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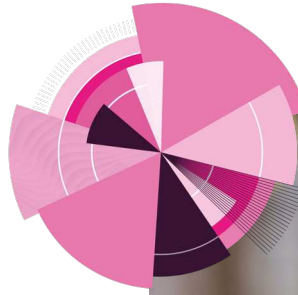
Tracking Success for the GOOD BUSINESS CHARTER (GBC): Developing an effective approach

Insight Report
November 2024





FOREWORD



We stand at a defining moment in the evolution of business, where the expectations of society have never been clearer or more urgent. People are calling for organisations to grasp the nettle and rise above profit-driven motives, embracing a deeper commitment to ethics, sustainability, and integrity. The Good Business Charter (GBC) emerges as a bold and timely response to this challenge, offering businesses of all sizes a clear, actionable roadmap to weave responsibility into the very fabric of their operations.



Professor Kiran Trehan,
Pro-Vice-Chancellor for Enterprises,
Partnerships and Engagement,
University of York

This report delves into the GBC's journey and reveals its power to reshape the future of business – one that prioritises purpose over profit and leads with values that will define tomorrow's success. What sets the GBC apart is its ability to seamlessly integrate ethical values into business without sacrificing growth or profitability. The GBC is unique in its ability to fuse ethical values with business success, proving that companies can thrive without compromising their principles. It empowers businesses to align with social and environmental responsibilities while staying competitive, demonstrating that sustainable growth and profitability can go hand in hand.

The GBC is not just a certification, it is a movement; ushering in a new era of business integrity and accountability. Built around ten core principles – ranging from paying a real living wage to environmental stewardship and employee well-being – the GBC framework transforms the complexity of ethical business into a simple, actionable roadmap. What distinguishes the GBC is its ability to cut through the clutter of other frameworks, offering a concise yet powerful system that is already gaining traction with FTSE 100 companies, local authorities, SMEs,

and independent entrepreneurs. This is the future of responsible business.

A truly inspiring feature of the GBC is how it effortlessly embeds ethical values into everyday business while maintaining both profitability and growth. Businesses accredited by the GBC share remarkable stories of enhanced customer trust, improved operational efficiency, and stronger relationships with stakeholders. The GBC's streamlined, light-touch approach allows organisations to align their goals with social and environmental commitments while preserving their competitive edge.

But this is just the beginning. The GBC is on the cusp of even greater impact, with enormous potential to expand its influence across the UK and globally. This report outlines key opportunities to amplify its effectiveness – strengthening verification processes, building brand recognition, and refining the framework to meet the evolving needs of businesses at every stage. These enhancements will ensure that the GBC remains an influential leader in driving meaningful change across industries.

Disclaimer

This document is published by the University of York as a contribution to a project, insight area or interaction. The findings, interpretations and conclusions expressed herein are a result of a collaborative process facilitated and endorsed by the Good Business Charter but whose results do not necessarily represent the views of the Good Business Charter, nor the entirety of its members, partners or other stakeholders. The work presented here builds on the Good Business Charter's Ten Components. In addition to desk-based research, quantitative analysis and broader consultations with experts, the report draws on in-depth corporate interviews which were carried out by the University of York from January to July 2024. The interviewees and their respective organisations are kept anonymous, but the Good Business Charter and the University of York would like to acknowledge their valuable contributions in the development of this document. The opinions expressed herein may not necessarily correspond with the views of everyone involved in the project. This work is independent, reflects the views of the authors and has not been influenced by any business, government or other institution.

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EXECUTIVE SUMMARY

This report explores the development of the Good Business Charter (GBC). The research draws on the views and experience of organisations which have received GBC accreditation and contrasts the scope and strengths of GBC with other models designed to encourage ethical and sustainable business and organisational practice. The report also examines the strengths of the GBC model and considers the potential scope for any improvements to the GBC.

The GBC is designed as a simple accreditation system for responsible business practice. It is structured around ten key components, which are designed to provide a framework for ethical and sustainable business. These components, detailed on the GBC website, are: Real Living Wage, Fairer Hours and Contracts, Employee Well-being, Employee Representation, Equality, Diversity and Inclusion, Environmental Responsibility, Paying Fair Tax, a Commitment to Customers, Ethical Sourcing, and Prompt Payment to Suppliers. Organisations of all sizes in the UK can apply for GBC accreditation and recognition. Accredited organisations include FTSE 100 companies, partnerships, local authorities, universities, SMEs, charities and sole traders. The GBC is an initiative of the Good Business Foundation, a charity founded by Julian Richer, who is also the founder of hi-fi retail chain Richer Sounds. Notably, the City of York is the UK's first GBC city, being designated in June 2021.

The report is based on 40 semi-structured interviews with GBC-accredited businesses and organisations, working across 11 sectors and including small, medium and large-scale enterprises, local authorities, NGOs and other bodies. The largest numbers of participants in the research came from the fields of consumer goods, retail and services, technology and financial services. Furthermore, the report utilises a correlation matrix to systematically compare and contrast other frameworks promoting responsible, ethical and sustainable business practices: the Sustainable Development Goals (SDGs), the Environmental, Social and Governance (ESG) principles used in responsible investment, the EU Corporate Sustainability Reporting Directive (CSRD) and the UN Global Compact.

The findings highlight the cohesion, scope and conciseness of the GBC accreditation. Accredited organisations widely praised the GBC's structure as being a systematic approach to integrating ethical practices into daily operations. The GBC was described as holistic and well-integrated, with clear, non-overlapping measures that provide a comprehensive set of goals. Its core values align well with objectives such as creating wealth, improving cost efficiency, enhancing productivity, providing high-quality customer service, and maintaining strong stakeholder relations. This compatibility allows the GBC to be seamlessly incorporated into existing operations without conflicting with other organisational priorities. The GBC's light-touch approach and compact, focused framework, are particularly valued for these reasons. Compared to other frameworks, the GBC addresses similar aspects of defining and measuring ethical and sustainable business practices, but in a more streamlined and practical manner, with distinct focuses, scopes and applications.

While GBC provides clear recommendations for all organisations, section 4 of this report identifies the challenges it faces, as well as the opportunities. The final section of this report outlines some potential areas for improvement, including strengthening validation and verification processes, enhancing brand awareness, and balancing flexibility and rigour in order to effectively meet the needs of businesses at different stages of development. An overview of each of the ten GBC components, provided by colleagues working for the GBC, is included in the Appendix. There is scope to expand GBC accreditation and to consider some of the details of how GBC works but this research highlights the many strengths at the core of the GBC approach.

1. INTRODUCTION

What makes a business successful? Traditional narratives of capitalism, which are built on the notion of competition for limited resources and winner-takes-all, have long argued that profit maximisation is a key measure of success. This perspective emerged during a time when businesses operated in relatively isolated markets, with most parts or components designed and manufactured locally and with less impact of global and digital disruption. Over the past decades, however, a globalised and increasingly digitised economic system has fundamentally transformed the business landscape.

Existing business practices are now increasingly reassessed by both investors and consumers, particularly in relation to the use of natural resources and the treatment of their stakeholders, defined as those who affect or are affected by the achievement of the business or organisation's objectives (Freeman, 1984). Thus, capitalism works effectively when stakeholders from different cultural and value backgrounds are motivated to create value jointly and to trade (Bridoux & Stoelhorst, 2022; Freeman & Phillips, 2002). The stakeholders include not only shareholders but also customers, suppliers, employees, regulatory bodies, and the broader community. The stakes are reciprocal, with each affecting the others in terms of harms and benefits, as well as regards rights and duties.

Julian Richer and other advocates of ethical and sustainable business models have shown that businesses can achieve financial success while also promoting the public good. Their work demonstrates that it is possible to run a business that is both profitable and socially responsible, benefiting not only the owners but everyone involved. In practice, considerable effort has been devoted to understanding how businesses and managers manage stakeholders' relationships to create environmental, social and financial wealth. Relationships with stakeholders inherently possess economic value, which can arise from "improved reciprocal coordination, knowledge sharing, attracting high-quality stakeholders, lower transaction costs, and greater moral motivation" (Jones et al., 2018, p.377). Many successful firms have operated in ways that align closely with integrating

business ethics and economics (Freeman et al., 2004). This approach focuses on the interests and well-being of stakeholders, which are seen as crucial for the continuous creation of value and the achievement of the organisation's objectives (Phillips et al., 2003).

The Good Business Charter (GBC), the brainchild of Julian Richer, established in 2019, is an accreditation body that advocates prioritising the interests of all stakeholders. It emphasises that genuine engagement in responsible business practices is essential in maintaining trust and achieving long-term success. More specifically, the GBC offers a comprehensive framework, defined as Real Living Wage, Fairer Hours and Contracts, Employee Well-being, Employee Representation, Equality, Diversity and Inclusion, Environmental Responsibility, Paying Fair Tax, a Commitment to Customers, Ethical Sourcing, and Prompt Payment to Suppliers. Central to this framework is the principle of ethical business conduct as a shared value, which aims to ensure mutual benefits for companies, employees, communities and the environment. Through a self-report accreditation model, the GBC engages with UK-based businesses and organisations.

This report critically examines the values that the GBC brings to its member organisations and explores how these values are applied practically within businesses and organisations. It also investigates the benefits perceived and experienced by businesses and organisations that pursue GBC accreditation. Additionally, the report compares and contrasts the GBC framework with other regulatory and voluntary frameworks and discusses potential future action.

This report is structured as follows:

SECTION 2: GBC values for business and society

- This section identifies the core values perceived by businesses and organisations accredited by the GBC and explains their benefits to both businesses and society as a whole.
-

SECTION 3: Mapping the GBC: a detailed examination of voluntary and regulatory frameworks

- This section compares the GBC framework with other existing regulatory and voluntary frameworks, highlighting similarities and differences, as well as identifying potential areas for improvement.
-

SECTION 4: Navigating the future: challenges and opportunities for the GBC

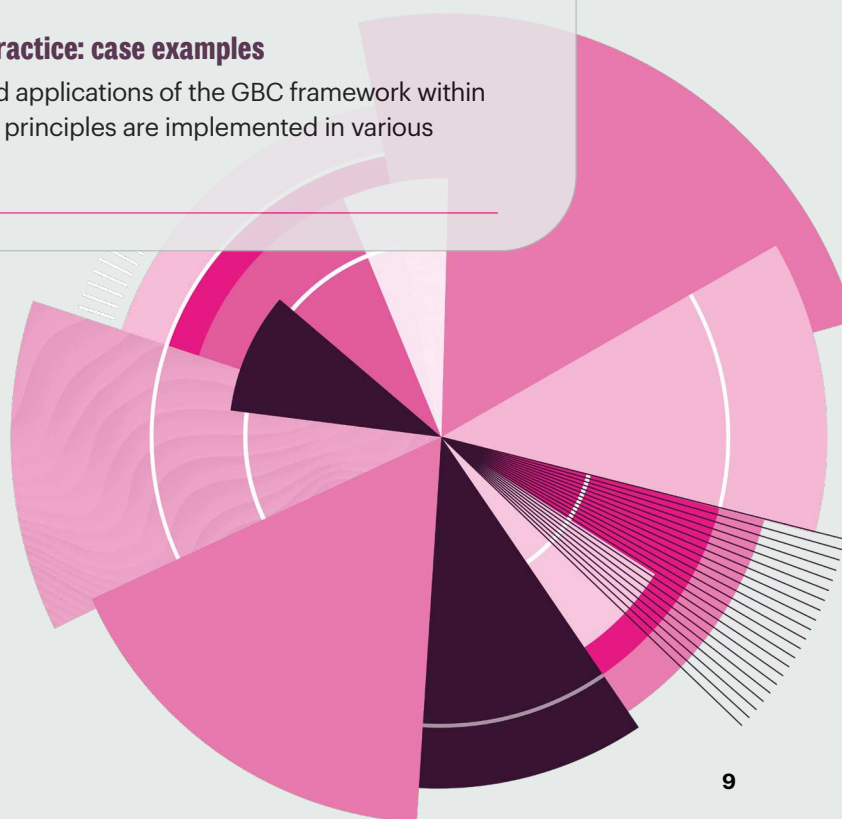
- This section discusses three key challenges faced by the GBC and explores opportunities available to address these challenges.
-

SECTION 5: Next step for the GBC

- This section discusses future actions and strategies for overcoming these challenges and further integrating and enhancing the GBC framework within organisations.
-

SECTION 6: Appendix: the GBC in practice: case examples

- This section delves into real-world applications of the GBC framework within organisations, illustrating how its principles are implemented in various business contexts.
-



APPROACH TO INTERVIEWS

Forty semi-structured interviews of 60 to 90 minutes were conducted with representatives of GBC-accredited businesses and organisations, as well as their partners, between January and July 2024, across 11 sectors and organisational sizes: small, medium and large (see Figures 1 and 2).

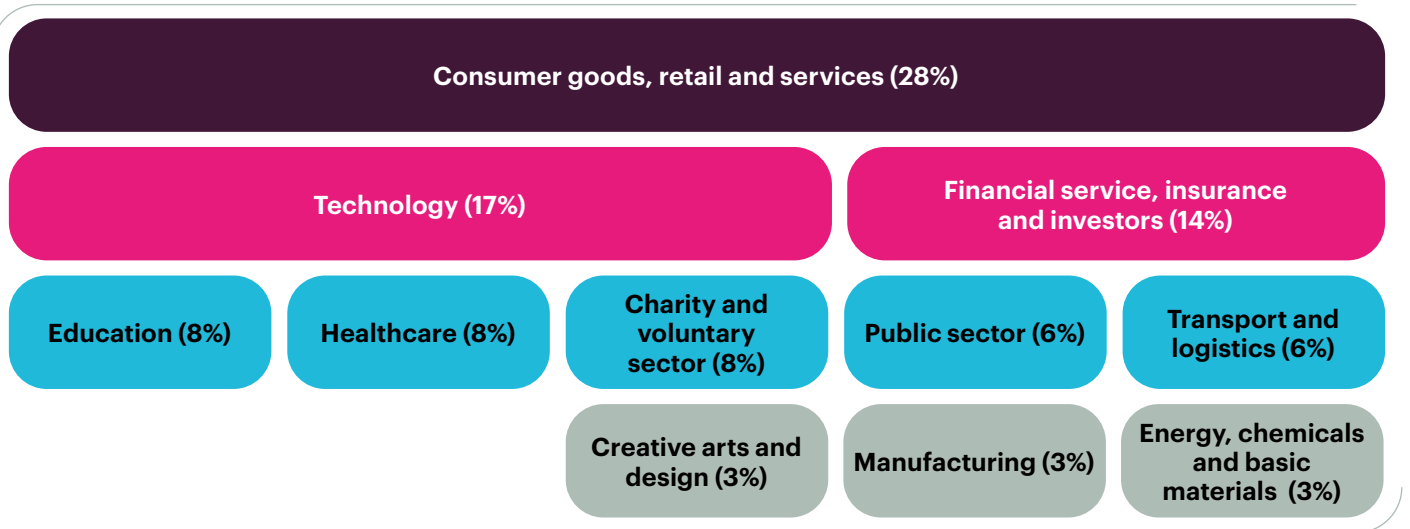


Figure 1: Interviews conducted for this report, by sectors (January–July 2024)

Interviews by organisational size

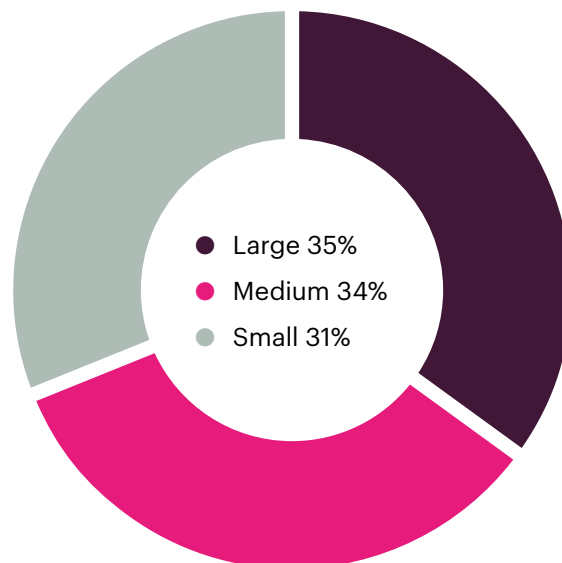


Figure 2: Interviews conducted for this report, by organisational size (January–July 2024)

2. GBC VALUES FOR BUSINESS AND SOCIETY

Through an inductive qualitative analysis, seven GBC values perceived by member organisations are identified. Value is defined as the outcome of an evaluative judgement, where businesses and organisations assess the benefits of GBC accreditation against its potential drawbacks or costs (Bowman & Ambrosini, 2000).

2.1 Transforming the business landscape into a more ethically driven community

In today's rapidly evolving business environment, a significant shift is occurring. Companies are moving away from traditional capitalist models that prioritise profit above all else and towards a new paradigm where ethical principles are central to business operations. This transformation is exemplified by initiatives like the Good Business Charter (GBC), which challenges the long-held belief that profitability and ethical practices cannot coexist. Instead, the GBC advocates for a model of 'ethical capitalism', where businesses are not only profitable but also driven by strong ethical standards (GBC-3)¹.

2.1.1 Reconceptualising ethical business practices

One of the key contributions of the GBC is its role in "broadening the ethical business concept". Traditionally, ethical practices were often associated with sectors such as Fair Trade or organic products. However, the GBC illustrates that "ethical business practices are not confined to specific industries but can be embraced by companies across various sectors", thus fostering inclusivity within the ethical business community (GBC-9). This inclusivity highlights that any business, regardless of its nature, can integrate ethical values into its operations and contribute to a more just and sustainable world (GBC-9).

