Institute of Directors



IoD COMMISSION REPORT 2026

Business. A Force for Good?

Examining the conditions, structures, and responsibilities that shape business behaviour and its impact on society

How to read this report

The executive summary sets out the Commission's key findings and its top three recommendations, tagged to the audience at which each recommendation is aimed. Section 1 sets out who the report is written for, why now, and what the Commission means by 'business' and 'good'. Section 2 sets out the evidence/contributing factors and analysis behind the seven-dimension framework. Section 3 provides the Assessment Framework, Section 4 sets out the full recommendations by audience, and Section 5 concludes.

How the report fits together

1

The question

Under what conditions is business most likely to be a force for good?

2

The audience

Written for government, regulators, directors, boards, investors and all UK businesses

3

Channels of impact

Where business affects people and society, customers, workers, communities and the wider economy

4

Contributing factors

What shapes business behaviour, purpose, power, ownership, incentives, capital, regulation, dependencies and AI

5

Assessment framework

Seven dimensions provide practical questions for examining the structural conditions that make responsible business more likely

6

Recommendations

What boards, investors, policymakers, regulators and the IoD should do

The logic is:

Question
↓
Impact
↓
Contributing conditions
↓
Seven dimensions
↓
Action

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Forewords



Jonathan Geldart
Director General, Institute of Directors

The UK economy is growing, but only modestly at a little over 1% a year. Developments in the Middle East meanwhile have pushed inflation back above 3%, with fears it could rise still further. But the more persistent problem is productivity. Since the financial crisis, productivity growth has been exceptionally weak, leaving growth in output per hour substantially below its pre-2008 trend, and the UK ranks only around fourth in the G7 on this measure. That productivity gap, rather than any single year's growth figure, is what ultimately constrains wages and public spending – for instance, productivity in the NHS remains below its pre-pandemic levels, meaning more tax revenue is needed to drive service delivery.

That economic backdrop matters to the question at the heart of this report. Sustainable prosperity ultimately depends on productive, innovative and successful businesses. But the contribution business makes cannot be understood through short-term growth or profitability alone. Businesses employ people, deploy capital, develop skills and technology, serve customers and shape the communities in which they operate. The decisions taken inside businesses therefore have consequences far beyond their balance sheets.

That is particularly relevant to the Institute of Directors. Directors sit at the point where many of these choices come together. The wider playing field is shaped by government policy, regulation, markets and societal expectations. Within that environment, boards determine how individual businesses respond through the culture, transparency and strategic priorities they set from the top. Investors, in turn, influence outcomes through the kind of capital they supply and the behaviours they reward.

Periods of economic uncertainty, social change and declining public trust tend to reignite the debate about whether business is, or can be, a force for good. The IoD established this Commission to examine that question with rigour and honesty – not to produce a verdict, or determine an outcome, but to suggest the conditions under which business is more likely to create value for society, and the structures and responsibilities that shape that outcome.

That question matters particularly now. Politics is in flux, public trust in institutions is low, and businesses increasingly find themselves at the centre of cultural and political debates, from the use of data and artificial intelligence to the future of work. Decisions that might once have been regarded as purely commercial are increasingly interpreted in a wider social context.

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For directors, this creates both responsibility and opportunity. Good governance is not simply about compliance. It is about making better decisions, building resilient organisations and understanding the interests and relationships on which long-term success depends.

The Commission's central finding is that business creates greater value for society, while supporting sustainable growth, when it is built on clear purpose and supported by patient, sustainable capital. This is particularly true where boards treat culture, transparency and long-term sustainability as core governance responsibilities rather than optional extras. These ideas run through the seven-dimension framework developed in this report.

The Commission brought together leaders from corporate governance, professional bodies, finance, social enterprise, purpose-led business, labour relations and moral philosophy. Over four meetings in 2026, Commissioners examined first principles, tested prevailing narratives and drew on perspectives from across UK business and civil society.

This work also continues a wider programme at the IoD examining what good directorship looks like in a changing economy and society, following our previous Commissions on diverse talent under Lord Shinkwin, the development of a Code of Conduct for Directors under Lord McNicol of West Kilbride, and the role of the non-executive director under Baroness Evans of Bowes Park.

I hope directors in particular will approach this report not simply as a description of what responsible business looks like, but as an invitation to consider the role they can play in creating it. The framework that follows is intended to help boards, investors, policymakers and regulators think more clearly about the conditions in which businesses can prosper while strengthening the society and economy on which that prosperity ultimately depends. It also highlights the importance of a supportive policy environment. Successful businesses do not operate in a vacuum, and enabling them to invest, innovate and plan for the long term requires a stable and predictable framework from government.

Forewords



Lord Rees of Easton
Chair of Commission

This report is written at a moment of profound challenge and opportunity. Andy Burnham's government, the seventh in ten turbulent years, is finding its feet. It faces poverty and inequality. It faces the climate and ecological emergencies. It faces disinformation and questions about our democratic institutions. And we face a new frontier in AI.

Government cannot meet these challenges, or seize these opportunities, alone. Our country is a collective project. No one is merely a recipient of it. We are all shapers, business included. That scale means this relationship cannot be what it was. We need to be intentional about renewing it.

Ask many working people in Britain whether business is a force for good, and many would answer with scepticism. The public narrative has too often been one of excessive executive pay, poor conduct and the exploitation of workers. Such practices are real, and they harm workers and consumers, undermining trust in our institutions and economy. Many also see an economy that has created real wealth, but left people behind. But a truth badly told can underpin huge misunderstandings. If that is the only story we tell, our picture of business becomes distorted. We lose sight of the thousands of businesses creating jobs, investing in communities, building skills, and doing good, across the UK.

This report, 'Business. A Force for Good?', is our contribution to that renewal. The title is a provocation, pushing us past a fixed judgement on business. That judgement would not help anyone, even if it were possible, and would only lock us in. The harder, more useful question is what business does with the position it occupies, and under what conditions it is more likely to be a force for good, and a stronger one.

Start with a simple observation. Business is, by its very existence, already a force for good. It creates work, income and purpose. It produces the goods and services daily life depends on. It generates the tax revenue that funds public services. History offers a natural experiment here. Economies that tried doing without business delivered worse outcomes for their people.

But existence alone is not the whole answer. This is where enlightened self-interest comes in. The relationship between business and society is not a transaction, but an ecosystem. Business depends on society for its workforce, customers, infrastructure and stability. It shapes society back, through the markets it creates, the wages and taxes it pays, and the norms it sets. No business, and no sector, can isolate itself from the society it is part of.

