are there systems in place to specifically protect children and represent their rights?

Health, safety and wellbeing

- Physical safety – are hazards to all stakeholders consistently identified, risks assessed and managed to reduce accidents?
- Psychological safety – is there evidence that relevant workers feel able to raise issues and concerns knowing they will be acted on without recrimination?
- Mental health and wellbeing – how does the company proactively support workers with maintaining and improving mental, physical and financial wellbeing?

Fairness

- Access – does the company have policies and implement practices that secure equality of approach and opportunity for customers, workers, suppliers and partners?

- Diversity and inclusion – is there demonstrable evidence internally and externally, that diversity and inclusion is a strength that is usefully leveraged?
- Reward practices – are reward practices consistent and fair and are all elements of reward policy measurably implemented without bias?