This reconceptualisation extends to the very metrics

by which businesses measure success. Central to the GBC's mission is the recognition that a business's success is not solely measured by financial performance. The GBC framework emphasises that the "well-being of employees and the community is integral to overall business performance". By adopting a holistic approach, businesses are encouraged to view the health and happiness of individuals as essential components of their success, rather than as a secondary consideration (GBC-10). This shift towards a more human-centred approach challenges the traditional focus on financial outcomes alone.

2.1.2 Commitment to high moral standards and inclusivity

Moreover, the GBC also encourages companies to operate with "high moral standards and transparency", urging them to adopt practices that are more ethical than those traditionally observed in the industry. This is part of a broader commitment to redefining business norms in a way that prioritises ethical considerations (GBC-7).

A key aspect of this ethical transformation is the GBC's emphasis on "inclusive economic growth". The GBC advocates for business practices that ensure that economic development benefits a wider segment of the population. For example, businesses are encouraged to implement practices such as "paying the real living wage and avoiding zero-hours contracts", which are seen as essential in reducing inequality and promoting economic justice (GBC-1). By focusing on inclusivity, the GBC emphasises the importance of creating an economy that works for everyone, rather than a select few.

¹ The GBC number refers to our interview data

Leadership within the GBC-aligned community is defined by active advocacy for ethical practices. Businesses aligned with the GBC take pride in “demonstrating leadership within their industry” by advocating for fair wages, fair taxation and ethical business practices. This leadership sets a benchmark for others to follow, inspiring a broader movement towards responsible business practices (GBC-14).

The GBC also strongly supports “diversity and inclusion”, particularly by empowering diverse entrepreneurs, including women and individuals from disadvantaged backgrounds. This commitment to inclusivity reflects the GBC’s broader mission to create a more equitable and just business environment. By empowering underrepresented groups, the GBC helps to ensure that all voices are heard and valued within the business community (GBC-13).

2.1.3 Sustainability and long-term growth

Sustainability is another cornerstone of the GBC’s framework. The GBC promotes both “environmental sustainability and the sustainable development of local businesses”. These principles are integral to the GBC’s long-term vision, which prioritises practices that ensure future generations can meet their needs. By fostering a culture of sustainability, the GBC encourages businesses to adopt a forward-thinking approach that balances growth with environmental stewardship (GBC-1, GBC-3).

The GBC’s alignment with Environmental, Social and Governance (ESG) goals further underscores its commitment to responsible business practices. Companies within the GBC network believe that “investing clients’ money responsibly requires embodying those same principles in their business operations”. This alignment ensures a cohesive approach to ethical responsibility, where companies not only advocate for responsible investment but also practise it within their own operations (GBC-11).

2.1.4 Community and collective impact

The sense of community and collective impact fostered by GBC membership is another key value. The GBC encourages businesses to see themselves as part of a larger movement towards ethical practices. Membership in the GBC provides companies with the “intangible benefits of feeling part of a supportive community”, where they can collaborate with like-minded organisations to advance responsible business practices (GBC-4). This sense of belonging not only involves compliance with ethical standards

but also actively promotes these values within the broader business community (GBC-5).

Internally, GBC membership has tangible benefits, particularly in “enhancing employee engagement”. By aligning with the GBC’s ethical standards, companies can attract employees who are drawn to “ethical and responsible workplaces”. This alignment fosters a culture of ethical decision-making and reinforces trust within the organisation, creating a work environment where employees feel valued and motivated to uphold the company’s values (GBC-11).

Moreover, the “ethical stance of a company, accredited by GBC membership”, enhances its reputation in the marketplace. This validation not only attracts clients and partners who share similar values but also differentiates the company from its competitors. The GBC badge becomes a powerful symbol of a company’s commitment to ethical practices, serving as a tangible representation of its dedication to responsible business (GBC-9, GBC-16).

2.2 Providing a pragmatic framework of ethical business practice

The findings from analysis of the interviews with the GBC-accredited organisations highlight that the GBC framework helps businesses to systematically integrate ethical practices across their operations. In essence, the GBC not only advocates for the adoption of ethical business practices, but is also intended to provide the mechanisms through which these practices can be implemented and managed.

2.2.1 Systematic ethical oversight

Interviews with respondents from GBC-accredited organisations reported that the GBC provides a structured approach to incorporating ethical practices into all aspects of business operations. This approach ensures a comprehensive commitment to the Charter’s ten components. As noted earlier, this fosters an environment where ethical considerations are not merely peripheral concerns but are integral to business strategy and operations. The structured framework aids companies in translating ethical intentions into concrete, actionable policies, ensuring that ethical practices are deeply integrated into business operations.

“The GBC provides a structured approach to integrating ethical practices into all aspects of business operations, ensuring a holistic commitment to its ten components.” (GBC-3)

One respondent commented, “joining the GBC was part of establishing a formalised responsible business policy, aiming to ensure all delivery teams were aligned and working cohesively towards common goals” (GBC-12). Another responded that the framework enables businesses to convert ethical commitments into measurable actions and policies through structured management processes (GBC-7).

2.2.2 Accessibility

The GBC was recognised by respondents as setting standards that level the playing field between microbusinesses and larger corporations. This framework ensures that ethical efforts are fairly acknowledged, regardless of the size of the business (GBC-1, 7, 16). One respondent highlighted that the GBC’s focus on making its ethical standards both applicable and affordable for businesses of all sizes fosters a more inclusive business environment. This inclusivity enables companies to be recognised not only for their profitability but also for their responsible conduct (GBC-16).

The GBC’s approach contrasts with more comprehensive schemes by offering a straightforward and accessible pathway for businesses to demonstrate their commitment to ethical practices. This simplicity and accessibility make it easier for organisations, regardless of their scale, to integrate ethical considerations into their operations and gain recognition for so doing. As one respondent explicitly put it:

“Compared to other more comprehensive schemes, the GBC provides more straightforward and accessible pathways to demonstrating ethical business practices.” (GBC-7)

This underscores the value of the GBC in promoting ethical standards across a diverse range of businesses, ensuring that all can participate in and benefit from a commitment to responsible business practices.

2.2.3 Accountability

Participating in the GBC is closely associated with a commitment to accountability. Businesses and organisations demonstrate a shared understanding that adhering to established standards holds them accountable to their employees, the community and the environment (GBC-1, 7, 14, 15). This aspect of the GBC framework is crucial in ensuring that companies consistently uphold the standards they set for themselves, including in specific operational areas. For example, one respondent highlighted the importance of the GBC in enforcing timely payment to suppliers:

“Holding the company accountable to maintain those standards, specifically in areas such as timely payment to suppliers.” (GBC-15)

The GBC framework is also recognised as a powerful tool that empowers leadership and management to remain accountable in their decision-making processes across various activities, services and products. As one respondent observed:

“The anticipation of using the GBC as a management tool to implement processes and KPIs across the team, [thus] enabling leadership to hold the company to account against its ethical commitments.” (GBC-7)

This reflects the GBC’s role in helping managers and directors to consider key factors within an ethical framework, thereby supporting the broader mission of promoting sustainability and responsibility. In addition, by using the GBC as a management tool, the leadership is able to implement processes and key performance indicators (KPIs) across teams, ensuring the company’s ethical commitments are met. Furthermore, the finding shows that implementing the GBC standards helps establish and refine robust governance structures, which offer strategic direction based on principle-driven frameworks and industry best practices. The effectiveness of the GBC framework helps businesses sustain their ethical commitments, even when faced with difficult situations.

“Participation in the GBC holds us to account and maintains the ethical practices, even in challenging circumstances.” (GBC-14)

2.3 Facilitating alignment between ethical commitments and business operations

Respondents reported that the GBC framework facilitates a seamless alignment between ethical commitment and business operations. This alignment reveals itself in three aspects – mission, action and outcomes – because each aspect represents a distinct stage in the integration of ethical principles into business operations. Understanding this alignment across these aspects provides a comprehensive view of how ethical commitments are not only incorporated into a company’s philosophy but also translated into practical steps and measurable results.

2.3.1 Mission: integrating ethical values

The ethos of the GBC was reported as resonating with individuals and the core mission of participating businesses and organisations where ethical practices, which they are able to articulate through GBC, are central to their operations. This alignment with the GBC reflected a deep-seated belief that ethical principles are not external impositions but intrinsic to the company’s identity and purpose. For many GBC-accredited organisations, this alignment is not an additional effort but a natural extension of the existing values within these organisations, thus fostering a deeper commitment to ethical practices aimed at achieving mutual benefit for companies, their stakeholders and the environment. For example, one respondent highlighted that the decision to join the GBC was influenced by its alignment with their company’s ethical values, indicating that ethical commitments were already an integral part of their operations (GBC-9). This inherent alignment is further evidenced by the personal resonance with the ethos of the GBC, as reflected in the admiration of Julian Richer’s business approach and customer service quality (GBC-15). The GBC framework, therefore, supports businesses in embedding ethical conduct as a core part of their mission, leading to the creation of better business outcomes as illustrated:

“A strategic alignment with the GBC framework that promotes ethical conduct as part of the core mission for creating better business outcomes.” (GBC-15)

In addition, participation in the GBC is seen as a collective effort to improve ethical business practices and encourage other organisations to adopt similar ethical standards. As one respondent put it:

“The belief that widespread adoption of the GBC’s principles can lead to broader societal benefits, encapsulating a vision for a more ethical business community.” (GBC-7)

2.3.2 Action: implementing ethical practices

The strategic integration of the GBC framework was reported as having facilitated the translation of ethical commitments into concrete actions, ensuring that ethical values are not merely aspirational ideals but are actively realised through everyday business practices. For instance, adopting the real living wage highlights an organisation’s dedication to treating employees equitably and valuing their contributions (GBC-3, GBC-7). This is reflected in the strong commitment of GBC members to social enterprise, responsibility and justice, supported by initiatives that promote these values within the business community (GBC-13).

Additionally, the GBC framework was reported as encouraging businesses to reflect on their practices and identify areas for improvement. The process of aligning to the GBC leads to meaningful change. For instance, some companies have introduced practices such as reporting the CEO pay ratio and increasing transparency within the supply chain as a direct result of their engagement with the GBC.

“Membership in the GBC has helped embed the value of deep responsibility within the company values. This value, one of the company’s four core values, emphasises the importance of responsibility in all actions and decisions, aligning business practices with the GBC’s ten core elements.” (GBC-11)

2.3.3 Outcomes: achieving positive impacts

By encouraging companies to regularly assess and refine their operations, the GBC helps them stay ahead of evolving ethical expectations and maintain a strong ethical foundation. This proactive approach to ethics ensures that companies are not merely meeting the minimum standards but are actively striving to enhance their practices, aligning more closely with their core values and the broader societal expectations.

The alignment between ethical commitment and business operations through the GBC results in positive outcomes for both businesses and their stakeholders, including employees and the wider community. For instance, one respondent (GBC-3) highlighted the implementation of the real living wage as a significant outcome, reflecting the organisation's commitment to ethical practices, which has a direct and positive impact on employees. Another respondent noted that the emphasis on fair wages and equitable treatment underscores the company's longstanding dedication to ethical business practices. As noted:

"A deep-rooted commitment to ethical practices, such as fair wages and taxation, that have been fundamental to the business philosophy from the start." (GBC-14)

Aligning with other ethical initiatives, such as community engagement and social responsibility, further illustrates the broader impact of the GBC in promoting responsible business practices. This sentiment is echoed by a respondent (GBC-13) who stated:

"Alignment with other ethical initiatives, showcasing a broader dedication to community engagement and social responsibility, and supportive business practices." (GBC-13)

2.4 Driving ethical improvement and operational efficiency

The GBC was found to be encouraging companies to view ethical practices not as supplementary aspects of their operations but as essential components of efficiency and effectiveness. Rather than viewing ethics as a cost centre, the GBC positions it as a strategic asset that drives business success and operational excellence. Evidence shows that the GBC effectively enhances business ethics by fostering a culture of ongoing ethical dialogue, institutionalising ethical commitments, and promoting operational efficiency. Key positive outcomes were found to include the following:

2.4.1 Enhanced discussions on responsibility

Membership of the GBC has led to a noticeable cultural shift within organisations, as reflected in the increased frequency and depth of discussions about

responsibility with customers and employees. One respondent observed:

"After three-and-a-half years of GBC membership, we have experienced positive outcomes such as fruitful discussions with customers and employees about responsibility. The membership reinforces our company's values and supports ongoing efforts to act responsibly in all aspects of our operations." (GBC-11)

This shift not only reinforces the company's commitment to ethical practices but also enhances operational efficiency by aligning the workforce and stakeholders to a shared set of ethical values.

2.4.2 Streamlined governance and compliance

The GBC's standards significantly reduce the compliance burden for member organisations, allowing them to operate more smoothly and efficiently. This streamlining enhances operational efficiency by eliminating obsolescence and clarifying expectations, ensuring that ethical practices are deeply embedded in the company's operations. One respondent noted:

"Joining the GBC is seen as a way to streamline governance and reduce the burden of compliance with various charters. This efficiency allows us to reallocate resources towards community and outreach work." (GBC-16)

The streamlined governance provided by the GBC also facilitates better resource allocation. As companies spend less time and money navigating cumbersome compliance requirements, they can redirect those resources towards initiatives that have a direct impact on their communities and social responsibility efforts. This not only enhances the company's ethical standing but also contributes to a positive public image, which can further bolster business success.

Through the GBC's guidelines, companies establish clear internal standards that serve as a consistent benchmark for performance and behaviour within the company. This clarity reduces internal conflicts and uncertainty about handling various business situations, thereby improving the internal standards of operation. As a result, companies experience a more efficient

workflow, where processes are aligned with ethical objectives, and decision-making is guided by well-defined principles.

Furthermore, the GBC's approach to governance and compliance is designed to be straightforward, making it accessible and practical for organisations of all sizes. Compared to more complex benchmarking tools, the GBC emphasises its simplicity and focused approach, which demonstrates a commitment to ethical practices without the extensive resource requirements of more complicated assessments (GBC-12).

This simplicity not only drives operational efficiency but also ensures that ethical practices are seamlessly integrated into the business's daily operations. By avoiding the pitfalls of overly complex compliance frameworks, the GBC allows companies to focus on implementing and maintaining ethical practices in a way that is both sustainable and effective. This integration means that ethical considerations are not an afterthought but are built into the core of the business's operational strategy, leading to long-term benefits for both the organisation and its stakeholders.

2.4.3 Operational self-assessment and improvement

Companies have used the GBC accreditation process as an opportunity to engage in self-assessment, ensuring that their policies and practices remain aligned with both ethical standards and internal strategies. This ongoing evaluation helps identify areas for potential improvement, thus fostering a culture of continuous enhancement. As one respondent noted:

"The accreditation process is seen as an opportunity for regular self-assessment, ensuring our policies and practices remain on the right track. It also highlights areas for potential improvement, such as executive pay, and aligns with our internal values and strategies." (GBC-12)

By adopting ethical payment practices, companies have shown improvements in how they handle payments. Improved payment practices directly translate to stronger relationships with suppliers, as suppliers are likely to prefer working with companies that pay promptly and fairly. This not only strengthens the supply chain but also improves the company's public image. When suppliers are treated ethically, this can lead to word-of-mouth endorsements and

a reputation for reliability, which are invaluable for business success.

Additionally, the GBC's requirement for an annual renewal of commitments ensures that ethical practices are consistently reviewed and maintained, acting as a systematic reminder for companies to align their operations with their ethical goals. A respondent emphasised:

"The GBC requires an annual renewal process, which acts as a systematic reminder for companies to review and maintain their ethical practices, including supplier reviews and adherence to principles." (GBC-2)

This process not only upholds ethical standards into business routines, but also enhances operational efficiency by ensuring that ethical practices are continuously refined and aligned with business goals, thereby driving both ethical improvement and operational efficiency.

2.5 Serving as an external standard for responsible business practices

The GBC was found to serve as an external standard that plays an important role in helping companies to systematically assess and validate their commitment to responsible business practices. By providing a clear framework, the GBC enables organisations to assess and validate their performance across ten core components, ensuring that their ethical commitments are not only upheld internally but also recognised by external stakeholders. As one respondent noted:

"The GBC serves as a crucial external standard, providing a clear framework for assessing the company's performance across ten principles." (GBC-5)

The GBC achieves this through several aspects, as reported by respondents.