I saw this in Bristol. The business community stepped up on child hunger, on fostering, on work experience, out of practical interdependence, not charity alone. Inclusion should not be treated as a moral add-on. Poverty and social immobility waste talent business needs, which is an inefficiency. Poorer, less secure populations get sicker sooner, miss more work, and lean more on state services. A broader talent pool is easier to train, and cheaper

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to sustain. As one Bristol business leader once put it to me, "riots are not good for inward investment". Growth and social value are not competing objectives, since the conditions that build strong communities often build productive businesses too.

This report is also written at a time when the UK continues to wrestle with long-standing challenges of weak productivity, stagnant living standards and wasted talent. Alan Milburn's review of young people not in education, employment or training puts a sharp edge on that waste of talent. Almost a million young people, enough to fill Wembley Stadium ten times over, are NEET today, and those from disadvantaged backgrounds face double the risk. This report aims to be useful against that backdrop, for government, business leaders, investors and civil society alike.

What emerged from our discussions was not a single model of responsible business, but a recurring theme: long-term success depends on recognising the deep interdependence between business and the society in which it operates.

Place matters too. Business does not operate in the abstract. It is embedded in towns, cities and communities, often as an anchor institution, through the jobs, skills, supply chains and civic leadership it provides. Stronger partnerships between business, government and civil society, nationally and locally, can deliver more inclusive growth.

Our Commissioners came from a wide range of backgrounds and did not always agree. We have not papered over our disagreements. Business is not a single thing, and what it does is not always who it is. One can be good while the other falls short. Where commissioners differed, this report says so.

Through this report, the IoD makes a big offer. We will work with government and society to tackle the challenges and opportunities ahead, and help deliver an inclusive country of hope. In return, we ask government to listen to business, and to co-create the conditions that unlock the full potential for business to be a force for good, for our shared benefit.

Executive summary

The Commission was established to rigorously examine the role of business in society, clarify what it means for business to be a force for good, and develop practical, evidence-based recommendations for boards, directors, investors, policymakers, and regulators to create conditions in which that good becomes more likely.

Business already makes an indispensable contribution to society. It creates jobs, generates wealth and tax revenues that fund public services, drives innovation, develops life-saving technologies and medicines, and produces the goods and services on which people depend. These contributions are substantial and provide the starting point for the Commission's work.

The Commission's challenge was to look beyond these contributions and examine how business creates value, and the conditions under which it is more likely to deliver benefits that extend beyond the business itself. This includes benefits such as the quality of governance, environmental stewardship, the creation of secure and rewarding employment, the treatment of employees and customers, the management of suppliers and other business dependencies, and the long-term impacts businesses have on society and the environment.

To support this analysis, the Commission has developed **a practical seven-dimension assessment framework**. It provides boards, investors, business leaders, regulators, and policymakers with a structured way to assess the governance, ownership, incentives, and wider conditions that shape business behaviour. The framework is the practical foundation of this report, helping decision-makers evaluate whether the structural conditions are in place for businesses to create sustainable value and contribute to good growth.

The next stage of responsible business is not simply more purpose statements or more reporting, but better board judgement, better evidence and a clearer understanding of who benefits, who bears the costs, and whether the conditions of the business model support or undermine a functioning society.

Public expectations of business continue to evolve. YouGov research conducted in November 2025 found that 88% of IoD members and 78% of non-members believe businesses have a responsibility to contribute positively to society beyond delivering profits (see Annex 3). This report therefore seeks not only to explain the structural, cultural, and institutional conditions that enable and drive business to fulfil that role more consistently, but also to provide a practical framework for assessing and strengthening those conditions across organisations and the wider economy.

Principal recommendations

The Commission's recommendations are set out in full, by audience, in Section 4. Three stood out consistently across the Commission's discussions as the highest priority and are summarised here.

Main recommendation

Boards and owner-managers should use the seven dimensions to identify material risks, gaps and trade-offs, consider the evidence, and agree what action is required.

Why: Business behaviour is shaped by interconnected factors such as purpose, governance, ownership, incentives, competition and accountability, so boards/businesses need a way to assess the underlying conditions driving behaviour, not just its outcomes.

Recommendation 1

For directors, boards and business leaders: Set clear, board-backed long-term goals that define what the business aims to become and achieve, beyond delivering the next financial return. These goals should be embedded in decision-making, board agendas, and executive mandates, not just stated in annual reports. (see Section 4.1).

Why: Good intentions and purpose statements are not enough on their own. Culture, governance and the quality of judgement shape how decisions are actually made, and boards need to create the conditions in which good decisions are more likely.

Recommendation 2

For investors and capital markets: Favour capital with realistic timescales that supports long term investment as well as meeting shorter term goals, while treating human and social capital as material components of valuation and stewardship (see Section 4.2).

Why: The source and time horizon of capital shape business incentives and investment decisions. Patient capital gives businesses greater scope to invest in people, productive capacity and resilience rather than prioritising short-term financial extraction.

Recommendation 3

For policymakers and regulators: Design tax treatment, regulation, listing requirements, and reporting standards so that responsible business practice is the commercially rewarded choice, not a cost that responsible firms absorb while others avoid it and do so without adding regulatory burden that does not improve outcomes (see Section 4.3).

Why: Regulation and incentives shape the playing field on which businesses compete. Poorly designed or uneven regulation can reward short-term or irresponsible behaviour, whereas well-designed regulation can make responsible practice commercially sustainable without replacing judgement.

Key findings

1. **Business, society and the economy are interdependent.**
2. **Business can, by its existence and/or decisions, be a force for good.**
3. **Business can also be a cause of harm, in particular where e.g. governance, incentives, and accountability fail to prevent harmful short-term and extractive behaviour.**
4. **The country needs good growth, and business is central to delivering it through clear purpose, patient or timely capital, and responsible governance.**
5. **Moral agency rests with individuals, not abstract corporate entities. But organisations and institutions can and should be held to account for the structures, systems and cultures through which individual decisions are made.**
6. **The focus should be less on whether individuals are inherently 'good' or 'bad', and more on whether organisations create the conditions in which people are more likely to make decisions that benefit society more broadly.**
7. **Some structural conditions make good business behaviour more likely.**
8. **Well-designed regulation and policy supports responsible business without replacing judgement.**
9. **Long-term business success depends on cooperating with and replenishing, not dominating or merely extracting from, the environment it operates in.**
10. **Good business behaviour and outcomes are more likely where purpose, governance, ownership, incentives, accountability and wider relationships work together to support long-term value creation.**

The seven dimensions

The seven dimensions, at a glance	
Purpose	Why the business exists and what it is ultimately trying to achieve, beyond simply maximising returns to shareholders.
Power and accountability	Who holds decision-making power, and are there mechanisms that genuinely hold that power to account.
Ownership and value distribution	Who owns the business and how the value it creates is shared between owners, workers, and other stakeholders.
Incentives and time horizon	What behaviour is rewarded, and do those rewards encourage long-term stewardship or short-term extraction.
Impact and externalities	The effects a business has on workers, communities, and the environment, including costs borne by others rather than by itself.
Interdependencies	The relationships, resources, infrastructure and systems on which the business relies, and whether it manages those dependencies fairly and sustainably.
Customers	How the business creates value for customers, exercises power in the customer relationship, and maintains trust and fair dealing.



1 Introduction

How can business be a force for good? This enduring question gains significance during periods of economic uncertainty, declining public trust, rapid technological change, and growing concern about inequality and sustainability. Together, these pressures have placed business under increasing public scrutiny.

The debate is often polarised between defending business and condemning corporate harm. This Commission takes a different approach. Rather than asking whether business is inherently "good" or "bad", it examines the conditions under which it is more likely to contribute to wider societal wellbeing. By focusing on structures, incentives, ownership, culture, accountability, and judgement within existing legal duties, the Commission aims to suggest a practical framework business, society and government can work toward to enable that good and help rebuild public trust.

While high-profile examples of corporate misconduct attract attention, many businesses make positive contributions to their employees, society, communities, owners, and the environment, which receives less attention.

The case studies throughout this report are illustrative rather than definitive. They are not intended to present organisations as wholly "good" or "bad", nor to suggest that complex outcomes have simple explanations. Instead, they demonstrate how particular governance arrangements, ownership models, cultural characteristics or regulatory frameworks can influence business behaviour and outcomes. The organisations have been selected to illustrate particular features that can contribute to positive business and societal outcomes, including different ownership models, as demonstrated by Gripple; the potential benefits of patient capital, as illustrated by Mott MacDonald; the importance of organisational culture, as demonstrated by Moto; and the value of being a responsible community business and giving back to the communities in which organisations operate, as illustrated by the Sewell Group.

Case Study: Sewell Group

Jo Barnes, managing director of Sewell Group, the Hull-based construction and facilities management business, was struck by ONS figures in 2021 showing that unemployment in the city had doubled since the start of the pandemic, and more than doubled among young people.

Her response was direct: she proposed tripling the group's intake of young people [to 15%], leading to the creation of the GATEway Programme (Graduates, Apprentices, Trainees, Experience). Since its launch, Sewell has recruited numerous young people each year from some of the poorest parts of the city, with the explicit aim of opening career pathways that would not otherwise exist. The programme has earned the group a King's Award for Enterprise, its second.

Sewell's commitment to its workforce extends to ownership. Four years ago, the company's main shareholder transferred 25% of his shares to an employee ownership trust, distributing them among the company's 300 staff, with further tranches expected over time. Staff become co-owners after six months, regardless of seniority.

The group has also established Sewell Futures, which channels a portion of annual profits into charities and initiatives focused on social mobility, including the Hull and East Yorkshire Children's University and a Digital Construction Academy running from primary school through to secondary leavers.

Barnes summarised the thinking simply: "We've been doing good in the business for 30 years, but we'd never embedded it. I wanted us to leave a legacy; I wanted it to be meaningful and long term."

> **We've been doing good in the business for 30 years, but we'd never embedded it. I wanted us to leave a legacy; I wanted it to be meaningful and long term.**
>
> **Jo Barnes, Managing Director, Sewell Group**

1.1 Methodology

The Commission held four meetings between April and September 2026. Each session included robust debate and exchange of views, written submissions from individual Commissioners, and perspectives gathered through Commissioner networks.

The Commission also drew on quantitative evidence, including the YouGov survey of IoD members and non-members (November 2025, n=1,260), as well as various sources as listed in Annex 1. The IoD Policy Voice survey (May 2026, n=615) provides additional member-led data on views of business purpose, directors' duties, and the factors members consider most important to long-term organisational success. Full results are included in Annex 2.

Key academic and policy sources referenced throughout the report include: the British Academy's Policy and Practice for Purposeful Business; the Productivity Institute's Purpose in Business (2025); the B Lab UK strategy document (2025); economic and workforce data from the ONS and selected reports from the World Economic Forum and Harvard Business Review.

This report was published with the support of the Good Business Charter.

1.2 Why the question matters now

The world is in flux. We need clarity on where leadership will take us. No single sector can get outcomes alone. Business is an important part of society, meeting people's needs and shaping many of the conditions that influence their lives and opportunities, including employment, innovation, communities and the environment. While most businesses contribute positively, high-profile corporate failures have exposed how poor incentives, weak accountability, short-termism, poor regulation, governance and policy can cause significant harm and erode public trust. Public perceptions of business are shaped not only by how business is portrayed, but also by people's direct experience of it, particularly as employees. TUC analysis found that 4.1 million people were in insecure employment in 2025, equivalent to 11.9% of the workforce. This reinforces the importance of fair employment relationships and good business conduct in building trust in business.

The Commission recognises that businesses vary greatly. Around 99.85% of UK businesses are SMEs, so expectations must be proportionate to their size and capacity. At the same time, the Commission argues that business can, and often does, act as a force for good, but only when supported by the right structures, governance, culture and effective leadership and management. The people leading and managing organisations play a critical role in shaping culture, decision-making and outcomes: strong leadership can enable businesses to create positive impact, while poor leadership can undermine it.

This report also argues that the relationship between business and society requires greater understanding, clarity and purposefulness. The nature of the challenges we face have changed, our economy has changed and public expectations of business have evolved. Making these mutual expectations more explicit can strengthen the working relationship and build a better understanding of the positive impact business makes to society.

Finally, this is not only a question of fairness but of economic success. Businesses and the wider economy depend on developing talent, reducing inequality, and creating sustainable growth. The Commission therefore examines not only how business creates value, but how that value, and its costs, are shared across the society that business is a part of and draws on.

1.3 Who is this report for?

This report is written for four audiences, each of whom has a different lever to pull, and each of whom is signposted throughout so that recommendations land with the right reader rather than reading as generic advice to "business" or "government" in the abstract.

1 Government, policymakers and regulators

Officials, regulators, and standard-setters who design and enforce the rules, codes, and reporting requirements businesses operate under.[1]

2 Directors, boards and business leaders

The people with fiduciary responsibility for individual companies, who set strategy, risk appetite, and culture from the top; and for entrepreneurs/business owners.