2.5.1 External validation and public declaration

One of the key benefits of engaging with the GBC is the external validation it provides for a company's

ethical commitments. GBC membership provides companies with a recognised form of accreditation that serves as concrete evidence of their commitment to ethical practices (GBC-16). In a competitive market, where consumers and partners increasingly value transparency and responsibility, having a reputable external standard is vital. The GBC validation does more than just acknowledge a company's responsible practices; it publicly affirms the company's ethical stance, sending a strong message to all stakeholders. As one respondent noted:

"The GBC membership serves as an external validation of the company's commitment to responsible practices. This validation is critical for reassuring various stakeholders." (GBC-11)

The GBC's framework is particularly significant as it serves as a powerful tool for reassuring stakeholders of a company's commitment to ethical conduct. This assurance is crucial in a competitive market, where demonstrating a commitment to responsible practices can differentiate a company and enhance its reputation. As illustrated:

"The pursuit of the GBC serves as a public declaration of the company's ethical stance, providing external validation and serving as a testament to the company's commitment to doing business the right way." (GBC-7)

2.5.2 Benchmarking and market alignment

The GBC is highly valued for its function as a practical benchmarking tool that allows companies to measure their practices against market expectations and societal standards. Increasingly, ethical conduct is intertwined with business success. The GBC's framework sets a clear, standardised set of criteria that encompasses various critical aspects of business ethics. This comprehensive blueprint provides companies with a roadmap for responsible business conduct, ensuring that they not only meet but exceed the expectations of their stakeholders. As a respondent noted:

"The GBC sets a clear, standardised set of criteria that defines what it means to conduct business responsibly." (GBC-12)

Additionally, the GBC is praised for its accessibility, making it a valuable resource for organisations of all sizes. Smaller companies can use the GBC as an effective guide to navigate the complexities of modern business environments. As one company highlighted:

"We view the GBC as an accessible benchmarking tool that allowed us to assess our practices against market expectations and societal standards, particularly valuing the GBC's implicitly and accessibility for organisations of all sizes." (GBC-12)

Beyond serving as a static benchmark, the GBC plays a dynamic role in fostering continuous improvement within companies. This ongoing process not only helps companies maintain their ethical commitments but also drives them towards higher standards of responsible business conduct. As a respondent pointed out:

"Using the GBC as an external benchmark demonstrates a commitment to continuous improvement." (GBC-4)

2.6 Infusing organisations with tangible value(s)

Respondents reported that the GBC membership offers several tangible benefits that positively influence organisations' operations, reputation and overall effectiveness. The tangible value derived from the GBC accreditation could be described as a cumulative and interrelated set of effects, including enhancing employee engagement, strengthening ethical reputation, fostering a committed workplace culture, enabling marketing differentiation, increasing brand awareness and enhancing brand integrity and transparency. Key findings included:

2.6.1 Enhancing stakeholder engagement

One of the key benefits of GBC membership is its positive impact on employee engagement. It helps to foster a workplace culture where employees are encouraged to make responsible decisions, thereby strengthening their commitment to the company's mission. It acts as an effective recruitment

tool, attracting individuals who value ethical and responsible workplaces. As highlighted:

“The GBC membership has tangible internal benefits, particularly in enhancing employee engagement. It acts as a recruitment tool, attracting employees who value ethical and responsible workplaces, and fosters a culture where employees are encouraged to make responsible decisions.” (GBC-11)

The GBC accreditation also enables organisations to clearly communicate their ethical stance to their stakeholders, thus strengthening the brand’s integrity and fostering a deeper connection with their stakeholders. For instance, one respondent reported that:

“The GBC badge acts as a tangible representation of a company’s dedication to ethical practices, reinforcing its public image as a trustworthy and responsible business.” (GBC-16)

2.6.2 Brand awareness and promotion

The tangible benefits of GBC membership are not standalone advantages but are closely intertwined with marketing and brand promotion efforts. The GBC accreditation is recognised as a “powerful marketing tool” that enhances a company’s visibility and attracts customers and collaborators who prioritise ethical and sustainable practices. As noted:

“In a consumer-focused business environment where social responsibility is increasingly valued, the alignment with ethical principles not only attracts new customers but also strengthens relationships with existing ones.” (GBC-9)

This accreditation signals a commitment to ethical practices, serving as a unique selling point that distinguishes a company from its competitors. The practical advantage of GBC membership can be used effectively in marketing and business development strategies, particularly in tender processes where a demonstrated commitment to ethical practices can be a decisive factor.

“The GBC membership serves as a powerful marketing tool, enhancing visibility and attracting customers and collaborators who prioritise ethical and sustainable practices.” (GBC-9)

2.7 Infusing organisations with intangible value(s)

The GBC offers a range of intangible benefits that extend beyond the immediate and tangible outcomes of ethical accreditation. One of the more significant is the potential to build and reinforce trust with clients and partners, and within the organisation itself. As noted:

“The more intangible value derived from GBC membership lies in its potential to build trust with clients and partners. It captures the use of ethical accreditation as a means to communicate a commitment to reinvesting in the business rather than extracting profits unethically.” (GBC-6)

Another key intangible benefit of GBC membership is the opportunity for differentiation through responsibility. For companies operating in sectors where customer trust is historically low, such as those affected by past scandals, joining the GBC offers a strategic way to stand out. By aligning with the GBC’s ethical standards, companies can position themselves as trustworthy and responsible stewards of their clients’ interests, distinguishing themselves from competitors with lower level of trust (GBC-11).

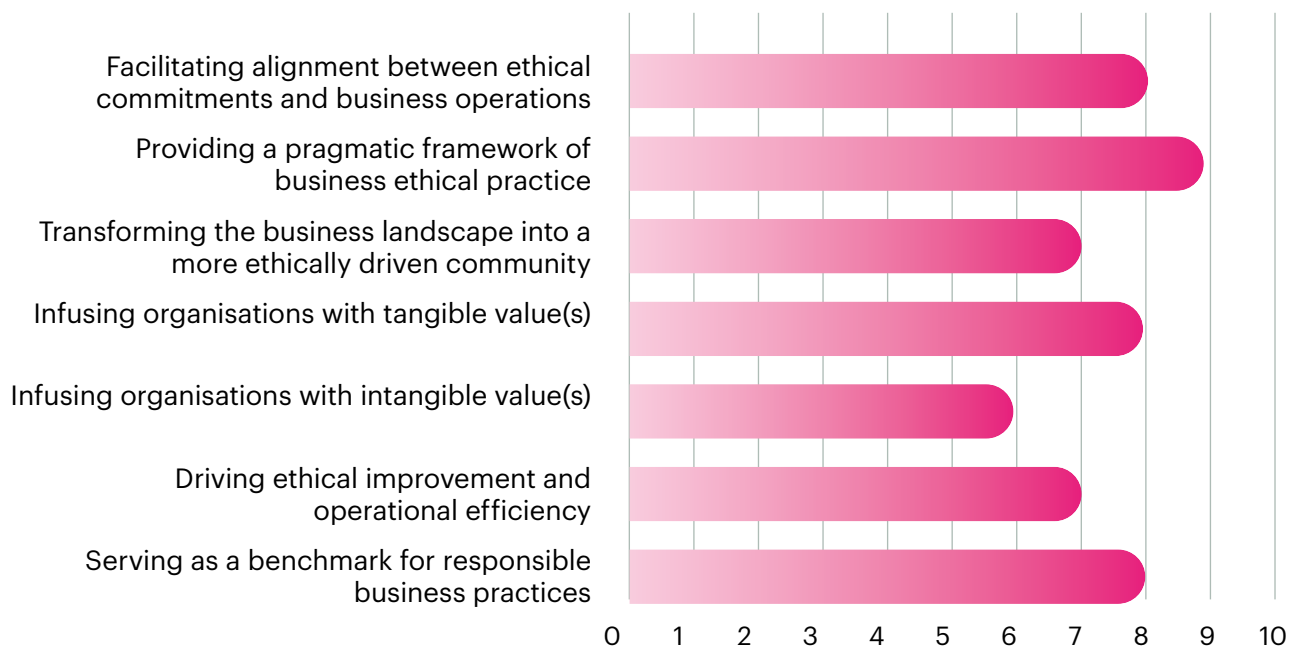
Within the organisation, the GBC also serves as a tool to reinforce trust among employees. By committing to the principles of the GBC, companies foster a culture of responsibility and integrity that permeates the entire organisation. This internal trust is essential in creating a cohesive and committed workplace. As stated:

“The GBC serves as a tool to reinforce trust within the company.” (GBC-15)

On a broader and more strategic level, the GBC provides intangible value by offering guidance and innovative ideas that strengthen governance within

its member organisations and shape the company’s long-term direction. This guidance helps companies navigate the complexities of modern business while maintaining a strong ethical foundation, which in turn enhances investor confidence and secures the company’s reputation as a leader in corporate social responsibility and sustainability (GBC-15).

Additionally, the GBC provides access to a network of like-minded businesses, offering opportunities for peer-learning, sharing best practices, and enhancing credibility as a socially responsible business. These networking opportunities are invaluable for companies looking to strengthen their ethical practices and reputation (GBC-13).



GBC values as perceived by its member organisations – rated 0 (low) to 10 (high)

Figure 3: GBC value scores

3. MAPPING THE GBC: A DETAILED EXAMINATION OF VOLUNTARY AND REGULATORY FRAMEWORKS

While the GBC is recognised as an effective framework for helping businesses and organisations to focus on key areas, it is equally important to understand how their actions under the GBC align with broader frameworks such as the Sustainable Development Goals (SDGs), Environmental, Social and Governance (ESG) principles, the Corporate Sustainability Reporting Directive (CSRD), and the United Nations Global Compact. Understanding these connections is essential, not only for amplifying the impact of their actions, but also for positioning the business within a broader context of global responsibility, thereby enhancing its relevance on an international scale. This section aims to compare and contrast the GBC framework with four well-established frameworks, as shown in Table 1.

Selected framework	Compliance requirement	Strategic relevance
Sustainable Development Goals (SDGs)	Voluntary	Enhances global impact
Environmental, Social and Governance (ESG)	Regulatory	Prioritises investment and stakeholder relations
Corporate Sustainability Reporting Directive (CSRD)	Regulatory	Streamline reporting processes
United Nations Global Compact	Voluntary	Fosters global corporate responsibility

Table 1: Four selected frameworks

3.1 GBC and the Sustainable Development Goals (SDGs)

3.1.1 What are the SDGs?

The Sustainable Development Goals (SDGs) are a global call to action to end poverty, protect the planet, and improve the lives and prospects of people everywhere. The 17 goals (see Figure 4) are set for the environmental, social, institutional and economic aspects of sustainable development, through 169 targets and 248 indicators.

The 17 goals are: No Poverty, Zero Hunger, Good Health and Well-being, Quality Education, Gender Equality, Clean Water and Sanitation, Affordable and Clean Energy, Decent Work and Economic Growth, Industry, Innovation and Infrastructure, Reduced Inequalities, Sustainable Cities and Communities, Responsible Consumption and Production, Climate Action, Life Below Water, Life on Land, Peace, Justice and Strong Institutions, and Partnerships for the Goals. These goals are interconnected, apply to all countries, and need to be carried out by all stakeholders – governments, the private sector, civil society, the United Nations system and others – in a collaborative partnership (United Nations, 2024).



Figure 4: UN SDGs

(Source: <https://www.un.org/sustainabledevelopment/news/communications-material>)

GBC components	SDGs																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Real Living Wage	Light	Light	Light	Grey	Grey	Grey	Grey	Strong	Light	Strong	Light	Light	Grey	Grey	Light	Strong	Light
Fairer Hours and Contracts	Light	Light	Light	Grey	Grey	Grey	Grey	Strong	Light	Strong	Light	Light	Grey	Grey	Light	Strong	Light
Employee Well-being	Light	Light	Light	Light	Light	Grey	Grey	Strong	Strong	Light	Light	Light	Light	Grey	Light	Strong	Light
Employee Representation	Grey	Grey	Grey	Grey	Light	Grey	Grey	Light	Light	Strong	Light	Grey	Grey	Grey	Grey	Strong	Light
Equality, Diversity and Inclusion	Light	Light	Light	Light	Strong	Grey	Grey	Strong	Light	Strong	Strong	Light	Grey	Grey	Grey	Strong	Light
Environmental Responsibility	Light	Light	Grey	Grey	Grey	Strong	Strong	Strong	Strong	Light	Light	Strong	Strong	Strong	Strong	Light	Light
Pay Fair Tax	Grey	Grey	Grey	Grey	Grey	Grey	Grey	Grey	Light	Light	Light	Light	Grey	Grey	Grey	Light	Light
Commitment to Customers	Grey	Grey	Grey	Grey	Grey	Grey	Grey	Grey	Light	Light	Light	Light	Grey	Grey	Grey	Light	Light
Ethical Sourcing	Grey	Grey	Grey	Light	Light	Grey	Grey	Strong	Strong	Light	Light	Strong	Light	Strong	Strong	Light	Strong
Prompt Payment to Suppliers	Grey	Grey	Grey	Grey	Grey	Grey	Grey	Light	Light	Light	Light	Light	Light	Light	Light	Light	Strong

■ Strong alignment
 ■ Moderate alignment
 ■ Areas where the GBC components do not currently relate to SDG

Table 2: Relevance of GBC to SDGs

3.1.2 Detailed mapping to the SDGs

The qualitative correlation mapping presented in Table 2 illustrates the relevance of the GBC components to the SDGs. The table employs a colour-coded system to categorise the extent of alignment between the GBC components and the SDGs: dark pink indicates a direct correlation, light pink signifies an indirect association, and grey represents areas where the GBC components do not currently relate to the SDGs.

3.1.3 Findings highlight

The correlation mapping presented in Table 2 illustrates that the ten components of the GBC are interconnected with the 17 SDGs. The alignment of these components is categorised into three levels: strong alignment, moderate alignment and gaps.

Strong alignment

Several GBC components such as ‘Environmental Responsibility’ and ‘Ethical Sourcing’ exhibit a strong alignment with the SDGs, with over 40% of their components directly mapping onto the SDGs. This demonstrates the GBC’s commitment to fostering sustainability and ethical business practices.

Conversely, specific SDGs, ‘Decent Work and Economic Growth’ (SDG 8), ‘Reduced Inequalities’ (SDG 10), and ‘Peace, Justice, and Strong Institutions’ (SDG 16) display an even stronger alignment with the GBC components, with over 60% of their targets directly corresponding with the GBC components. This strong correlation highlights the GBC’s effectiveness in promoting fair employment practices, reducing inequalities, and fostering transparent and accountable business environments.

Moderate alignment

Other GBC components, including 'Real Living Wage', 'Fairer Hours and Contracts' and 'Employee Well-Being', demonstrate a moderate alignment with the SDGs, with over 20% of their components directly mapping onto the SDGs. These components contribute meaningfully to the SDGs but do not align as comprehensively as those with stronger correlations.

Similarly, SDGs such as 'Responsible Consumption and Production' (SDG 12), 'Life Below Water' (SDG 14), and 'Life on Land' (SDG 15) also exhibit moderate alignment with the GBC components. These goals show a moderate degree of correlation with the GBC's ethical practices.

Gaps

The analysis also reveals certain gaps in alignment. The GBC components do not have any direct alignment with SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 3 (Good Health and Well-Being), and SDG 4 (Quality Education). Additionally, there is no direct association between the SDGs and the GBC components: 'Pay Fair Tax' and 'Commitment to Customers'. These gaps highlight areas where further development and alignment could enhance the GBC's contribution to these specific global goals and similarly, where the SDGs could be adjusted or expanded to reflect values promoted by the GBC.

3.1.4 Discussion of findings

The findings from the correlation mapping show the GBC's strong alignment with several SDGs, affirming its role as an effective framework for promoting ethical business practices and its alignment with global sustainability objectives. While the GBC and the SDGs share common ground in promoting ethical and sustainable practices, key differences between the two frameworks highlight the limitations of a direct comparison.

Firstly, one significant difference lies in the specificity and traceability of indicators. SDG indicators often encompass multiple factors, which can be challenging to specify or trace, particularly in developing countries (MacFeely, 2019). The broad scope and complexity of the SDGs can lead to significant costs and difficulties in measuring all indicators comprehensively. In contrast, the GBC components are grounded in the practical realities of the workplace, offering clear and relevant measurements that reflect actual working conditions. This includes specific provisions for smaller organisations with fewer than 50 employees,

as well as for charities, NGOs and public sector organisations. By focusing on workplace practices, the GBC provides a more streamlined approach to promoting sustainability and ethical conduct, with fewer than 40 clear questions designed to evaluate the merit of an organisation in respective areas. This focused evaluation process makes the GBC easier to implement and less resource-intensive than the extensive and multifaceted SDG framework.

Secondly, another limitation in comparing the GBC and the SDGs is the overlap between some SDG goals, which creates ambiguities and obsolescence within the SDG framework. For example, SDG 2, Zero Hunger, addresses food insecurity and hunger issues, and the matters of food insecurity emphasise the promotion of sustainable food production systems and resilient agricultural practices, which can be closely linked to SDG 13, Climate Action. This overlap can blur the lines between distinct goals, making it more challenging to develop targeted strategies and measure specific outcomes. When goals overlap, it can lead to confusion about which actions contribute to which objectives, potentially diluting the effectiveness of efforts to achieve those goals. Moreover, the interconnected nature of these goals can create situations where progress in one area inadvertently hinders or complicates progress in another, thus complicating the overall strategy for achieving the SDGs.

In contrast, GBC components are designed to be clear and exclusive, with distinct measurements and no overlap between measurements. This approach provides a more straightforward and unambiguous evaluation process, allowing businesses and organisations to focus on specific areas of improvement. The clarity and precision of the GBC framework help ensure that each component is addressed independently, reducing the potential for confusion and enhancing the effectiveness of the measures implemented.

Potential areas for improvement

Despite the GBC's strong alignment with several SDGs, the identified areas of moderate alignment and the gaps in direct association with certain SDGs suggest opportunities for further development. By continuing to evolve and address these areas, the GBC could strengthen its impact and contribute more effectively to the achievement of these critical global goals.