3 Investors

Providers of capital, including pension funds, asset managers, venture capital, private equity, family offices, banks, and individual investors, whose investment decisions and stewardship shape business behaviour and support long-term value creation.

4 All UK businesses

Every UK business, regardless of size, sector, ownership, or legal form. While governance debates often focus on listed companies, this report is intended to be relevant across the full breadth of the UK's business community.

Group 4 (all UK businesses) is worth unpacking, as it is easy to overlook the diversity within the UK business population.

The private sector is made up almost entirely of small and medium-sized enterprises: at the start of 2025, SMEs accounted for 99.85% of the UK's 5.7 million private sector businesses, and around three quarters of all businesses had no employees other than the owner. At the other end of the scale, only 8,335 businesses (0.15% of the total) were classed as large (250 or more employees). Yet despite their small numbers, large businesses accounted for 40% of the private sector employment (11.2 million people) and 49% of turnover (£2.7 trillion), compared with 60% of employment and 51% of turnover for SMEs. In other words, a business population split roughly 99.85/0.15 by number translates into an economic in which large businesses account for two-fifths of private sector employment and almost half of turnover.

Publicly listed companies are a smaller group still within the UK's large-business population. The London Stock Exchange hosts around 1,867 listed companies, a tiny fraction of the approximately 5.7 million private sector businesses operating in the UK. This underlines that "listed Britain" and "business Britain" are not synonymous, even though public debate and policymaking can sometimes treat them as if they were. A successful economy depends not only on the performance of major listed firms but also on millions of privately owned businesses of every size.

Government therefore has a responsibility to help foster public understanding of the wealth, employment, investment and tax revenues generated by businesses, and of the vital role these make possible in funding public services and government expenditure.

[1] Regulation to be distinguished: codes/standards and 'economic regulation' for financial incentives

1.4 What is meant by 'business'?

A central challenge for the Commission has been the risk of treating 'business' as a single, coherent actor. The term is used interchangeably to refer to several overlapping but distinct things: business as a set of activities producing goods and services; business as organisations or firms; business as legal entities; business as collections of people performing economic roles; and business as a sector embedded within wider social, political, and economic structures. Each of these meanings captures something important, but none is sufficient alone.

In particular, business encompasses an extraordinarily diverse range of organisations: from sole traders and family businesses to multinational corporations; from cooperatives and mutuals to private equity-backed firms; from quoted companies accountable to public markets to steward-owned businesses with explicitly long-term purposes. These different structures create different incentives, different accountability mechanisms, and different relationships between those who own businesses, those who run them, and those who are affected by their activities.

Table 1: The scale and contribution of UK business

Contribution	SMEs	Large business (250+ employees)	All UK businesses
Number of businesses	5.68 million	8,335	c.5.7 million
Employment	16.9 million (60% of private sector)	11.2 million (40%)	28.1 million
Turnover	£2.8tn+ (51.2%)	£2.7tn (49%)	£5.5tn
Corporation tax paid (direct)	N/A	N/A	£95.4 billion
Employer/employee PAYE/NICs (direct)	N/A	N/A	£477.1 billion
Business rates (direct)	N/A	N/A	£33.7 billion
VAT collected and remitted (indirect)	£44 billion	£133 billion	£177 billion
Apprenticeship starts (data only available for England)	137,670	215,330	353,000

Data are correct at the time of publication. Figures are drawn from a combination of 2024/25 and 2025/26 datasets, reflecting the most recently available information for each measure.

The practical implication for this report: where a recommendation depends on scale, resource, or public accountability, typically true of listed and large private companies, it has been marked accordingly. Where it is about culture, local hiring, procurement access, or good employment practice, it is written to be genuinely actionable by a seven-person firm as much as a FTSE 100 one. Business as a force for good has to include the corner shop and the multinational, or it will not reach most of the country. Each recommendation in the sections that follow is tagged to the audience(s) it is most relevant to, so the reader can navigate directly to what applies to them.

1.5 What is 'good'?

> **There is a false binary between 'making money' and 'doing good' – we need businesses to be strong and profitable so that they can be good employers and contribute to the Exchequer. This is doing good.**
>
> **IoD, Policy Voice Survey, London, arts, entertainment and recreation, 10–49 employees**

The Commission drew on two existing reference points rather than creating a new standard.

The first is the UN Sustainable Development Goals, in particular SDG 8 (decent work and economic growth) and SDG 9 (industry, innovation and infrastructure), which describe the kind of inclusive, sustainable growth and resilient economic activity business is best placed to contribute to. The second is the broad Environmental, Social and Governance (ESG) approach to assessing and reporting business performance, the business-facing counterpart to the SDGs, which gives businesses and investors a common language and set of metrics for assessing conduct across environmental, social and governance dimensions.

Neither framework is adopted wholesale as this report's organising structure; rather, both are used as reference points against which the Commission's own seven-dimension framework (Section 3) can be checked.

For the purposes of this report, the Commission defines 'good' business as business that: creates decent work and sustainable growth consistent with SDG 8; builds resilient, well-governed organisations and infrastructure consistent with SDG 9; and does so in a way that an ESG assessment of its environmental, social and governance conduct would support, rather than merely tolerate. Where the report uses 'good' without further qualification, this is the standard being applied.

There was widespread agreement among Commissioners that 'good' cannot simply be equated with legal compliance, profitability,[2] or the existence of broad purpose statements unsupported by behaviour. Law establishes minimum standards; ethical judgement goes beyond compliance and concerns how power and discretion are exercised, how trade-offs are addressed, and how responsibilities are understood, particularly in complex international contexts where legal and cultural standards diverge.

Among the 88% of IoD members who agreed that businesses have a responsibility to contribute positively to society, the primary indicators of good business behaviour were: fair treatment of employees and good employment relationships, acting transparently and ethically, and practising sound governance. Abstract commitments to ESG or sustainability scored significantly lower, suggesting that people are focused on tangible, relational dimensions of business conduct rather than corporate reporting frameworks.

IoD Policy Voice data (May 2026) reinforces this finding. When asked about the factors most important to long-term organisational success, members ranked moral and ethical leadership first (82% "very important"), ahead of long-term profitability (81%), fair treatment of employees (79%), and responsible governance (74%). Positive societal impact was rated very important by 48% of members, and environmental stewardship by 36%. This ordering suggests that members associate "good" business primarily with relational and behavioural qualities, rather than with sustainability reporting. Full results are in Annex 2.

88%

Number of IoD members who agreed that businesses have a responsibility to contribute positively to society.

[2] A business or organisation sets out to make profits or achieve surpluses in order to grow and sustain itself, which is a key factor in allowing it to employ, invest, build its capital, distribute etc

A more substantive account of 'good' therefore looks to both practices and outcomes: whether harm is avoided or, where unavoidable, mitigated, whether people are treated with fairness and dignity, whether responsibilities are taken seriously rather than displaced, and whether value for business, wider society and the planet is created over the long term without externalising unreasonable costs onto others.

Underlying this account of "good" is a question the Commission considers worth making explicit: why should business have any role in advancing wider societal interests at all? The Commission identifies three distinct strands, which operate together rather than as alternatives.

The first is a **responsibility-based** argument: business has a duty to use its capacity responsibly and, where it can, contribute positively to society, while recognising that business and government have distinct roles and responsibilities.

The second is a **self-interest-based** argument: business needs the conditions that a healthy society provides, a stable, educated, resilient, healthy workforce is more productive, secure infrastructure lowers costs, and trust lowers the cost of doing business, so contributing to those conditions is rational self-interest, not altruism. This is linked to the interdependence point made earlier.

The third is a **structural** argument: business both depends on and contributes to the physical and social structures of society. It benefits from infrastructure, the rule of law, an educated workforce and public services, while contributing to their funding through taxation, employment and economic activity. Continued prosperity therefore depends on maintaining the conditions in which both business and society can thrive.

1.6 Channels of impact

Business creates impact through multiple channels simultaneously, not simply through the products it sells or the jobs it creates. The Commission identifies five principal channels of impact:

- the products and services it provides;
- the wider consequences of how those products are produced;
- its internal impact on employees;
- the economic and social effects of operating as a business; and
- the leadership role it plays in shaping wider society.

These channels describe where business creates impact. The assessment framework, developed later in this report (section 3), builds on this foundation by examining what drives that impact through the structural conditions that influence business behaviour.



2 Contributing factors: setting the framework

> **Profitability is essential for any organisation, but long-term value is only created when financial performance is supported by strong governance, ethical leadership, and responsible treatment of employees and stakeholders.**
>
> **IoD Policy Voice Survey, South West England, agriculture, 10-49 employees.**

2.1 Culture and moral agency

Owners, directors, managers and employees exercise judgement every day, making choices that shape the organisations they lead. Responsibility therefore ultimately rests with individuals, not abstract corporate entities. At the same time, individuals do not act unencumbered. Their perspectives and decisions are shaped by governance arrangements, incentives, information, ownership structures, regulation, and the culture in which they work.

Good governance recognises this interaction between individual agency and organisational systems. It is not enough to appoint capable people and assume good decisions will follow. Judgement is strengthened or weakened by board oversight processes, the quality of information available, the space for individual agency and opportunities for constructive challenge. The Commission therefore sees ethical judgement as something organisations can cultivate through governance, rather than simply a personal quality that individuals either possess or lack.

Culture is the practical expression of these systems. It shapes what is rewarded, what is questioned, what is tolerated, and ultimately how decisions are made. The experience of the water industry, discussed later, illustrates how incentives and governance structures can gradually create a culture that allows poor decisions to become normalised despite formal regulatory compliance.

For this reason, the Commission believes boards should oversee culture with the same discipline they apply to financial performance. Culture should be treated as a strategic governance issue, supported by regular evidence rather than intuition. Leaders should be measured on the cultures they create. Alongside financial reporting, boards should routinely review indicators such as employee engagement, staff turnover, grievances, disciplinary trends, whistleblowing data, and speak-up activity, considering trends over time rather than isolated events. Where a board would investigate an unexpected change in revenue or profit, it should apply the same curiosity to changes in cultural indicators, asking what has changed, why it has changed, and what action is required.

The lack of a level playing field can cause behaviours to change, which may lead to a negative impact on governance, safety and responsibility. This also requires boards to seek information beyond normal management reporting. Formal reporting lines can unintentionally filter out uncomfortable truths before they reach the board. Independent and confidential reporting mechanisms provide an important counterbalance by giving employees routes to raise concerns without relying on their management chain. Used well, they provide boards with a more accurate picture of organisational culture and help identify emerging risks before they become crises.



Case Study: Moto Hospitality

Moto's recognition as one of *The Sunday Times* Best Places to Work reflects a sustained investment in culture, employee engagement and community impact. Its values were developed by employees rather than imposed from the top, and the business has coupled this with significant investment in EV infrastructure and charitable fundraising.

Moto's commitment to community impact also extends through the Moto Foundation, which supports charitable causes including Mind and Scottish Action for Mental Health, alongside projects supporting schools and local communities. This provides a further illustration of how an ethos of giving back can be embedded within an organisation's broader culture and sense of corporate responsibility.[3]

The Commission does not present Moto as a perfect organisation or suggest that awards alone demonstrate effective governance. Rather, it illustrates how culture can be deliberately designed, reinforced through leadership, and aligned with broader business purpose. As with any organisation, the real test is whether these values continue to influence decision making as the business evolves.

> **Every business is located in a community and is in partnership with its employees, customers and stakeholders as well as shareholders.**
>
> **IoD Policy Voice Survey - London, education, 100-249 employees).**

The B Corp movement provides an interesting example of how purpose can be embedded into the way businesses are governed. B Corps are more than twice as likely as comparable businesses to consider social and environmental performance in board decision-making, and nearly 3.5 times as likely to incorporate social and environmental performance into managers' job descriptions. This illustrates the broader point that purpose is more likely to influence behaviour when it is embedded in governance, decision-making and incentives, rather than left as a statement of intent.[4]

[3] https://moto-way.com/about-us/moto-foundation/
[4] https://bcorporation.uk/about-b-lab-uk/ and https://bcorporation.uk/b-corp-certification/campaigns/10-years-of-b-lab-uk/)



2.2 Governance and ownership

Good growth, sustainable, inclusive and restorative rather than extractive outcomes, depends not only on the quality of individual leadership but on the governance, ownership, incentives and sources of capital that shape business behaviour. Throughout its work, the Commission has found that good intentions are rarely sufficient where the surrounding systems pull in different directions. Understanding when business can be a force for good therefore requires examining how people, governance structures and incentives interact.

Good governance is more than compliance with the UK Corporate Governance Code, or equivalent frameworks. It is about designing decision-making structures that promote accountability, encourage constructive challenge, and ensure that those affected by business decisions are properly considered. Recent initiatives such as the Women Business Leaders Review (previously FTSE Women Leaders Review) and the Parker Review demonstrate how business-led, voluntary, government-backed action can strengthen governance by broadening representation and improving the quality of board decision making.