3.2 GBC and the environmental, social and governance (ESG) principles

3.2.1 What are the ESG principles?

The ESG (environmental, social and governance) principles have been developed for 20 years, following their formal introduction in the 2004 report

ENVIRONMENT (E)

- GHG emissions
- Energy consumption and efficiency
- Air pollutants
- Water usage and recycling
- Waste production and management
- Impact and dependence on biodiversity
- Impact and dependence on ecosystems
- Innovation in environmentally friendly products and services

SOCIAL (S)

- Workforce freedom of association
- Child labour
- Forced and compulsory labour
- Workplace health and safety
- Discrimination, diversity and equal opportunity
- Poverty and community impact
- Supply chain management
- Training and education
- Customer privacy

GOVERNANCE (G)

- Codes of conduct and business principles
- Accountability
- Transparency and disclosure
- Executive pay
- Board diversity and structure
- Bribery and corruption
- Stakeholder engagement
- Shareholder rights

Who Cares Wins: Connecting Financial Markets to a Changing World. Originating from the principles of responsible investment (PRI), ESG is a framework that covers environmental (E), social (S), and governance (G) factors (see Figure 5). It serves as a key concept for assessing the sustainable development of enterprises, guiding investment analysis and decision-making. Over time, ESG has evolved into a standard and a strategy widely used by investors. Since its formal introduction, ESG principles have been actively implemented in Europe, America and other developed countries. This has led to significant advancements, including the creation of ESG evaluation systems, disclosure standards, and index systems (Li et al., 2021). As the concept of ESG has gained mainstream acceptance for assessing the sustainability and social impact of business activities, it has become a mandatory requirement for certain companies, particularly large and publicly-listed enterprises.

3.2.2 Detailed mapping to ESG

As shown in Table 3, the GBC components align with the three dimensions of ESG in different ways, which are highlighted using different colours. Dark pink represents a strong alignment, light pink shows a moderate alignment and grey indicates areas where the GBC components do not currently relate to ESG.

3.2.3 Findings highlights

Table 3 demonstrates the extent to which the GBC components are interconnected with each ESG principle, ranging from strong alignment to no connection. The findings show that 90% of the GBC components have either strong or moderate alignments with the social and governance aspects of ESG. The components 'Environmental Responsibility' and 'Ethical Sourcing' are also aligned with the environmental aspect of ESG. Consequently, 80% of the GBC components do not have a connection with the environmental aspect of ESG. Furthermore, the component 'Pay Fair Tax' is directly aligned with the governance aspect of ESG but does not align with the environmental or social aspects.

Strong alignment

The GBC components have a strong alignment with the three dimensions of ESG. Firstly, the component "Environmental Responsibility" directly aligns with the environmental aspect of ESG. This component encompasses both reactive strategies, such as compliance with environmental regulations and responding to incidents, and proactive strategies

Figure 5: ESG international framework (source: adapted from Li et al., 2021)

GBC components	ESG principles		
	Environment (E)	Social (S)	Governance (G)
Real Living Wage			
Fairer Hours and Contracts			
Employee Well-being			
Employee Representation			
Equality, Diversity and Inclusion			
Environmental Responsibility			
Pay Fair Tax			
Commitment to Customers			
Ethical Sourcing			
Prompt Payment to Suppliers			

■ Strong alignment
 ■ Moderate alignment
 ■ Areas where the GBC components do not currently relate to ESG

Table 3: Relevance of GBC to ESG

such as adopting sustainable practices and reducing carbon footprints. By integrating these approaches, companies are encouraged to minimise their environmental impact and promote sustainability. Secondly, seven components align with the social aspect of ESG: 'Real Living Wage', 'Fairer Hours and Contracts', 'Employee Well-being', 'Employee Representation', 'Equality, Diversity and Inclusion', 'Commitment to Customers', and 'Ethical Sourcing'. These components focus on protecting and promoting the well-being of employees, customers, and suppliers. They ensure acceptable and inclusive working conditions by addressing issues such as fair wages, safe working conditions, diversity and inclusion, and ethical treatment of all stakeholders. By prioritising these social factors, companies foster a culture of respect, fairness and inclusivity, which enhances employee satisfaction and customer loyalty. Thirdly, five components align with the governance aspect of ESG: 'Equality, Diversity and Inclusion', 'Environmental Responsibility', 'Pay Fair Tax', 'Ethical Sourcing' and 'Prompt Payment to Suppliers'. The GBC framework requires companies to commit to ethical governance practices, including paying taxes fairly and transparently, without engaging in tax avoidance. Moreover, it mandates the disclosure of the pay ratio between a company's CEO or highest earners and the average employee,

emphasising the importance of transparency and fairness in executive compensation. This focus on governance also highlights the significance of equality, diversity and inclusion within the organisation, ensuring that companies adhere to high standards of ethical behaviour and accountability.

Moderate alignment

Eight GBC components have a moderate alignment with ESG, including five components in Governance, two under Social and one under Environment. In Governance, the components 'Real Living Wage', 'Fairer Hours and Contracts', 'Employee Well-being', 'Employee Representation' and 'Commitment to Customers' are moderate as regards the governance aspect of ESG. These components require strong policies and transparent decision-making, as well as robust accountability measures to ensure compliance with these standards across all operations. In Social Alignment, the component 'Environmental Responsibility' has a moderate connection with the social aspect of ESG, due to its impact on communities, employees and other stakeholders. The component 'Prompt Payment to Suppliers' also has a moderate connection with the social aspect because timely payments support the financial stability and well-being of suppliers and their employees, which has broader economic and social implications.

In Environmental Alignment, the component 'Ethical Sourcing' is primarily focused on ensuring fair and responsible treatment of workers and ethical business practices, but it also has a moderate connection with the environmental aspect of ESG by involving the selection of suppliers who follow sustainable and environmentally responsible practices, thereby supporting broader environmental sustainability goals.

Gap

As shown in Table 3, 80% of the GBC components listed – 'Real Living Wage', 'Fairer Hours and Contracts', 'Employee Well-being', 'Employee Representation', 'Equality, Diversity and Inclusion', 'Pay Fair Tax', 'Commitment to Customers', and 'Prompt Payment to Suppliers' – do not currently relate to the environmental aspect of ESG. Although they are more aligned with the social and governance aspects of ESG, they do not directly or moderately address environmental sustainability, resource management, or ecological impact.

3.2.4 Discussion of findings

Both GBC and ESG promote ethical and responsible business practices by encouraging companies to operate sustainably and ethically. The correlation mapping shows the GBC framework aligns with the ESG principles; however, the alignment is uneven, with strong alignment to the social and governance aspects of the ESG but weaker alignment as regards environmental aspect. The gap between ESG and GBC is due to the differences in their primary focus areas and scope.

Firstly, ESG standards are designed to comprehensively address issues such as climate change, resource management, social equity and corporate governance. ESG frameworks emphasise engaging a wide range of stakeholders, including investors, regulators, customers, employees and communities, to understand and address their concerns about environmental, social and governance issues.

In contrast, the GBC framework primarily focuses on ethical business practices and social responsibility, with a strong emphasis on employee welfare, fair treatment, customer commitment and transparent governance practices. While the GBC does include some environmental elements, it may not engage environmental stakeholders or address broader community impacts to the same extent as ESG frameworks.

Secondly, the environmental aspect of ESG is comprehensive, encompassing issues such as carbon emissions, waste management, biodiversity conservation and sustainable resource use. The GBC has a more limited focus on environmental issues, typically addressing only basic aspects such as environmental responsibility in a general sense. The GBC's environmental aspects are not as extensively developed or integrated as their social and governance components.

Thirdly, ESG criteria are often closely aligned with international standards and regulations, including the SDGs, the Paris Agreement on climate change, and various national laws on environmental protection and corporate governance. This alignment makes ESG frameworks more robust and comprehensive. While the GBC promotes ethical practices and fair treatment, its criteria may not be as closely aligned with specific environmental regulations or global sustainability goals. This can result in a less comprehensive approach to environmental sustainability, as compared to ESG frameworks.

Finally, ESG frameworks often require companies to actively measure and report their environmental, social and governance performance by using established standards such as the Global Reporting Initiative (GRI) or the Task Force on Climate-related Financial Disclosures (TCFD). Additionally, ESG factors and ratings are well-established, with two main rating agencies, the ESG risk rating agencies (e.g. MSCI and S&P) and the ESG effectiveness rating agencies (e.g. Refinitiv and Moody's). In contrast, the GBC framework does not mandate the same level of detailed reporting on environmental metrics. While it encourages transparency and accountability in business practices, it may not provide the same rigorous guidelines for environmental reporting as do ESG standards.

Despite the benefits of adopting ESG, studies show that the variability in ESG criteria leads to a lack of consistency in how ESG is defined and measured (Li et al., 2021). This inconsistency can undermine the validity and reliability of ESG as an effective framework for promoting ethical and sustainable practices in business, charities, NGOs and government activities. Additionally, as a global framework, ESG measurement and evaluation systems may not fully take account of the different contexts and backgrounds of various countries and industries, thus making implementation challenging. The complexity and potential imprecision of ESG can further complicate its application as a tool for sustainability. In contrast, the GBC framework is

grounded in the context of the UK, taking into account the development and needs of different types of company and organisations within the country.

Potential areas for improvement

The GBC could enhance its framework by expanding its environmental criteria to include more detailed guidelines and metrics on key sustainability areas such as carbon emissions, waste management, energy efficiency, water conservation and biodiversity. This expansion would better align the GBC more closely with ESG standards and provide companies with clearer expectations and targets for environmental performance.

Additionally, the GBC could develop sector-specific environmental criteria to address the varying impacts of different industries on the environment. This would ensure that companies in different industries are evaluated based on relevant environmental impacts, enhancing the applicability and effectiveness of the GBC framework.

To further enhance the credibility and reliability of the GBC framework, the introduction of optional third-party verification for audits could be considered. This would help ensure that self-reported data is accurate and reliable, thereby increasing stakeholder trust in the certification process.

Finally, the GBC could broaden its focus to include external stakeholders, such as environmental organisations and supply chain partners, to establish mechanisms for stakeholder feedback and collaboration. This would create a more inclusive approach, enhancing the overall effectiveness of the GBC framework.

3.3 GBC and the Corporate Sustainability Reporting Directive (CSRD)

3.3.1 What is CSRD?

The Corporate Sustainability Reporting Directive (CSRD) is a regulatory framework introduced by the European Union that came into effect on 5 January 2023 (European Commission, 2023). It requires a wide range of large companies, including listed small and medium-sized enterprises (SMEs) and certain non-EU companies with revenue exceeding EUR 150 million

on the EU market, to report on their social and environmental impacts. The CSRD aims to provide investors and stakeholders with transparent and standardised information on companies' sustainability practices, enabling them to assess the financial risks and opportunities associated with sustainability issues.

Under the CSRD, companies are required to comply with the European Sustainability Reporting Standards (ESRS) (see Figure 6), developed by the European Financial Reporting Advisory Group (EFRAG). The ESRS aims to integrate a comprehensive range of non-financial environmental, social and governance (ESG) data into a company's financial reports and risk management processes. There are three categories of ESRS standards:

- a. cross-cutting standards (ESRS 1 General requirements and ESRS 2 General disclosures)
- b. topical standards (Environmental, Social and Governance standards)
- c. sector-specific standards.

The cross-cutting standard, **ESRS 1 General Requirements**, outlines the structure of the ESRS standard, explains the drafting conventions and fundamental concepts, and sets out the general requirements for preparing and presenting sustainability-related information. **ESRS 2** sets out the disclosure requirements for the information that companies must provide at a general level covering all material sustainability matters. This includes reporting on governance strategy, impact, risk and opportunity management, as well as metrics and targets. **Topical ESRS** focus on a sustainability topic, such as ESG, and may be further divided in sub-topics and sub-sub-topics. **Sector-specific standards** apply to all companies within a particular sector, addressing the impact, risk and opportunity that are likely to be material to all companies in that sector. These sector-specific standards cover aspects not sufficiently addressed by the topical standards.

The first set of these standards was published in December 2023, and companies are required to start applying these new rules in the 2024 financial year, with reports due in 2025. The CSRD also requires assurance on the reported sustainability information and supports the digital taxonomy of sustainability data to enhance transparency and comparability.

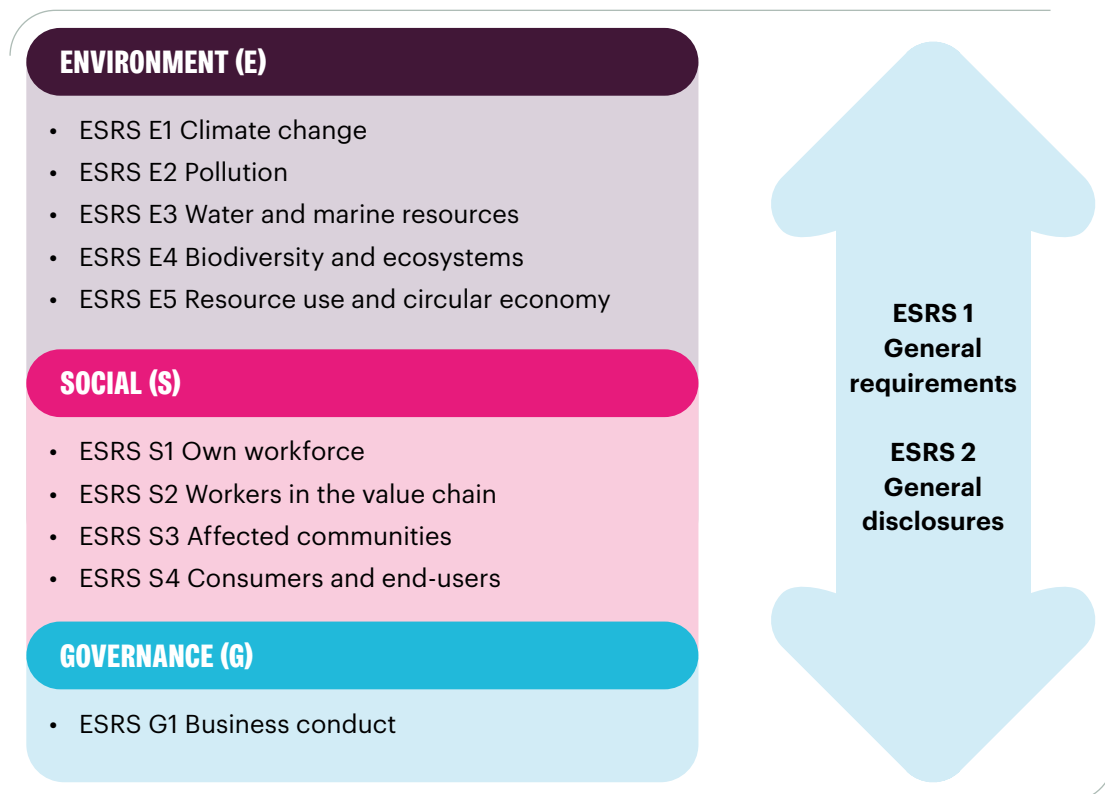


Figure 6: European Sustainability Reporting Standards (ESRS)
 Source: <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX:32023R2772>

3.3.2 Detailed mapping to the CSRD/ESRS

The mapping shown in Table 4 illustrates how the GBC components align with the CSRD/ESRS. The colour-coded system indicates the extent of this alignment: dark pink represents components that are directly aligned with the CSRD/ESRS elements; light pink indicates an indirect association; and grey shows areas where the GBC components do not currently relate to the CSRD/ESRS.

3.3.3 Findings highlights

Strong alignment

Table 4 shows that the ten GBC components have a strong alignment with the governance component of the ESRS standards, except for 'Real Living Wage', 'Fairer Hours and Contracts', and 'Commitment to Customers', which are moderately aligned. In terms of the social components, approximately 32% of the GBC components are directly mapped to the ESRS, with six GBC components aligning with S1 and S2, and one aligning with S4. However, only around 6% of the GBC components are directly mapped to the environment elements of the ESRS.

Moderate alignment

The GBC is moderately aligned with the cross-cutting standard, ESRS 1 General Requirements, in terms of outlining the structure and setting out general requirements for preparing and presenting information. Three GBC components – 'Real Living Wage', 'Fairer Hours and Contracts', and 'Commitment to Customers' – are moderately aligned with the governance component of the ESRS due to their contribution to corporate culture, which is one of the key elements of governance. Over 35% of GBC components moderately correspond with the social components of the ESRS, while 18% are moderately associated with the environmental components of the ESRS.

Gaps

The two major gaps between the GBC and the ESRS are found in the cross-cutting standard, **ESRS 2 General disclosure** and the **environmental topic ESRS standards**, particularly in areas such as pollution, water and marine resources, biodiversity and ecosystems, and resource use and the circular economy. **ESRS 2** requires companies to provide comprehensive information on their governance, strategy, impact,

GBC components	CSR/ESRS standards												
	Environment (E)					Social (S)				Governance (G)		General	
	E1	E2	E3	E4	E5	S1	S2	S3	S4	G1	ESRS1	ESRS2	
Real Living Wage						Strong	Strong	Moderate	Moderate	Moderate	Moderate	Moderate	
Fairer Hours and Contracts						Strong	Strong	Moderate	Moderate	Moderate	Moderate	Moderate	
Employee Well-being						Strong	Strong	Moderate	Moderate	Strong	Strong	Moderate	
Employee Representation						Strong	Strong	Moderate	Moderate	Strong	Strong	Moderate	
Equality, Diversity and Inclusion						Strong	Strong	Moderate	Moderate	Strong	Strong	Moderate	
Environmental Responsibility	Strong	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Strong	Moderate	Moderate	
Pay Fair Tax					Moderate	Moderate	Moderate	Moderate	Moderate	Strong	Moderate	Moderate	
Commitment to Customers								Moderate	Strong	Moderate	Moderate	Moderate	
Ethical Sourcing	Moderate	Moderate	Moderate	Moderate	Strong	Strong	Strong	Moderate	Moderate	Strong	Strong	Moderate	
Prompt Payment to Suppliers					Strong	Moderate	Moderate	Moderate	Moderate	Strong	Strong	Moderate	

■ Strong alignment ■ Moderate Alignment
 Areas where the GBC components do not currently relate to the CSR/ESRS

Table 4: Relevance of GBC to CSR/ESRS

risk and opportunity management, as well as the metrics and targets related to sustainability. This standard places a strong emphasis on transparency and consistency in disclosing material sustainability information across all relevant areas. In contrast, the GBC currently lacks detailed guidelines and requirements that align with the comprehensive disclosure expectations of ESRS 2. While the GBC focuses on ethical business practices and some aspects of social responsibility, it does not require the same level of detailed, standardised disclosure on sustainability governance, strategy, and performance metrics. Similarly, there is a significant gap in the environmental topics covered by the ESRS, where the GBC framework lacks comprehensive alignment.