The Good Business Charter[5] is another effective example of a business-led voluntary initiative that can help a company bring together the different facets of being a responsible business to measure their progress on raising standards above the regulatory floor.

This matters because good intentions do not necessarily lead to good outcomes. Many of the most significant failures in business have not resulted from leaders setting out to cause harm. Directors believed they were fulfilling their duties, compliance processes were followed, and organisations often considered themselves well governed. Yet the consequences for workers, customers, communities or the environment were sometimes profoundly damaging.

The reason is often structural rather than personal. Where incentives reward short-term performance, accountability mechanisms are weak, or the costs of poor decisions are borne by others, and individually reasonable decisions can accumulate into harmful outcomes. The Commission therefore believes that business conduct should always be judged by both intent and impact. It is not enough to ask, *What did we intend? We must also ask, What actually happened? Who bore the costs? What features of governance, ownership or incentives contributed to the outcome?*

[5] https://goodbusinesscharter.com/

Ownership is one of the least examined influences on business behaviour, despite the way it shapes incentives, accountability, legitimacy and resilience. Different ownership models distribute rights, responsibilities, risks and rewards in different ways, creating distinct approaches to investment, governance and long-term value creation. The Commission does not regard any one ownership model as inherently superior. Each brings strengths alongside corresponding trade-offs.

Listed companies benefit from broad access to capital, opportunities for employee share ownership and external scrutiny through public markets. However, they may also face pressure to prioritise short-term financial performance over longer-term investment and value creation.

Private equity ownership can bring financial discipline, operational expertise and investment that enables businesses to grow and improve performance. Equally, where returns rely heavily on leverage or short investment horizons, incentives can emerge that prioritise financial extraction over longer-term resilience, employees or communities.

Family-owned and founder-led businesses often demonstrate strong long-term commitment, local roots and continuity of purpose. At the same time, concentrated ownership can create governance challenges if accountability, succession planning or independent challenge do not evolve alongside the business.

Employee-owned businesses and mutuals frequently align the interests of those creating value with those sharing in its success, with research from the Employee Ownership Association[6] suggesting benefits for productivity, engagement and retention. However, they too face trade-offs, including potential constraints on raising external capital, scaling rapidly, or balancing broad employee interests when difficult commercial decisions are required.

Case Study: Gripple

Gripple, the Sheffield-based manufacturer of wire joining and tensioning systems, adopted an employee ownership model in 2011. Today it employs around 2,000 people globally, with approximately half based in South Yorkshire.

Managing Director Ed Stubbs argues that giving employees a genuine ownership stake fundamentally changes behaviour by encouraging people to think and act like long-term owners. The model has been associated with strong employee retention, sustained growth and significant wealth creation for employees, with many retiring having accumulated substantial shareholdings.

He said: “The effect of getting every employee to act and think like an owner is quite profound. It manifests itself with people working really hard. The effect of capital and equity ownership for employees is substantial. We frequently see employees retiring with more than half a million pounds worth of shares in the business.”

Because the company cannot be sold, its strategy has focused on achieving consistent organic growth rather than expansion through acquisition.

Stubbs added: “We have growth targets of 10% a year, which gives employees a realistic sense of being an owner.

“It seems to inspire people to stay at Gripple – the company has a 92% staff retention rate. When people are in, they tend to be in forever.”

> **The effect of getting every employee to act and think like an owner is quite profound. It manifests itself with people working really hard.**
>
> **Ed Stubbs, Managing Director, Gripple**

[6] https://employeeownership.co.uk/common/Uploaded%20files/EO-Knowledge-Programme-Report-2023.pdf

2.3 Capital and incentives

Incentives shape behaviour. Executive pay structures built around short-term share price or quarterly earnings create predictable time pressures that can act against the need for longer-term investment, responsible risk-taking, and the interests of workers and communities.

The Commission welcomes the growing interest among investors, compensation committees, and governance advisers in linking executive pay to broader performance metrics, including environmental and social outcomes, customer satisfaction, and employee wellbeing.

The source and nature of capital available to businesses has a profound influence on behaviour and helps to set the playing field for good growth.

'Patient capital', long-term investment focused on sustainable value creation, enables businesses to invest in their people, their communities, and their productive capacity in ways that short-term or leveraged capital may not. This is the practical mechanism behind the Commission's claim that business built on clear purpose and sustained by timely and patient capital is a stronger engine of the growth the country needs.

The Commission notes that different forms of capital, e.g. patient, leveraged, or extractive, create different incentives and influence time horizons, risk appetites, and investment priorities. Capital allocation is not a neutral technical process; it embeds values and expectations about what business is for.

Case Study: Mott MacDonald

James Harris is the boss of one of the biggest engineering consultancies in the world and one of the biggest employee-owned businesses. Mott MacDonald employs 21,000 people across the globe and reported pre-tax profits of £107.8m on sales of £2.48bn last year.

Like most big company bosses, Harris is intensely busy. But he has the calm air of a man who also knows that his leadership and decision making is built on the solid foundations of a stable and supportive ownership structure.

The model is pretty simple. Profit is distributed into three areas: it is put on the balance sheet; it's invested; or it's given back to employees.

Harris said: "It means we are independent. In a downturn you see lots of companies making cutbacks [to staff or investments]. We don't have to do anything like that."

This 'patient capital' approach to running the business means that he doesn't need to resort to reactive measures when things go wrong; it also means he has the time to chart a long-term direction for the business.

He said: "We are not giving profit to third parties. We've been building the balance sheet over the last few years – it's grown from £120m to £600m."

Harris said it has been necessary to build up that financial buffer in order to help the company respond to changes in technology and the rise of AI.

He concluded: "We are not being driven solely for profit. Profit is important, but we are able to do things for the right reasons. I can't go making grandiose bets because my employees have their life savings in the business."

2.4 Regulation and compliance

Regulation helps define the boundaries within which businesses operate, providing protections for people and the public interest while supporting fair and effective markets. It exists to protect the public interest, prevent harm, and create the conditions in which responsible businesses can compete fairly. Well-designed regulation should support markets by ensuring that businesses investing in good governance, responsible employment practices and long-term value creation are not disadvantaged by competitors willing to externalise costs or exploit regulatory gaps.

Regulation is therefore one part of a wider system that shapes business behaviour. Alongside governance, ownership, incentives and organisational culture, it influences the decisions that individuals and organisations make. It can encourage responsible behaviour, but it cannot substitute for good judgement, ethical leadership or effective governance.