3.3.4 Discussion of findings

The findings suggest that the GBC and ESRS share common ground, particularly in their focus on ethical business practices. The GBC shows over 90% alignment with the social component of the ESRS, reflecting its strong emphasis on social responsibility. However, such alignment does not extend to all GBC components. When it comes to environmental elements, only about 6% of the GBC components are directly mapped to the ESRS environmental standards. The lack of detailed environmental criteria in the GBC framework means that it may not fully capture or encourage comprehensive environmental sustainability practices. This could limit its effectiveness as a holistic sustainability framework,

when compared to the ESRS, which has a more robust emphasis on environmental stewardship.

In addition, there is a significant gap in its alignment with comprehensive sustainability reporting requirements. This implies that the GBC may not provide sufficient guidance on how companies should systematically report on governance, strategies and the metrics related to sustainability. This gap could affect the transparency and comparability of sustainability reporting for GBC-certified companies, potentially reducing stakeholder confidence and trust.

Potential areas for improvement

Addressing these gaps presents an opportunity for the GBC to expand its framework to include more detailed environmental standards and comprehensive disclosure requirements. Moreover, the GBC could introduce additional social criteria, particularly those related to community engagement, to help businesses and organisations better understand and manage their social impacts. By making these improvements, the GBC could strengthen its alignment with the ESRS, enhancing its credibility and relevance as regards sustainability certification and improving the effectiveness of social responsibility practices.

3.4 GBC and the United Nations (UN) Global Compact

3.4.1 What is the UN Global Compact?

The United Nations Global Compact (UNGC), launched in 2000, is a voluntary initiative, based on commitments from CEOs to adopt sustainable practices and support UN goals. It is the world's largest corporate sustainability initiative, helping companies to operate responsibly by aligning their strategies and operations with ten principles on human rights, labour, environment and anti-corruption (see Table 5). The Global Compact also encourages businesses to take strategic action to advance broader societal goals, such as the UN SDGs, ESG standards, sustainable finance, and responsible supply chain management, with a focus on collaboration and innovation. With more than 23,000 participants across 167 countries, including 930 in the UK, these principles provide a common ethical and practical framework for implementing corporate sustainability. They represent the core values that organisations should integrate into their daily planning, operations and strategies.

3.4.2 Detailed mapping to the UN Global Compact

The GBC and the UN Global Compact principles both promote ethical and sustainable business practices, but they focus on slightly different aspects. The mapping in Table 6 demonstrates the alignment between the GBC components and the UN Global Compact. The colour-coding reflects the degree of alignment: dark pink indicates components that are directly aligned with the UN Global Compact principles, light pink signifies an indirect relationship, and grey represents areas where the GBC components do not currently correspond to the UN Global Compact.

3.4.3 Findings highlights

Table 6 shows a 49% alignment between the GBC and the ten principles of the UN Global Compact, covering the areas of human rights, labour, environment and anti-corruption, in assessing the sustainability performance of a company. Each GBC component aligns strongly with at least one of the UN Global Compact principles, with 23% of these alignments being strong. Additionally, there is a 26% moderate alignment across eight principles.

Strong alignment

The 23% strong alignment includes six GBC components under Principle 6, four under Principle 1, two under Principles 2, 3, 4, 9 and 10, and one under Principles 5, 7 and 8. Six GBC components – 'Real Living Wage', 'Fairer Hours and Contracts', 'Employee Well-being', 'Employee Representation', 'Equality, Diversity and Inclusion' and 'Ethical Sourcing' – are strongly aligned with Principle 6 which focuses on the elimination of discrimination in respect of employment and occupation. These components contribute to creating a fair, inclusive and non-discriminatory workplace. By addressing these issues, companies can effectively eliminate discrimination in employment and occupation, fulfilling the core objectives of Principle 6. Among these, three GBC components – 'Real Living Wage', 'Employee Well-being', and 'Equality, Diversity and Inclusion' – along with 'Commitment to Customers', are strongly associated with Principle 1 because they all contribute to the protection and respect of human rights in various aspects of business operations.

The component 'Ethical Sourcing' aligns strongly with Principles 4, 5, 6, 7 and 9 because it encompasses comprehensive practices that ensure ethical treatment of workers and responsible environmental management throughout the supply chain. Similarly, the component

10 principles of the UN Global Compact	
HUMAN RIGHTS	PRINCIPLE 1: businesses should support and respect the protection of internationally proclaimed human rights.
	PRINCIPLE 2: make sure that they are not complicit in human rights abuses.
LABOUR	PRINCIPLE 3: businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
	PRINCIPLE 4: the elimination of all forms of forced and compulsory labour.
	PRINCIPLE 5: the effective abolition of child labour.
	PRINCIPLE 6: the elimination of discrimination in respect of employment and occupation.
ENVIRONMENT	PRINCIPLE 7: businesses should support a precautionary approach to environmental challenges.
	PRINCIPLE 8: undertake initiatives to promote greater environmental responsibility.
	PRINCIPLE 9: encourage the development and diffusion of environmentally friendly technologies.
ANTI-CORRUPTION	PRINCIPLE 10: businesses should work against corruption in all its forms, including extortion and bribery.

Table 5: Ten principles of the UN Global CompactSource: <https://unglobalcompact.org/what-is-gc/mission/principles>

GBC components	The UN Global Compact principles									
	1	2	3	4	5	6	7	8	9	10
Real Living Wage	Strong	Moderate	Moderate	Moderate	Moderate	Strong	None	None	None	None
Fairer Hours and Contracts	Moderate	Moderate	Strong	Strong	Moderate	Strong	None	None	None	None
Employee Well-being	Strong	Moderate	Moderate	Moderate	Moderate	Strong	None	None	None	None
Employee Representation	Moderate	Moderate	Strong	None	None	Strong	None	None	None	None
Equality, Diversity and Inclusion	Strong	Strong	Moderate	Moderate	Moderate	Strong	None	None	None	None
Environmental Responsibility	Moderate	Moderate	None	None	None	None	Strong	Strong	Strong	None
Pay Fair Tax	Moderate	Moderate	None	None	None	None	None	None	None	Strong
Commitment to Customers	Strong	Moderate	None	None	None	None	Moderate	Moderate	Moderate	None
Ethical Sourcing	Moderate	Strong	None	Strong	Strong	Strong	None	None	Strong	None
Prompt Payment to Suppliers	Moderate	Moderate	None	None	None	None	None	None	None	Strong

■ Strong alignment
 ■ Moderate alignment

Areas where the GBC components do not currently relate to the UN Global Compact

Table 6: Relevance of GBC to the UN Global Compact

‘Environmental Sustainability’ strongly aligns with Principles 7, 8 and 9 due to their focus on promoting environmental stewardship and sustainable practices.

Moderate alignment

The analysis shows a varied range of moderate alignment between the GBC components and the UN Global Compact. There is 80% alignment with Principle 2, 60% alignment with Principle 1, 40% alignment with Principle 5, 30% alignment with Principles 3 and 4, and 10% alignment with Principles 7, 8, and 9. For example, Principle 2 of the UN Global Compact states that ‘businesses should make sure that they are not complicit in human rights abuses’. While the GBC components may not explicitly address every aspect of human rights, its emphasis on ethical business practices, such as paying real living wages, ensuring fair working conditions, promoting employees’ well-being, and fostering diversity and inclusion contribute to a broader culture of respect for human rights. These practices help prevent complicity in human rights abuses by establishing an ethical framework that discourages exploitative or harmful behaviours within the organisation and its supply chains.

Gap

The analysis indicates that just over 50% of the areas are not aligned with the UN Global Compact principles. The most significant gaps are in the environmental and anti-corruption areas. Specifically, there is a lack of alignment with the environmental principles – Principle 7 (precautionary approach to environmental challenges) and Principle 9 (encouraging the development of environmentally friendly technologies), accounting for 30% of the unaligned areas. Additionally, there is a significant gap (80%) in alignment with Principle 10, which addresses anti-corruption. The remaining 21% of unalignment pertains to labour-related principles, which may not be relevant to the UK context.

3.4.4 Discussion of findings

The GBC and the UN Global Compact are both frameworks designed to promote ethical and sustainable business practices, with a shared focus on key principles such as human rights, labour standards, environmental sustainability, and ethical business conduct. However, they differ in their focuses, structures and applications. The GBC provides a more structured and specific set of criteria for businesses, particularly within the UK, while the UN Global Compact’s ten principles are broadly defined, encouraging businesses worldwide to integrate

sustainability and social responsibility into their core strategies.

The GBC offers a certification process for businesses that meet its criteria, allowing companies that adhere to the ten components to be recognised as Good Business Charter members. This accreditation signals to customers, employees, suppliers and stakeholders that the company is committed to operating responsibly. In contrast, participation in the UN Global Compact is voluntary and does not involve a formal certification process. Although businesses commit to aligning their operations with the Compact’s principles and are expected to report annually on their progress through a Communication on Progress (COP), the lack of stringent monitoring and enforcement mechanisms often leads to criticisms of ‘bluewashing’ (Berliner & Prakash, 2015). Participants may engage in strategic shirking (DeVaro & Gürtler, 2016; Delmas & Keller, 2005) by avoiding costly measures to improve human rights and environmental performance, opting instead for low-cost, symbolic actions (Berliner & Prakash, 2015).

Despite this, the UN Global Compact is more comprehensive in its international reach, representing steps towards a shift in which ‘soft’ transnational law is increasingly complementing and supplementing ‘hard’ national law (Williams, 2014). The identified gaps between the GBC and the UN Global Compact offer an opportunity to create a more integrated framework that combines the strengths of both initiatives.

Potential areas for improvement

Based on the comparison between the GBC and the UN Global Compact, several areas for improvement can be identified to enhance the effectiveness of both frameworks in promoting ethical and sustainable business practices.

Firstly, given the differences in geographical focus – where the GBC primarily focuses on businesses in the UK and the UN Global Compact operates on a global scale – there is potential to develop an integrated framework that combines the strengths of both. This integrated framework could include the detailed, actionable components of the GBC together with the universal principles of the UN Global Compact. An integrated framework could include a certification process, along with regular assessments and audits, to ensure ongoing compliance and encourage continuous improvement. This would enhance the accountability of participating companies and ensure their commitment to ethical and sustainable practices over time. By

developing region-specific guidelines that align with the broader goals of the UN Global Compact, local businesses could more easily adopt international best practices, while still addressing regional priorities and regulations. This approach would maintain the global applicability of the UN Global Compact while ensuring that the GBC's specific components provide practice guidance for implementation.

Secondly, the GBC has a strong emphasis on tax compliance and transparency, but does not fully address other aspects of ethical financial management, such as anti-corruption. The UN Global Compact includes anti-corruption as a key principle, recognising its importance for responsible governance. To provide a more comprehensive approach to responsible governance, the GBC could expand its scope to include explicit anti-corruption measures. By including these elements, the GBC would offer a more complete framework for ethical financial management, addressing a wider range of ethical issues that are critical in maintaining corporate integrity and stakeholder trust.

Finally, the UN Global Compact recognises the importance of environmental stewardship as part of sustainable business practices, while the GBC currently has limited focus on this area. To create a more comprehensive sustainability framework, the GBC could expand to cover additional areas highlighted by the UN Global Compact principles on environment. By enhancing the environmental criteria, the GBC would be able to promote a more balanced and comprehensive framework for sustainability, encouraging businesses to adopt environmentally responsible practices alongside ethical and social considerations.

3.5 Discussion

The analysis shows that the GBC shares several similarities with other frameworks, such as the SDGs, ESG criteria, the CSRD and the UN Global Compact, in their focus on promoting ethical practices, sustainability and accountability. These similarities highlight the degree of alignment among these frameworks, with the GBC showing 70% alignment with ESG criteria, a 49% alignment with the UN Global Compact, a 47% alignment with the SDG, and a 40% alignment with the CSRD/ESRS. However, they differ in several ways.

Firstly, the GBC, SDGs and UN Global Compact are voluntary frameworks that businesses can choose to

adopt to demonstrate their commitment to ethical practices and sustainability. In contrast, the CSRD is a mandatory requirement for certain companies in the European Union, requiring them to report on their sustainability practices. While ESG criteria are not regulatory in themselves, they are increasingly integrated into financial regulations and investor expectations, particularly in regions such as the EU, where frameworks, including the EU Taxonomy for Sustainable Activities, influence ESG disclosures.

Secondly, the GBC focuses on promoting responsible business practices primarily within the UK context, with specific components such as the real living wage and fair working hours. It provides a clear and actionable set of criteria for businesses to follow. ESG criteria, on the other hand, are primarily used by investors to evaluate a company's performance based on its environmental, social and governance practices. It focuses on assessing the sustainability and ethical impact of investing in a company, rather than providing operational guidelines for businesses. The CSRD, a regulatory framework introduced by the EU, mandates sustainability reporting for large companies and listed SMEs. The CSRD focuses on enhancing transparency and accountability by requiring detailed disclosures on a company's sustainability practices and impacts, making it a compliance-driven framework. The UN Global Compact is broader in scope than the GBC, focusing on human rights, labour, environment and anti-corruption. It encourages businesses to integrate universal principles into their strategies and contribute to broader UN goals. The SDGs are a global framework established by the UN, comprising 17 goals that address a wide range of global challenges, including poverty, inequality, climate change and peace. However, they are not exclusively business-focused. They rather encourage all sectors, including businesses, to contribute to their achievement.

Thirdly, the GBC provides specific components and measurable criteria that businesses must meet to achieve accreditation. The CSRD also specifies detailed reporting requirements for sustainability, while ESG criteria include specific metrics and factors for evaluation. However, the SDGs and the UN Global Compact offer broad principles and goals, allowing businesses flexibility in how they contribute to achieving them. They provide a framework for alignment rather than detailed requirements, enabling companies to adapt their approaches to their unique contexts.

4. NAVIGATING THE FUTURE: CHALLENGES AND OPPORTUNITIES FOR THE GBC

4.1 Challenges

Respondents have highlighted several challenges faced by the GBC, which are summarised under three main themes: validation and verification, promotion and advocacy, as well as balance between flexibility and rigour.

4.1.1 Validation and verification

A key challenge for the GBC is demonstrating its capacity to drive genuine improvements in business practices, rather than simply endorsing what companies are already doing. While the GBC sets out clear principles for ethical and sustainable business conduct, the effectiveness of these principles hinges on their implementation and impact. Without robust mechanisms to ensure that businesses are not merely performing a 'tick-box' exercise, there is the risk that the Charter's standards could be perceived as superficial. To prevent this, the GBC needs to foster a culture where adherence to its standards is seen not as a compliance requirement but as a commitment to excellence and integrity. Encouraging businesses to embed these principles into their strategic goals and everyday practices is essential for moving beyond a superficial engagement and ensuring the Charter's principles have a meaningful and lasting impact.

To truly foster change, the GBC must focus on transforming its components into substantial action, especially for businesses that have not yet fully embraced ethical practices. It is crucial that the Charter helps companies move beyond mere compliance to genuinely integrate ethical practices into their core operations. This transformation requires not just adherence to the principles but a deep-seated commitment to ethical conduct that influences decision-making at every level.

An essential aspect of addressing the challenge of validation and verification is the development

of robust metrics to evaluate both tangible and intangible outcomes. These metrics should be designed to measure not only the visible actions companies take in line with GBC components, but also the deeper cultural shifts within the organisations. By capturing both the concrete and nuanced impacts of its standards, the GBC can more effectively demonstrate its contribution to lasting changes in business culture and industry standards.

Demonstrating the long-term benefits and impact of GBC membership is another significant challenge. It is not enough for businesses to achieve short-term gains or marketing advantages from their association with the Charter. The GBC must provide evidence that its principles lead to ensuring improvements in business practices and to contribute to a more sustainable and ethical business environment. This requires a long-term perspective and a commitment to continuous improvement, both from the Charter and the businesses it accredits.

4.1.2 Promotion and advocacy

The second challenge facing the GBC is effectively promoting its value and advocating for the principles it upholds. Communicating the tangible benefits of joining the GBC can be challenging because the value of ethical business practices and sustainability initiatives is not always immediately visible or easily quantified. For the GBC to achieve broader recognition and influence, it needs to enhance its outreach and education efforts, ensuring that its principles are clearly understood and appreciated by a wider audience.

One of the primary challenges in promotion and advocacy is effectively communicating the tangible value of GBC membership. Currently, there appears to be a gap in how well the GBC is marketed to potential members and stakeholders. Many businesses, customers and suppliers may not fully recognise

or understand the purpose and impact of the GBC, which can hinder its effectiveness in driving change. To overcome this, the GBC needs to develop more effective marketing strategies that engage not only businesses but also the public in fostering an understanding of why ethical practices matter and how they can contribute to a sustainable future. Tailored campaigns, partnerships and educational initiatives could all play a role in enhancing the GBC's reach and impact.

Another challenge is to balance the GBC's reliance on political momentum and external endorsements, which can be unstable. Political priorities often shift, and what may be a strong focus one year could change with new leadership or policy directions. Similarly, endorsements from prominent figures or organisations, while beneficial, can sometimes be superficial and may not translate into long-term support or genuine advocacy for the GBC's principles. This reliance on external factors can create uncertainty about the Charter's future effectiveness and continuity. To address this, the GBC needs to build a more robust, independent identity that is not overly dependent on political or external endorsement. This could involve cultivating a solid grassroots network of businesses and stakeholders who are committed to the Charter's principles and who can advocate for them regardless of external political changes.

4.1.3 Balance between flexibility and rigour

To be effective, the GBC must adapt its guidelines to reflect the diverse realities of businesses, ensuring that its standards are practical and applicable to everyday operations. This adaptability is important in maintaining relevance across a wide range of organisations, from small enterprises to large corporations. However, this poses a significant challenge for the GBC, in managing the balance between flexibility and rigour. For example, small enterprises may struggle to meet stringent criteria due to resource limitations. These businesses often need to balance ethical commitments with cost constraints, making it difficult to implement rigorous standards. The GBC needs to ensure its principles are accessible, by providing a framework that supports businesses in improving their practices without imposing excessive demands.

Moreover, finding the right balance between standardisation and flexibility is essential for addressing the unique challenges and needs of different businesses. A uniform approach may not

suit every organisation, given the varied capacities and resources available to businesses of different sizes. The GBC must balance the need for consistent standards with the flexibility to accommodate the specific circumstances of diverse businesses.

Additionally, to achieve a meaningful impact, it is important to strike a balance between addressing a wide range of ethical practices and focusing on key issues. While the GBC's broad scope covers various aspects of ethical business conduct, there is the risk of losing focus if the coverage is too extensive. To avoid this, the GBC must ensure that its principles are comprehensive yet practical, encouraging businesses to integrate them effectively into their core operations. This balance between broad and deep guidance is crucial in motivating businesses to achieve meaningful and sustainable improvements.

Finally, sustaining a high level of commitment to the GBC's principles over time is another challenge, particularly during economic downturns or changes in business strategy. Maintaining dedication to ethical standards can be difficult when businesses face financial pressures or shifting priorities. The GBC may need to provide ongoing support to help businesses stay committed to its components under changing circumstances.

In summary, the GBC should strike a careful balance between flexibility and rigour, ensuring its standards are both accessible and meaningful, while providing the support needed to maintain long-term commitment to ethical business practices.

4.2 Opportunities

While the GBC faces several challenges in balancing flexibility and rigour, ensuring meaningful impact, and sustaining long-term commitment, these challenges also offer significant opportunities for growth and enhancement, as noted by interview respondents. By leveraging these challenges as catalysts for change, the GBC can adapt its framework, enhance its verification processes, engage more effectively with the public and build a stronger community of ethical businesses.

4.2.1 Enhancing adaptability and relevance

To ensure that the GBC leads to sustainable change, the initiative should continually reassess its goals and methods in light of evolving social, economic

and environmental priorities. By adapting the GBC framework to the unique contexts of different businesses, particularly small and medium-sized enterprises (SMEs), the Charter can provide tailored support that addresses their specific needs and constraints. This could include developing customised guidance, tools and resources, to help businesses integrate ethical commitments into their operations, while managing practical constraints such as budget limitations and resource availability. By making ethical practices more accessible and relevant, the GBC can drive broader adoption across diverse sectors, ensuring that businesses of all sizes can participate in and benefit from ethical standards.

4.2.2 Strengthening verification and accountability

The effectiveness of the GBC depends on robust implementation and accountability mechanisms. Developing and applying metrics to quantify the positive changes brought about by adherence to GBC principles can help ensure these commitments are deeply embedded and effectively drive meaningful change, both internally and across the industry. By implementing transparent and regular auditing mechanisms, the GBC can maintain its credibility and demonstrate that membership signifies a genuine commitment to ethical practices. Strengthening verification processes will help ensure that businesses are not merely using the GBC as a symbolic gesture, but are actively fulfilling their ethical commitments. This approach can enhance trust among stakeholders and reinforce the value of the GBC as a rigorous and impactful standard for responsible business conduct.

4.2.3 Expanding public engagement and education

To maximise its impact, the GBC must increase public awareness and understanding of its principles and the benefits of ethical accreditation. The relatively low public awareness of the GBC limits its immediate impact on attracting new customers based on ethical credentials alone. To address this, there is a need for the GBC to invest in broader public engagement and educational efforts. These efforts could include targeted campaigns, partnerships with educational institutions and the dissemination of success stories that illustrate the tangible benefits of ethical business practice. By educating consumers and other stakeholders about the specific actions and commitments, the GBC can enhance the perceived value of its standards and promote a

deeper appreciation of its principles. This heightened awareness can help differentiate GBC-certified businesses in the marketplace and encourage wider adoption of ethical practices.

4.2.4 Promoting collaboration and community building

Collaboration and peer learning are valuable aspects of the GBC experience, in fostering a sense of community among ethical businesses. To further enhance these collaborative efforts, the GBC could establish formal mechanisms for sharing best practices, challenges and solutions among its members. This could involve creating a stronger network of ethical businesses, including forums, workshops and mentorship programmes that facilitate the exchange of ideas and experiences. By encouraging collaboration and community engagement, the GBC can amplify the collective impact of ethical practices and foster a culture of continuous improvement. Encouraging community engagement and collaboration strengthens individual businesses and contributes to raising the overall standard of ethical conduct within the business community.

4.2.5 Demonstrating tangible business benefits

To support members in achieving and communicating their ethical commitments, the GBC could provide tools and resources that help businesses leverage their ethical practices for competitive advantage. This could include developing case studies and research that demonstrate how ethical accreditation influences business outcomes, such as customer acquisition, market differentiation and improved stakeholder relationships. By clearly articulating the business case for ethics, beyond just moral and reputational benefits, the GBC can help businesses understand the tangible value of membership. This evidence-based approach could encourage more businesses to adopt ethical practices, sustain their commitments over time, and see ethical conduct as a strategic asset that contributes to long-term success.

4.2.6 Building trust through transparency

Trust-building through GBC membership is an intangible yet crucial benefit. To deepen this trust, the GBC could encourage or require members to publicly disclose the specific actions they have taken to adhere to its components. This could involve publishing detailed reports or case studies that outline the steps businesses are taking to meet GBC standards and

the impact of these actions. Transparent reporting not only allows stakeholders to verify ethical commitments but also demonstrates the Charter's value as a credible and reliable marker of responsible business practices. By fostering greater transparency, the GBC can build confidence among consumers, investors and other stakeholders, reinforcing the importance of ethical conduct in business.

4.2.7 Supporting sustainable ethical practices

The sustainability of ethical commitments over time, particularly in the face of economic pressures or strategic shifts, is a crucial consideration. The GBC can support its members by providing continuous evaluation, adaptation and resources, to ensure that ethical practices are resilient and adaptable as businesses evolve. This could offer regular training, updates on best practices, and guidance on integrating ethical standards into strategic planning and operational processes. By encouraging a culture of continuous ethical improvement, the GBC can help businesses maintain their commitment and navigate the balance between ethical ideals and practical realities. This approach not only supports the longevity of ethical practices, but also ensures that businesses are prepared to meet new challenges and opportunities as they arise.

5. NEXT STEP FOR THE GBC

Drawing on the analysis in sections 2, 3 and 4, this section presents recommendations for addressing three key challenges: enhancing the verification and validation process, raising awareness of the GBC and its certification, and achieving a balance between flexibility and rigour within the framework. These recommendations are informed by insights from previous studies, and lessons learned from various types of organisations, including accreditation bodies, professional associations and trade associations involved in accreditation and certification processes.

5.1 Developing verification and validation processes

Verification and validation are crucial for a rigorous accreditation process. Verification confirms compliance with current standards typically through documentation reviews, regular audits, and recertification, while validation ensures the standards' ongoing relevance and impact by assessing the certified organisations' impacts and performance, gathering stakeholder feedback, collaborating with more institutions to enhance credibility and analysing data for continuous improvement (Antonelli et al., 2017). These processes pose challenges, particularly concerning measurement methods and time–cost efficiency. The following recommendations are proposed for GBC to effectively address these complexities.

5.1.1 Verification process

During the initial application phase, a rigorous self-assessment process, together with evidence verification, is commonly used (Pomey et al., 2010). The self-assessment should be clearly structured and measurable to ensure transparency and fairness (Tilkemeier, 2016). To further enhance rigour, the self-assessment can be refined into a structured system, incorporating score-based evaluations for each dimension GBC aims to measure (Gazzola et al., 2019; Sharma et al., 2018). Score-based evaluation is important as it helps the evaluation process to be more rigorous, systematic, structured and detailed. With its characteristics, this process will help identify

gaps and inform the GBC and organisation members about which areas they can improve on to raise their scores to the next level. This can be particularly helpful for reassessment for those who do not meet criteria initially or for recertification in subsequent cycles. However, score-based evaluation may require more time and resources, particularly financial resources and competent accreditation personnel who are well-versed in the ten components and possess nuanced understanding of various types, sizes and sectors of organisation members. This requirement might present challenges for newly established accreditation organisations, nevertheless, the GBC could incorporate this into its long-term plan.

Additionally, evidence-based management, involving a systematic approach to gather and analyse evidence (Saubier, 2013), should be applied to support GBC's verification of evidence. The STAR (Situation, Task, Action, Results) approach (Figure 7), a widely used method for behavioural-based assessment and competency-based selection in interviews and other decision-making contexts (Lyons, 2023; McGuire et al., 2016), can be adapted to effectively standardise the explanation of supporting evidence submitted by applicants. STAR is a simple approach that can be implemented immediately or incorporated in the short-term plan. It provides a structured format for organisation members when submitting evidence and assists GBC in assessing the evidence consistently, while observing ethical practices, behaviour and impact in a more concrete manner. This method ensures a consistent structure in the assessment of evidence across all organisations. Figure 7 provides an

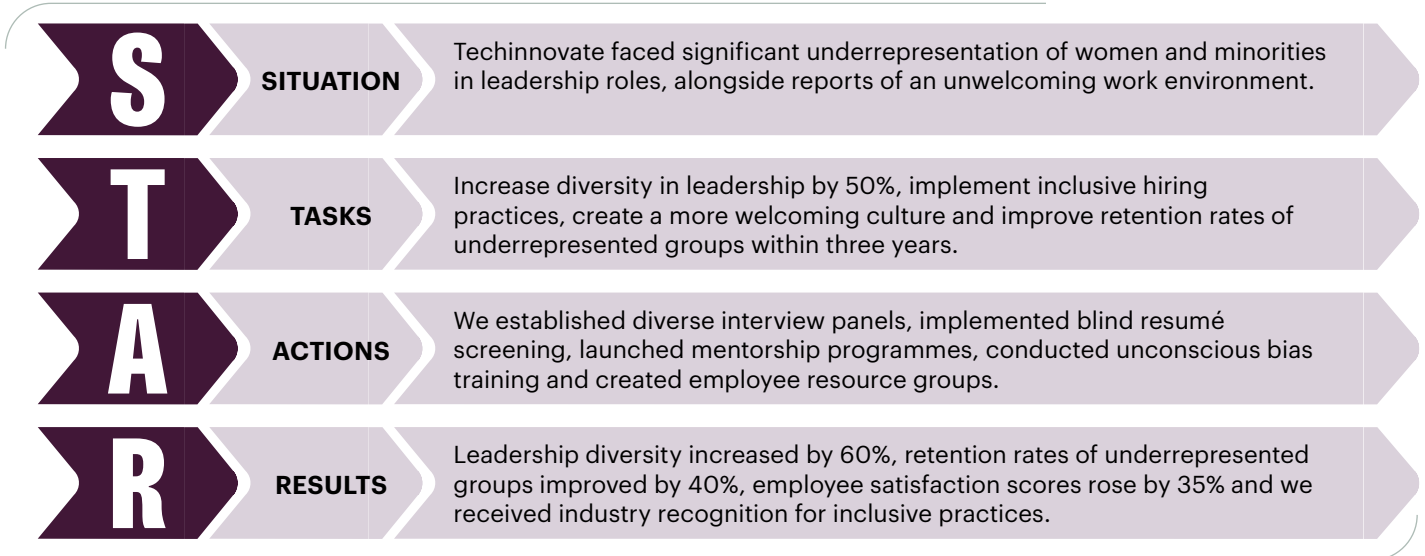


Figure 7: Example of STAR model (Adapted from Lyons, 2023; McGuire et al., 2016)

example of the application of the STAR model in the context of GBC.

Note: the STAR method can be used with the self-assessment questionnaire to report or describe how organisations meet the GBC criteria for certification, by showcasing past successes. In this model, S (Specific – Situation or Statement of Problem) involves describing the problems or concerns the organisation faced or aimed to tackle; T (Tasks) outlines what the organisation is supposed to do in the project to address these problems; A (Actions) lists all the activities the organisation has undertaken to support the project; finally, R (Results) explains the results with clear, measurable impact of actions, demonstrating alignments with GBC elements.

Additionally, the competence of the accreditation panel is crucial during the initial phase. They are responsible not only for accurately assessing organisations' socially responsible behaviours but also for providing essential education, guidance and preparation for prospective member organisations aiming to achieve GBC accreditation. The accreditation committee should consist of members with extensive experience in accreditation work and a deep and broad understanding of all GBC dimensions. Thus, the panel should include individuals with diverse backgrounds and expertise in ethical and responsible practices (Nasca et al., 2012). However, they must share a mutual understanding of the accreditation standards and procedures and be fully aware of and aligned with the mission of the GBC to ensure consistency and integrity in the accreditation process.

To ensure that GBC member organisations adhere to standards, it is recommended to instigate periodic surveillance audits and recertification.

To enhance time–cost efficiency, a tiered assessment and risk-based sampling approach for verification is suggested (Linkov et al., 2018). A tiered approach structures the verification process into different levels, with varying degrees of scrutiny and resource intensity. Specifically, GBC could conduct intensive, comprehensive audits periodically, with lighter, more frequent check-ins occurring in between. This method allows for a flexible application of verification efforts, tailored to the specific needs and risk profiles of different member organisations. Complementing the tiered approach, risk-based sampling focuses verification resources on areas or organisations with higher risks of non-compliance or a history of issues. This strategy enables GBC to allocate resources efficiently, concentrating scrutiny where it is most needed while employing less resource-intensive methods for lower-risk categories. Risk-based sampling can provide a cost-effective means of verification without exhaustive checks on all business aspects. Despite the higher costs, on-site reviews may be considered for certain cases, particularly in large and complex organisations or when compliance issues are raised.

Emphasising continuous quality improvement and ongoing self-assessment is vital in maintaining high standards. GBC should encourage member organisations to conduct regular self-development, self-checks, gap analyses through internal auditing processes, fostering a culture of sustained compliance and improvement (Pomey et al., 2010; Pagliarulo,

1986; Tilkemeier, 2016). Certified organisations are recommended to designate internal auditors or GBC champions within their organisation, responsible for developing, implementing and conducting internal auditing based on their own structures and plans. These internal auditors should leverage their insights of the auditing process to prepare and submit annual reports to GBC, ensuring consistent and thorough reporting. Additionally, the score-based assessment used in the initial phase, if implemented, can identify areas for improvement and guide initiatives to address gaps or enhance performance in each area (Nigri & Del Baldo, 2018). Furthermore, GBC should function as a knowledge-sharing platform where certified organisations can showcase their success stories, emphasising social and business impact. This approach will foster continuous improvement within the GBC community of practice (Spillman, 2012).

Ensuring sustained standards and continuous improvement can be achieved through recertification, a practice commonly used by accreditation bodies to maintain adherence to standards (Kirkpatrick et al., 2017). This can be accomplished through full reassessments at regular intervals (Sharma et al., 2018) or by meeting required achievements on core dimensions set by GBC, similar to the continued professional development (CPD) model used by many professional associations (Williams & Woodhead, 2007; Friedman & Phillips, 2004).

GBC may consider employing the SMART (Specific, Measurable, Attainable, Relevant, Time-bound) technique for setting proposed goals or initiatives (Cothran & Whysocki, 2005; Ogbeiwi, 2021). The SMART model is a guideline for organisations setting up projects to meet recertification requirements. Projects should be Specific (S), meaning clearly defined and appropriately scoped, not too broad or too narrow. They must be Measurable (M), with quantifiable targets to track progress. Goals should be Attainable (A), realistic and achievable within given resources. Initiatives must be Relevant (R), aligning with the ten principles or core values of the GBC. Finally, projects should be Time-bound (T), with a clear timeline to ensure completion. This approach ensures that projects are structured, focused and aligned with organisational objectives. Figure 8 provides an example of the SMART model.

Member organisations would then use SMART criteria to report their annual achievements in reports submitted to GBC, which would also be published to ensure concrete, measurable and transparent outcomes.

Additionally, leveraging technology is crucial for improving verification processes. GBC should implement digital platforms or explore the potential of using blockchain technology to enhance transparency and efficiency. These technologies can provide secure, immutable records of evidence submissions, automate



Figure 8: Example of the SMART model (adapted from Cothran & Whysocki, 2005; Ogbeiwi, 2021)

data collection and verification and can facilitate real-time monitoring. The annual reports of certified organisations should be stored on an online platform for review and reference by GBC and the public. Additionally, digital platforms facilitate data analytics in a time-cost-efficient manner, helping GBC analyse organisations' ethical behaviour trajectories and identify gaps for further initiatives (Kirst et al., 2021).