It is also worth noting here the importance of good regulatory policy that supports business, whereas incoherent, inconsistent or damaging ideological policy drives business to defer or cancel investment; to bypass the UK as a place to do business, with the resulting lost opportunity and revenues; and drives a lack of trust in Government if there are constant changes (e.g. taxation) including retrospective changes, that damage business confidence.

Poorly designed regulatory policy can lead to businesses making deliberate choices to avoid or find alternatives that can damage the intention of the policy – the unintended consequences of poorly thought through policy decisions, and the poor legislation that enacts the policy.

The Commission heard consistent evidence that the quality of regulation matters as much as its quantity. Poorly designed regulation can create unnecessary complexity, entrench incumbents, or encourage compliance with the letter of the rules while undermining their spirit. Equally, regulation that is applied unevenly can disadvantage responsible businesses. For example, domestic producers may be required to meet environmental or welfare standards that imported products are not, creating competitive distortions that weaken rather than strengthen responsible business practice.

Regulation should create incentives that make responsible behaviour commercially sustainable, while remaining proportionate to the risks involved. That is particularly important in sectors where failures can impose significant costs on the public, including utilities, financial services, food safety and aviation.

The Commission also recognises that business operates within a broader environment shaped by political dynamics, global markets, technological change and evolving societal expectations. These forces influence both the conditions in which businesses operate, and the expectations placed upon them.

No business operates outside of a context. Businesses rely on workers, suppliers, infrastructure, natural resources, technology and wider economic and institutional conditions. The quality of these relationships therefore matters: employment practices and worker relationships, purchasing practices, payment terms, contractual arrangements and the allocation of risk can strengthen or weaken the businesses and communities on which a company relies. Good business behaviour therefore requires attention not only to what a business takes from these relationships, but also whether it supports fair, sustainable and resilient relationships over time.

Workers are central to the creation of value, and the quality of employment relationships therefore has a significant bearing on both business performance and wider societal outcomes. Business practices affect the pay, security, working conditions, wellbeing and opportunities of the people who work within and for organisations. Good business behaviour should therefore involve fair employment practices and meaningful recognition of workers as participants in value creation, rather than simply as a cost or dependency. This also requires effective two-way dialogue, through which workers and their representatives can raise concerns, contribute to decisions and exercise agency. Where trade unions are present, collective bargaining and constructive engagement with worker representatives are important mechanisms for this dialogue.

Customers are similarly part of the relationships through which businesses create value. The customer relationship can involve significant differences in information, expertise or control over the terms of a transaction. The question for business is therefore not simply whether a product or service is legal or commercially successful, but whether it creates genuine value and is delivered with transparency, trust and fair dealing. This matters particularly where information asymmetry, complexity, switching barriers or other forms of friction make it difficult for customers to understand their choices or act on their interests.

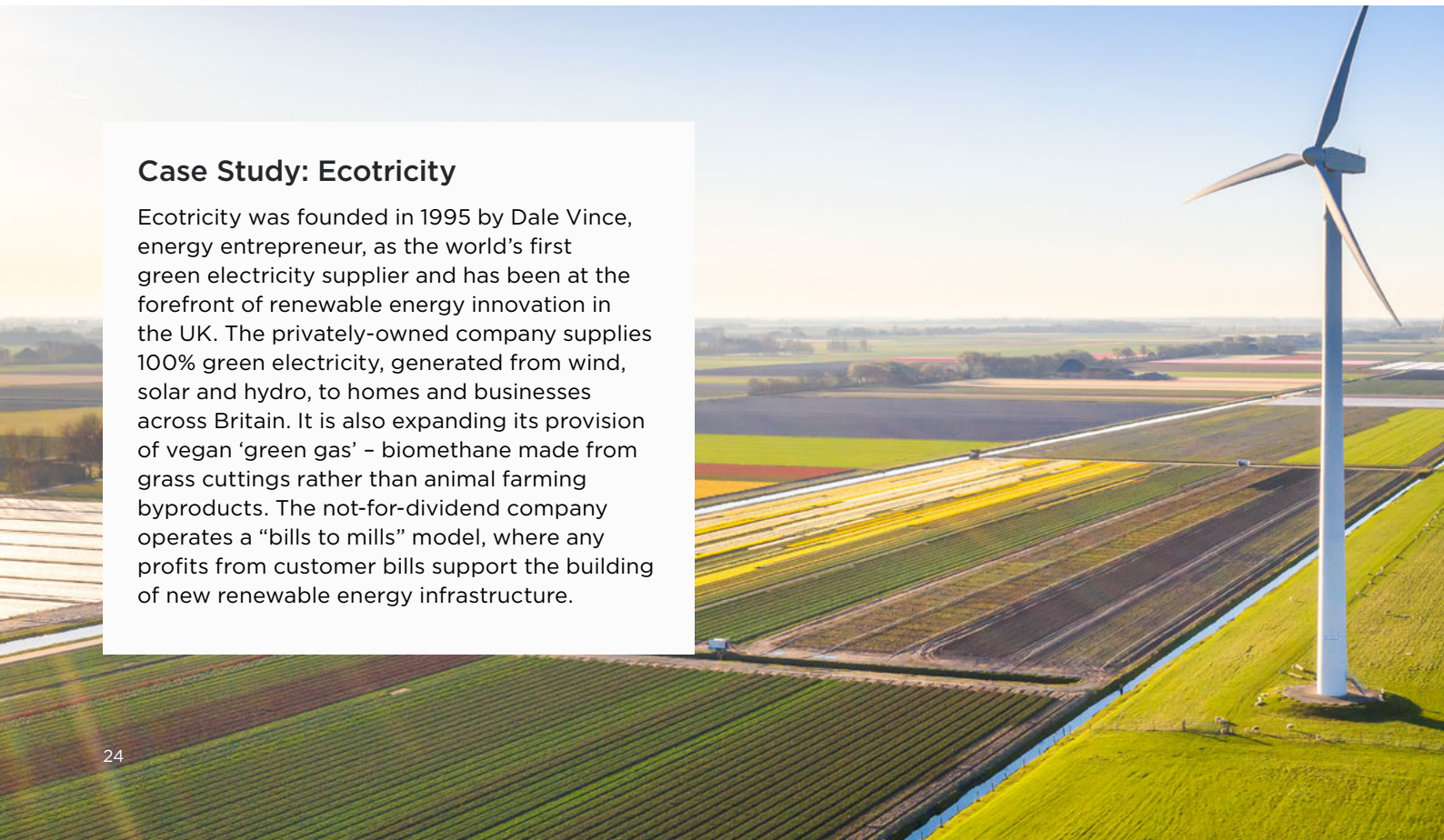
Customers also influence business behaviour through their choices and expectations, while businesses shape those choices through the products, information and processes they provide. Treating customers as participants in the creation of value, rather than simply as sources of revenue, is consistent with the Commission's broader emphasis on trust, resilience and long-term value creation.