5.1.2 Validation process

To ensure the relevance and impact of GBC standards, the organisation should engage with primary users and those most affected by its principles (Patton, 2008). This can be done through regular surveys, interviews, written feedback, and focus groups (Philibert et al., 2018). Key stakeholders should include, but not be limited to, leadership and internal auditors from certified organisations, who are directly involved in the accreditation process, as well as employees, customers, communities and suppliers, who are affected by the organisations' social impacts. By periodically gathering feedback from these groups, the GBC can assess the relevance and effectiveness of its accreditation framework.

Beyond the Confederation of British Industry (CBI) and the Trades Union Congress (TUC), which have provided input on worker and business aspects, GBC may explore further collaborations with other accreditation or certification bodies. Such partnerships can offer advocacy or even accreditation to GBC, enhancing stakeholder confidence with an extra layer of assurance. For instance, the GBC could partner with the British Standards Institution (BSI) or Fairtrade for advocacy or joint initiatives to enhance its framework. Additionally, working with the United Kingdom Accreditation Service (UKAS) for advocacy or pursuing UKAS accreditation could further uplift the credibility of GBC and its accreditation process.

GBC should adopt a multi-faceted, data-driven approach by consolidating and analysing self-assessment profiles from certified organisations, categorised by type, to understand the current ethical landscape across organisation types. This will enable GBC to identify specific areas for framework improvement to reflect the changing socio-economic landscape. Furthermore, GBC should conduct a systematic review of annual reports from participating organisations to gain insights into the overall impact and evaluate their performance against GBC's mission and goals. Such an assessment is crucial in determining whether GBC's framework is

effectively influencing societal change. Performance benchmarking based on industry, types and sizes of organisation, should also be conducted to identify norms across different categories. This will allow GBC to refine and adjust its frameworks and requirements to better suit the nature and societal concerns of specific organisations and industries.

5.2 Enhancing brand awareness and engagement

5.2.1 State collaborations

While the GBC seeks to serve a wide range of entities, including non-profits and profit-oriented organisations across various industries and sizes, profit-oriented organisations present a particular challenge due to their inherent commercial focus and prioritisation of shareholder interests (Muñoz et al., 2018). These organisations tend to emphasise short-term financial gains, which makes it difficult to align their strategies with long-term sustainability objectives. In contrast, while non-profit organisations are generally more aligned with the ethical and sustainability objectives, they often encounter operational inefficiencies that limit their capacity to fully leverage the benefits of the GBC.

To address these challenges, fostering cross-sectoral collaborations through education and training could bridge the gap between the profit-driven focus of commercial entities and the ethical imperatives, which do indeed go hand in hand. Moreover, engaging with government agencies and policymakers to develop a voluntary legal framework for profit organisations could help raise awareness of ethical business practices. Demonstrating state support for ethical business practices and raising awareness among companies, clients, employees, and other stakeholders (Steingard & Clark, 2016; Kurland, 2017) would enhance the relevance of certification schemes promoted by the GBC (Cooper & Weber, 2020).

As a civil society organisation, GBC is in an ideal position to assist the UK state in addressing gaps in business ethics and public welfare. There are examples of successful legal frameworks in countries such as the US with its Benefit Corporations, Italy's Società Benefit, and France's Enterprise à Mission (Brown, 2016; Collins & Kahn, 2016; Sciarelli et al., 2020). In the United States, for instance, third-party certifications for benefit corporations have become a recognised standard, which provides

validation of these organisations' social impact, while simultaneously enhancing their accountability and credibility (Stubbs, 2017). Once a legal framework for benefit corporations is established, the GBC could advocate for its certification as a recommended or even required component for benefit corporations to demonstrate the quality of their ethical practices (Kirkpatrick et al., 2017).

5.2.2 Raising awareness among supply chains

To create a ripple effect, certified organisations should encourage their entire supply chains to adopt these practices and pursue GBC certification. GBC should explore innovative methods to support this initiative. For example, issuing a different badge to business partners within the supply chain of accredited organisations to signal their collaboration with ethical and socially responsible entities. This can raise awareness of GBC among these partners and potentially motivate them to seek GBC accreditation themselves. Additionally, certified organisations working with other certified entities could be awarded a distinct badge, indicating a higher level of commitment. Alternatively, GBC may initiate tiers of certification to further enhance this effort. For instance, a silver logo could be awarded to supply chains or partners of certified organisations, signifying their adherence to ethical practices. A gold logo could signify organisations that meet the highest standards of certification. A platinum logo could be introduced for organisations that not only meet the gold standard but also foster supportive ethical environments by partnering with other certified organisations within their supply chains.

5.2.3 Enhancing GBC's global impact through alignment with international frameworks

To enhance its global impact and brand awareness, GBC should establish links with international organisations (Kirst et al., 2021). By aligning its ten-component framework with global frameworks, such as the UN's 17 Sustainable Development Goals, the UN Global Compact's ten principles, ISO 26000 guidelines, and Fairtrade standards, it can create mutual objectives and demonstrate how its responsible business framework complements these global aims, thus positioning it as a universal framework.

Additionally, embracing initiatives from supranational organisations, such as the EU's Corporate Sustainability Reporting Directive (CSRD), will raise GBC's profile in Europe, expand its framework to address EU-

specific challenges, and extend its reach in the region. This is important because there is significant demand for certification as a signal of good corporate governance, particularly in European countries with benefit corporation legal frameworks. Thus, this will not only help organisations in Europe to align with EU initiatives but also fill the gap in credentialing sought by organisations within the EU regions.

In developing countries, where institutional voids and the absence of standard guidelines and accreditation bodies are prevalent (Khanna et al., 2015; Gao et al., 2017), GBC can offer its framework to help organisations align with global expectations (Khanna & Palepu, 2004). This strategy will promote ethical practices globally, amplify GBC's impact, and significantly advance responsible business practices worldwide.

This approach will lay the foundations for the initial phase of international expansion by building GBC's brand awareness and global impact. Subsequent steps may include developing comprehensive strategies, such as establishing representation outside the UK and collaborating with local organisations in other countries to facilitate the accreditation process globally.

5.2.4 Public relations through institutional partnerships

Public relations are important for non-profit organisations to create brand awareness among internal (organisation members) and external (public) audiences (Spillman, 2012). To increase awareness and the adoption of GBC certification, GBC should partner with universities and business schools, as these institutions shape future business and organisational leaders, and are ideal platforms for promoting ethical business practices.

To amplify its reach and influence across various sectors, GBC should also pursue strategic partnerships with trade associations, as they represent firms within the same industry, and have influential roles in industry knowledge exchanges and global trends for competitive advantages (Lawton et al., 2018; Bennett & Robson, 2011). Additionally, some trade associations provide specific certifications for firms within their respective industry (Spillman, 2012), making them a good partner from the aspect of knowledge exchange for the accreditation process and cross-promotion of accreditation attainment between GBC and trade associations.

Despite concerns about competing social and market logics in profit-oriented organisations pursuing

ethical business goals (Stubbs, 2019), some studies reveal that organisations can achieve both (Wilburn & Wilburn, 2015). Additionally, certified socially and ethically responsible organisations have been found to outperform non-certified ones in terms of revenue (Chen & Kelly, 2015). GBC can collaborate with certified organisations to use their testimonials and case examples to demonstrate how aligning with GBC frameworks can enhance profitability and operational excellence.

5.2.5 Awards and recognition

Implementing an award and recognition system can drive excellence and innovation among members by motivating them to raise the bar in ethical and sustainable practices. For instance, GBC may initiate yearly ambassador awards to recognise organisations with high impact or excellence in each dimension of ethical concerns.

This system would enhance GBC's visibility and credibility, strengthens the community through peer recognition, and promotes continuous improvement by encouraging organisations to strive for higher standards, while celebrating diverse contributions, symbolising GBC's core values and fostering a culture of responsibility and excellence (Spillman, 2012).

5.3 Balancing flexibility and rigour in the GBC framework

To address the challenges of balancing flexibility with a rigorous framework, GBC should adopt a comprehensive approach that embraces diversity, inclusivity and adaptability while maintaining high standards. This approach should be implemented through several interconnected strategies.

First, following professional and trade associations' operation and governance to embrace different demands and interests of members, GBC should enhance diversity and inclusion in its decision-making processes. This includes ensuring representation from various sectors, and from different sizes and types of organisation, on the board of trustees and in annual general meetings (Geiser & McDonagh, 1962; Parker, 2007). By incorporating a wide range of perspectives, GBC can gain broader insights into organisational and societal challenges, which will inform the development of a more flexible and adaptable framework.

To further understand the needs and challenges of different types and sizes of organisations across sectors, GBC should conduct regular surveys, interviews and focus groups. The results of these data analyses will serve multiple purposes: they will help evaluate the effectiveness of the current framework, identify the appropriate breadth and depth of the core framework, and determine where flexibility in compliance is needed based on the specific challenges faced by different organisations.

Building on such insights, GBC should further establish Special Interest Groups (SIGs), which is a common feature in many professional and trade associations. SIGs provide a platform for members to engage in activities, discussions and knowledge exchange on specific topics of interest and concern (Jacob et al., 2013). By implementing SIGs, GBC can maintain a broad core framework while offering flexibility for members to choose and engage with groups that align with their specific interests and concerns. This approach is commonly used by credentialing bodies with diverse specialisations or varied membership, such as the Agile Business Consortium, Association for Project Management, Chartered Institute of Ergonomics and Human Factors, Chartered Quality Institute, Institute of Workplace and Facilities Management, and Chartered Governance Institute.

In developing its accreditation standards, GBC should carefully balance quality assurance with institutional autonomy. The framework should allow organisations the freedom to innovate and pursue their unique missions while still meeting high ethical standards. Particular attention should be paid in evaluating the financial and administrative burden of compliance, especially for smaller or less well-funded organisations. The standards should be designed to avoid becoming overly rigid, thereby fostering creativity and responsiveness to changing external demands (Conison, 2010).

Prospective organisation members should be informed that aligning with GBC standards requires time for organisational reconfiguration. It is essential that organisations seeking GBC accreditation know that pursuing certification may involve a period of adjustment and possible short-term growth challenges (Gehman et al., 2019). By being transparent about both the long-term benefits and potential short-term adverse effects, both financial and non-financial, GBC can manage expectations and prevent the spread of negative perceptions.

Lastly, GBC should implement a continuous improvement process for its framework. Regular reviews and updates based on member feedback, market trends and emerging ethical considerations will ensure that the framework remains relevant to all types and sizes of organisations. This ongoing refinement will help GBC maintain a balance between rigorous standards and the flexibility needed to accommodate diverse organisational needs and evolving societal expectations (Moroz et al., 2018).

By implementing these recommendations, GBC can create an ethical and responsible organisation framework that is both rigorous and flexible, capable of adapting to the diverse needs of its members, while promoting high ethical standards across various sectors and organisation types.

5.4 Summary

Considering the above, the recommendations for GBC are summarised and illustrated in Table 7 below.

The GBC initiative represents a transformative force in the business landscape, championing a model

of ethical capitalism where profitability and ethical practices are intertwined. It has already made a significant impact by embedding values that benefit both businesses and society, encouraging organisations to commit to high standards of responsibility and integrity.

However, the findings of this research indicate that the GBC has the potential to be even more impactful. With additional resources, enhanced networking, and an expansion of its coverage and validation systems, the GBC could further extend its reach and influence. By doing so, it would not only solidify its position as a leader in promoting ethical business practices but also inspire more businesses to adopt its principles, creating a ripple effect across the industry.

Furthermore, the GBC serves as a bridge, fostering collaborative synergies between the public and private sectors through the GBC framework. By promoting shared ethical standards and values, the GBC helps align business objectives with societal needs, creating a more cohesive and integrated approach to sustainable development. Through these efforts, the GBC is paving the way for a more just, sustainable and inclusive economy, where ethical and sustainable practices and profitability go hand in hand.

Challenges/Concerns		Approaches/Strategies	Samples of recommended tool
VERIFICATION AND VALIDATION	Verification	Self-assessment, documentation reviews, regular audits, recertification	Score-based self-assessment, STAR model, tiered assessment, risk-based sampling, internal auditing, initiatives with impacts for recertification, SMART model, digital platform
	Validation	Stakeholder feedback, institutional collaboration, continuous improvement, data-driven approach	Surveys, interviews, focus group with stakeholders, joint initiatives or accreditation attainment from other accreditation bodies, data analysis of annual reports, and self-assessments
ENHANCING BRAND AWARENESS AND ENGAGEMENT		State collaborations, raising awareness among supply chains, global framework alignments, institutional partnerships, awards and recognitions	Legal framework that supports ethical business, tiers of certification, activities with business schools, cross-promotion with trade associations, testimonials, ambassador awards
BALANCING FRAMEWORK FLEXIBILITY AND RIGOUR		Diversity and inclusion, stakeholders' feedback, research on global market trends and emerging ethical considerations	Wide representation in the board of trustees and participation in annual general meetings, survey and interview with stakeholders, special interest groups

Table 7: Recommendations for GBC challenges

6. APPENDIX: THE GOOD BUSINESS CHARTER (GBC) IN PRACTICE: CASE EXAMPLES

The Good Business Charter (GBC) was designed with members of the public in mind. Founded by retailer Julian Richer, the GBC recognises that many people want to support responsible businesses but often find it difficult to identify which companies genuinely uphold ethical standards. This is why the GBC was launched – to provide a clear indication of organisations that truly practise what they preach by taking specific, practical actions to demonstrate their commitment to people and the planet.

The aim of the GBC is to raise the bar for business behaviour by promoting its ten components (see Figure 9) and helping people make informed choices about where to work, donate, supply or shop. It

serves as a trusted guide for those looking to engage with organisations that prioritise ethical practices and sustainability.



Figure 9: GBC ten components



6.1 REAL LIVING WAGE

The Good Business Charter (GBC) requires all employers to pay directly employed staff and regularly contracted staff the real living wage as set out by the [Living Wage Foundation](#). For organisations with over 50 employees, there is a commitment to become an accredited Living Wage Employer within a mutually agreed time frame.

CASE EXAMPLE

A small family-run retail business, selling matching desk accessories and stationery that can be personalised on the spot

Before this business had any employees, it was accredited with the Good Business Charter which gave its founders a framework to recognise the sustainable practices and social responsibility at the heart of their business identity. However, once they needed to employ shop assistants, they found that the GBC and the principles it stands for helped them build a work culture that attracts and retains quality staff.

By paying their employees the real living wage, they found their motivation to provide a great customer

experience was elevated, as well as their passion and excitement to work for the business. In addition, it has improved employee retention and increased the number of job applications.

A Director of the company said:

"While at first we were unsure whether we could afford the increase in staff pay, we have found that the increase in dedication and passion has returned a net positive impact on the business. Our business-wide sales have been higher since we made this change, and we seem to have a strong team that all love to be here!"



Fairer Hours and Contracts

6.2 FAIRER HOURS AND CONTRACTS

The GBC requires a fair approach to zero-hours contracts, including fair shift scheduling and cancellation policy, and proper consideration given to contracts with guaranteed hours.

CASE EXAMPLE

A registered charity that campaigns for housing rights, gives advice, information and advocacy to people, and lobbies government and local authorities for new laws and policies

As a real living wage employer, they have committed to supporting and improving employee well-being. All current employees have secure contracts which specify their contracted hours. In the past they have recruited a small number of 'bank staff' on zero-hours contracts to ensure continuity of certain services that require minimum staffing levels to safeguard clients and staff. These reflected less than 2% of their total workforce (1,200+) when they were in use.

Zero-hours contracts were only ever used to augment and support the permanent staff team. It offered workers flexibility, allowing individuals to choose when and how much they work, which supported balancing other commitments such as education, caregiving or personal pursuits. The charity was never dependent on zero-hours contracts to maintain a service, and safeguards were in place to ensure the charity never exploited the employees on them. Wherever possible they would give notice of shifts, though some bank shifts are by their nature short-term. They are fully committed to the principles of giving advance notice of shifts and of shifts being paid if cancelled. Bank staff contracts were always clearly advertised, and employees on these contracts were aware of their employment rights and the benefits they were entitled to. Any bank staff member was welcome to apply for any permanent or fixed-term roles that were available.



6.3 EMPLOYEE WELL-BEING

The GBC requires clear, fair and transparent policies that support and encourage employee well-being and ban unreasonable penalties for legitimate sickness. Employee well-being, encompassing both physical and mental health, is crucial for the success of any organisation.

CASE EXAMPLE

A 'mutual' building society which is owned by its 'members', the people who have mortgages and savings with them

This organisation demonstrates how an Employee Ownership Trust model, which places the well-being of employees at the heart of the business, can truly empower and support its people. The initiatives include:

- a workplace savings scheme, allowing flexible monthly savings from employees' net pay
- a commitment to fair pay, including signing up to the Living Wage Foundation and a cost-of-living salary increase, backdated one year to provide a lump sum at Christmas, with a focus on lower-paid staff
- enhanced pension contributions from the employer, raised from 6% to 7.5%, with no additional staff contributions required
- a supportive sick pay scheme offering six months of full pay for employees with significant health conditions
- improved maternity, paternity and adoption pay, including two weeks of full pay for paternity leave and an uplift in maternity/adoption pay

- well-being support through initiatives like access to trained Mental Health First Aiders, an Employee Assistance Programme and comprehensive healthcare benefits
- encouragement of staff volunteering, well-being cafes, and participation in community-building events like Mental Health Awareness Week

By implementing these changes, they have seen some incredible progress, including:

- increased employee engagement levels (now well ahead of industry benchmarks for banks and building societies)
- reduced absence rates
- enhanced staff loyalty and retention rates

Moreover, in a recent survey 97% of staff said that they were proud to work for the organisation and 95% would recommend them as an employer of choice to friends and family. The organisation's culture was independently audited in 2021 and received the highest possible grading, with a hugely positive overall assessment.



Employee Representation

6.4 EMPLOYEE REPRESENTATION

The GBC requires all employers to engage with worker representatives and ensure that there is a voice representing employees at boardroom level. Enabling employees to have a voice at work ensures that the best ideas are heard and helps protect vulnerable workers from exploitation. Given ongoing reports of workplace issues such as sexual harassment, it is crucial that employees feel empowered to speak up and have confidence that their concerns will be addressed. When employees feel heard, trust and confidence in the organisation are strengthened, which is essential for a healthy and productive workplace.

CASE EXAMPLE

One of the UK's leading insurance, wealth and retirement businesses, accredited with the Good Business Charter since 2021, that has long been a champion for good business practices

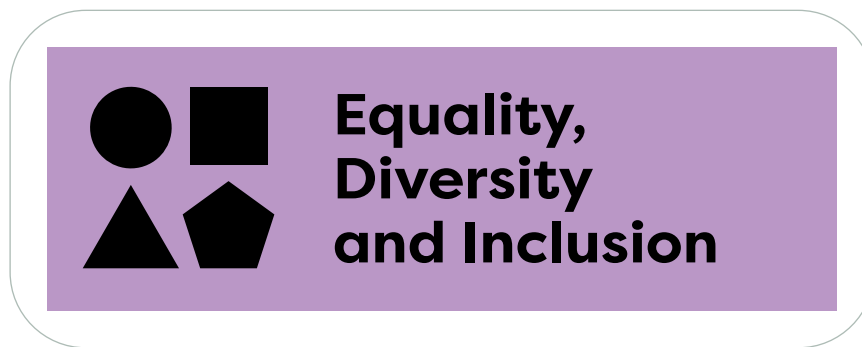
Their philosophy is simple: engaging with employees is not just about adhering to legal obligations; it is about fostering a culture where every individual feels valued, heard and empowered to contribute. Regardless of the industry, people are no doubt the most valuable asset and their voices matter.

While traditional trade unions offer a voice for some, they understood that alternative avenues were necessary to capture the sentiments of those who preferred different channels. They established an employee council, democratically elected from each team and inclusive of all grades, to ensure diverse representation and meaningful dialogue. All big business decisions are brought through the employee council.

In addition, they set up a strong relationship with Unite the Union, with staff attending regular meetings. Employees are encouraged to participate in Pulse surveys throughout the year, and an annual 'Voice' survey is conducted, with the results publicly shared in the annual report.

Central to this approach is the notion of trust, emphasising the importance of regular, transparent communication, and ensuring that voices are not only heard but also acted upon. From soliciting feedback on business strategies to seeking input on improvement initiatives, creating a culture of trust and collaboration is paramount.

This company identified the crucial role of representative structures, emphasising that one size does not fit all. Whether through trade unions or alternative models, the essence lies in meaningful engagement and information-sharing. By prioritising accessibility, confidentiality and anonymity, organisations can foster an environment where employees feel valued and respected.



6.5 EQUALITY, DIVERSITY AND INCLUSION

The GBC requires organisations to evidence how they analyse and monitor their EDI data against a baseline, using it to address disadvantage and discrimination. A diverse, equal and inclusive culture is essential for a business to thrive, because it places people at the core of its operations. When individuals feel valued and included, they are more likely to excel in their roles. Diverse teams foster better business outcomes by improving customer orientation and service, innovation, productivity, profitability, morale and staff retention.

CASE EXAMPLE

A UK-based company that distributes tools and machinery (mail order and retail) to trade and individuals in the UK, Ireland and Europe, employing over 200 people

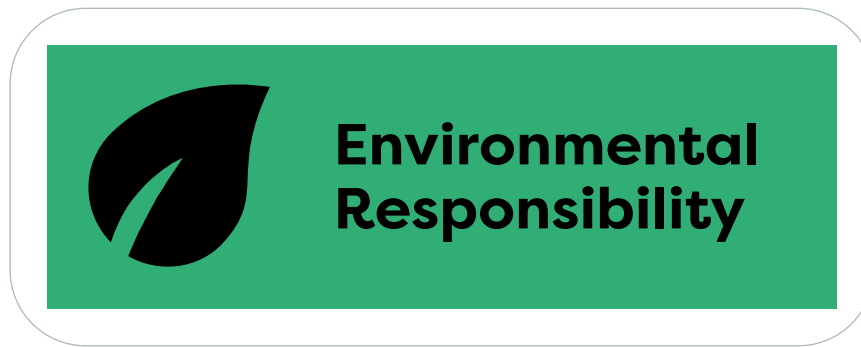
This organisation has worked to truly embed the EDI component, working with Equality and Diversity UK to train their leadership team and the EDI Champions they had appointed. This resulted in a huge change in confidence, behaviour and attitude around subjects such as inclusivity, equality and understanding diversity, which then led them to change many of their policies and procedures.

Following on from the training, they introduced an annual Inclusive Survey with the support of the Champions, which helped to set new objectives for

the organisation and allowed their employees to have a voice. They also introduced 'blind' recruitment and looked at their application process, providing the interview questions before the interview, and including questions around EDI to understand candidates' attitudes and outlook.

The Human Resources Director at the organisation said:

"As a result of implementing EDI training, employees reported a greater understanding of EDI, feeling more able to air their points of view and more at ease discussing topics. We remain focused on EDI as a company, as we want all staff who work for us to experience a fair and equal environment, in which to thrive and progress."



6.6 ENVIRONMENTAL RESPONSIBILITY

The GBC requires businesses to commit to an environmental policy to demonstrate they are committed to reducing their environmental impact and continually improving their environmental performance. This principle is crucial because we are facing a climate crisis caused by excessive CO₂ emissions and biodiversity loss. The planet cannot sustain its current trajectory, and everyone, including businesses, has a responsibility to minimise their environmental impact and work towards net zero emissions. Historically, we have overused the Earth's resources and inadequately managed waste disposal. Immediate action is essential to protect the environment and ensure the well-being of people worldwide.

CASE EXAMPLE

A manufacturer and supplier of water treatment chemicals, equipment and water softeners, with consultancy services

For this organisation, environmental responsibility has been “part of their DNA” since the company was founded. Their purpose has always been to reduce energy and water usage for their customers – and to keep them legally compliant.

In the past year, they have made several improvements as a business, including:

- investing more into their EV fleet (vehicles and charge points)
- switching their electricity contracts to 100% renewable
- taking their first formal steps on the path to net zero and starting to plan for further reductions to their carbon footprint.

The Technical Manager said:

“Many of our colleagues, suppliers and customers are passionate about reducing our impact on the environment, and it is their smaller actions and the encouragement they give on a daily basis that keeps us going in the right direction.”

They recognise that they still have a lot of work to do, but they are committed to continually improving. As they grow further, they recognise that achieving net zero is good for their business, that their customers want them to do it as well as wanting to do it themselves to protect the planet. They have plans for structural improvements and further renewable energy projects to power them, together with a major overhaul of their vehicle fleet.



Pay Fair Tax

6.7 PAY FAIR TAX

The GBC requires businesses to commit to paying their taxes, not engage in tax avoidance, and commit to being transparent in their relationship with HMRC. Tax avoidance is defined as a deliberate attempt to get out of an obligation to pay tax, by entering into a set of artificial arrangements which have little or no commercial purpose other than the reduction of a tax bill. The principle of paying fair tax is fundamental for businesses as it ensures their contribution to the public services and infrastructure they benefit from. These services include education, healthcare and transportation, all of which are critical for a functioning and prosperous business environment. Corporation tax avoidance can also be a source of frustration for the public.

CASE EXAMPLE

A national wealth management business that is backed by two of the most established names in the UK financial services industry

This organisation was looking for a way to help them clearly establish themselves as a responsible business, with a particular focus on showcasing that to their customers. They discovered the Good Business Charter and immediately recognised its potential to provide a useful framework to guide and develop their practices, in ways that remained clear and simple to explain to their customers and employees.

As an organisation they developed a Responsible Business Group, with employees from different departments involved, and chaired by the Chief Finance Officer. Given their business is about helping individuals manage their personal wealth, it was an important principle for them to hold themselves to the highest standards of tax transparency. As a result, they developed their GBC tax commitment further by accrediting with the Fair Tax Mark, supporting their commitment to paying fair tax and maintaining open and transparent relationships with tax authorities.



Commitment to Customers

6.8 COMMITMENT TO CUSTOMERS

The GBC requires businesses to publish their commitment to their customers on their website. Businesses will be expected to gather and monitor customer feedback and report the results to their board. Charities and some public sector organisations will be asked more generally about their commitment to their stakeholders. Excellent customer service is essential for the successful operation and growth of a business, as it ensures customer satisfaction and fosters loyalty, resulting in repeat business. Fair treatment of customers and proper handling of complaints reflect respect and adherence to ethical business practices. In a competitive market, superior customer service can set a business apart from its competitors, providing a significant advantage. Furthermore, in today's digital age, customer feedback is frequently shared on social media and review platforms such as Trustpilot. Positive feedback can enhance sales and improve the business's financial performance, whereas negative feedback can have detrimental effects.

CASE EXAMPLE

A proudly independent provider of financial services that is owned by and run for the benefit of its members

This organisation has adopted a hybrid approach to customer engagement, mixing virtual and in-person activities on a regular basis. They keep their members informed about products and services, and how they can help, through customer mailings, information in branches, and updates on their website.

They track real-time feedback through all touchpoints they have with their customers. This customer insight plays a central role in guiding their operation, directly influencing not only their products and services but also their culture. They believe that customer

engagement is not just about 'telling', but instead a two-way conversation where members can raise their concerns, suggestions, and needs for their future.

Over the past year, this organisation has continued to experience the benefits of hybrid working, which has allowed them to engage more widely with their members. They have held hybrid discussions with their members covering topics such as the future of digital at the organisation, support for vulnerable customers, and their responsibilities for sustainability.

They also organise regular feedback events throughout the year, such as the Annual General Meeting and customer council, both of which give members the opportunity to meet and ask questions of their board and senior management team.



Ethical Sourcing

6.9 ETHICAL SOURCING

The GBC requires businesses to commit to the standards set out in the Ethical Trading Initiative (ETI) Base Code for Sourcing, through a process of continuous due diligence. This principle ensures that businesses adhere to ethical sourcing practices, which helps promote fair trade, workers' rights and sustainable supply chains. The ETI Base Code is a globally recognised standard that supports ethical business operations. This is an organisation, along with its tenant businesses, together managing a collective supply chain of over £2m a year.

CASE EXAMPLE


As a venue that supports local, early-stage businesses, it also applies its responsible business approach to suppliers and contractors, evidencing how it meets the ethical sourcing component of the Good Business Charter.

They have their own positive procurement policy, where they measure a supplier among a number of factors including locality to the business, the size of the company, any environmental or social values that the business has, alongside best value for money. While value for money is important, they believe reinforcing socially responsible practices and supporting smaller, local businesses are also important principles. They have created their own threshold for seeking local partners when procuring a service such as a new contractor, including for security and cleaning.

Since 2022, they have been working with a law firm in developing their Social Commitments Clause in the tenant leases. They offer a 10% rent reduction each month for all businesses that conform to this. This includes being real living wage-accredited for employees, following an environmental policy, working with a local community group or charity, attending their in-house tenant meetings and voting on arising matters and adhering to the progressive procurement policy.

The Finance and Development Director said:

"We believe this approach will encourage and support early-stage businesses to be more socially responsible and connected to the community. This approach will encourage them to use their commercial autonomy to strengthen community-wealth building and growth."



Prompt Payment to Suppliers

6.10 PROMPT PAYMENT TO SUPPLIERS

The GBC requires businesses to sign the government's Prompt Payment Code and pay small suppliers within 30 days. Prompt payment is crucial because many small businesses go out of business each year due to late payments (FSB Small Business, 2022). Paying on time shows respect to suppliers, treats them fairly, and supports their financial stability. It is a matter of ethical and social responsibility that should be addressed at the board level, not just as an operational issue.

CASE EXAMPLE

A retail bank with a trusted customer brand, a heritage stretching back to the start of the savings bank movement 200 years ago, and a committed workforce that offers a full banking service to more than five million customers

This organisation is one of the leading banks to pay small and medium-sized suppliers promptly and champions the importance of this component within its GBC accreditation, joining forces with the Small Business Commissioner to call on more big businesses to pay their suppliers on time.

They put in place the necessary systems in order to pay 96% of invoices to small and medium-sized businesses within just seven days by partnering with a fin tech to launch an app to help them. This app allows small businesses to receive quicker payments and to better manage their business finances. The implementation of e-invoicing has been a crucial part of helping small businesses get paid on time.

The app allows their business clients to collect customer payments from requests sent via SMS, WhatsApp, email and QR code. It significantly simplifies the invoice process by providing several flexible, accessible ways of receiving payment and accelerating access to working capital.

Alongside this prompt payment, they have written a 30-day guarantee into all supplier contracts, and in the second half of 2021, 99% of all invoices were paid within 30 days.

The Director of Customer Banking said:

"Paying business suppliers on time is critical not only to healthy cash flows and working capital but also reducing the mental burden on owners so they can focus on what matters most to grow their business. As we and other members of the Prompt Payment Code have shown – where minds are put to the task, administrative hurdles can be readily resolved."

7. GLOSSARY OF KEY TERMS

Benefit corporations: Benefit corporations are for-profit entities that include positive impact on society, workers, the community and the environment in addition to profit as legally defined goals. This legal structure ensures that companies pursue social and environmental goals alongside financial returns.

British Standards Institution (BSI): The BSI is the UK's national standard body. It offers services such as certification, testing, inspection, calibration and validation to ensure quality, safety and reliability in various sectors. [More information here.](#)

Confederation of British Industry (CBI): The CBI is the leading business organisation in the UK, representing firms at regional, national and international levels. It advocates for policies that promote a competitive and thriving business environment for British companies.

Continued Professional Development (CPD): CPD refers to ongoing learning and skill development for professionals. This includes activities such as workshops, courses, conferences and self-directed learning to maintain and enhance expertise professional competence. Many modern professional bodies require CPD for recertification.

Corporate Sustainability Reporting Directive (CSRD): CSRD modernises and strengthens regulations concerning the social and environmental information companies must disclose. Large corporations, listed SMEs, and some non-EU companies with significant EU market presence (e.g., generating over EUR 150 million) are required to report on sustainability, aligned with new EU standards.

European Financial Reporting Advisory Group (EFRAG): EFRAG is a private association established to provide technical advice to the European Commission. EFRAG plays a key role in developing European Sustainability Reporting Standards under the CSRD.

European Sustainability Reporting Standards (ESRS): ESRS is a common standard developed to help companies to communicate and manage their sustainability performance effectively. These standards aim to improve transparency and access to sustainable finance, aligned with the CSRD more efficiently, and therefore to have better access to sustainable finance, in line with CSRD.

European Union (EU): The EU is a supranational political and economic union of 27 European countries that share common principles of freedom, democracy, equality and the rule of law. It promotes peace and stability.

Environmental, Social and Governance (ESG): ESG refers to non-financial criteria related to a company's environmental, social and governance practices.

Fairtrade: Fairtrade is an organisation dedicated to promoting fair trading conditions for marginalised producers and workers in developing countries. It ensures fair prices, decent working conditions and sustainable practices.

Risk-Based Samplings: This is a cost-effective compliance verification strategy that allocates resources to areas or organisations with higher risks of non-compliance or past issues, while using less intensive methods for lower-risk areas. On-site reviews may be used for complex cases or where compliance concerns exist.

Sustainable Development Goals (SDGs): The SDGs are a universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere.

Score-based self-assessment: Score-based self-assessment is a method by which individuals or organisations evaluate their performance using a structured scoring system against a framework containing core elements of performance or competencies and predefined scores. This is widely used by several accreditation and qualifying bodies, such as B Lab, [Association for Project Management \(APM\)](#), the [Chartered Institute of Logistics and Transport \(CILT\)](#), and the [Library and Information Association \(CILIP\)](#).

Special Interest Groups (SIGs): Special Interest Groups (SIGs) are communities within larger organisations that focus on specific interests or topics. They provide members with opportunities for networking, advocacy and knowledge sharing, enhancing the value of membership.

STAR – Behavioural Based Assessment: STAR stands for Situation, Task, Action, Result. It is widely used to assess competencies in behavioural interviews, helping candidates and organisations describe specific situations and outcomes early. [Example.](#)

SMART goal setting: SMART goals are Specific, Measurable, Achievable, Relevant and Time-bound. They provide a framework for effective goal-setting, ensuring clarity, focus, concrete measurements and realistic targets for planned initiatives to be achieved in the future. [Example.](#)

Tiered assessment: A verification process divided into different levels, with varying degrees of scrutiny and resource intensity. Comprehensive audits are conducted periodically, with lighter, more frequent check-ins in between, allowing for tailored verification efforts based on the needs and risk profiles of member organisations.

United Kingdom Accreditation Service (UKAS): UKAS is the UK's national accreditation body, responsible for assessing and accrediting organisations that offer conformity assessment services, including certification, testing, inspection and calibration.

United Nations Global Compact: The UN Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.

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