These questions about relationships, responsibility and long-term value are reflected in the development of Environmental, Social and Governance (ESG) approaches, which have emerged as one response to this changing environment. The Commission believes these underlying objectives remain sound. However, it also heard concerns that, in practice, ESG reporting can become focused on demonstrating compliance rather than improving outcomes. Metrics that reward disclosure without changing behaviour risk becoming another form of box-ticking rather than a driver of better governance.

The same principle applies more broadly to regulation itself. Success should be judged not by the volume of reporting or the number of compliance processes completed, but by whether governance improves, incentives become better aligned, supply chains become more resilient and responsible, and businesses create sustainable value for shareholders and wider society. In this respect, the Commission sees ESG not as an end in itself, but as one of several tools that should reinforce good judgement rather than replace it.

As technologies such as artificial intelligence reshape markets and global supply chains become increasingly interconnected, this emphasis on judgement will become even more important. Governance frameworks must be capable of adapting to new risks and opportunities while remaining focused on long-term outcomes rather than short-term compliance.

The following case studies serve as examples of how, on the one hand, good judgement leads to business enhancement, whereas poor judgement, aided by weak regulation, can allow an entire sector to fall into an entirely avoidable financial situation.



Case Study: Ecotricity

Ecotricity was founded in 1995 by Dale Vince, energy entrepreneur, as the world's first green electricity supplier and has been at the forefront of renewable energy innovation in the UK. The privately-owned company supplies 100% green electricity, generated from wind, solar and hydro, to homes and businesses across Britain. It is also expanding its provision of vegan 'green gas' – biomethane made from grass cuttings rather than animal farming byproducts. The not-for-dividend company operates a "bills to mills" model, where any profits from customer bills support the building of new renewable energy infrastructure.

Case Study: The English Water Sector

A 2022 academic study, by Professor David Hall at The University of Greenwich, reported the English water and sewerage companies (WASCs) paid shareholders a total of £18.9bn in dividends from 2010 to 2021 – an annual average of £1.6bn pa. The study connected these dividend payments to a concurrent significant reduction in the money available for investment into the WASCs infrastructure assets. The Water Act 1989 began the transfer of state-owned regional water authorities to private ownership. Dividends extracted by the companies' shareholders between 1991-2018 were equivalent to almost half (46%) of total capital expenditure in the same period – £57bn in dividends compared with £123bn of capex, in 2018 prices.

In 2019 the English companies had a total of £14.7bn in shareholder equity on their balance sheets – less in value than the money they had put into the companies in 1991. The companies borrowed substantial amounts of money, building up significant debt and large annual bill for interest.

Two reports have subsequently reframed this analysis, instead placing greater weight on the quality of Ofwat's regulation as a leading source of the financial distress of these companies. The 2025 Independent Water Commission, chaired by Sir John Cunliffe, former deputy governor of the Bank of England, said that for much of the previous 20 years Ofwat had been encouraged to regulate lightly and focus heavily on keeping bills down; it lacked sufficient powers and capability to supervise companies' financial structures, and some owners made decisions that damaged their companies' long-term resilience.

Sir Jon Cunliffe's report noted that regulatory shortcomings lay "at the heart" of underinvestment and poor performance.

The National Audit Office reached a similar conclusion in 2025, namely that Defra and the regulators had not encouraged companies to spend what was required to sustain asset quality, and regulatory shortcomings contributed to the environmental, supply and infrastructure challenges the sector now faces.



2.5 Artificial intelligence

Technological change, in particular the rapid development of artificial intelligence, represents perhaps the most significant emerging opportunity and challenge. AI raises profound questions about the future of work, the distribution of the gains from productivity growth, and the responsibilities of business in a period of huge technological transition.

AI is not simply one item on a list of emerging technologies; it is a business-led product with cultural and political implications that are already reshaping how power, labour, and information are distributed in society. Its trajectory is being set substantially by commercial decisions, made at speed, often ahead of the regulatory and democratic structures that would normally scrutinise change of this magnitude.

The conditions business sets for itself about how it develops and deploys AI could determine whether this nascent strand of business will become a force for good for the next generation.

2.6 AI in practice

AI-related business revenues in the UK have reached £23.9bn and employment has surpassed 86,000 people. The UK is also a leading global AI economy, ranking third in the world. Over the next decade, digital technologies such as AI and cloud have the potential to create a half a trillion-pound opportunity for the UK economy, increasing GDP by more than £550bn by 2035.[7] AI could make individual workers more productive, accelerate innovation, reduce waste, improve skills and enable entirely new types of products and services.

However, whether AI becomes a force for good will depend significantly on how businesses adopt and manage it. The opportunity is not simply to use AI to reduce costs or replace workers, but to combine innovation and adoption with investment in the skills needed to help the UK workforce adapt. This includes effective skilling and reskilling so that AI becomes an enabler and accelerant of people and businesses, rather than simply a mechanism for reducing employment.

There are already signs that this balance is not being achieved consistently. At present, the UK is losing more jobs than it is creating because of AI and appears to be affected more than some rival large economies. British companies reported that AI had resulted in net job losses over the past 12 months, down 8%, the highest rate among the leading economies examined by Morgan Stanley, including the US, Japan, Germany and Australia. At the same time, British businesses reported an average 11.5% increase in productivity attributable to AI. US businesses reported similar productivity gains but created more jobs than they cut.

Case Study: AI and a cure for cancer

Arm Holdings is one of Britain's most valuable companies, with a market capitalisation of around $300bn. The Cambridge-based technology giant designs the brains or CPUs of microchips already used in hundreds of billions of phones, cars, smartwatches and gadgets across the globe.

However, it's role in developing more powerful chips for future generations of super-computers and AI data centres could play a crucial role in providing a genuine 'good' for society.

Rene Haas, chief executive of Arm, told the BBC's Big Boss Interview podcast: "AI is going to... find a cure for cancer that today you and I, other humans [could] not in our lifetimes. I believe in our lifetime, AI will help cure cancer."

"Modelling a cell, modelling a human, modelling how a DNA marker is impacted by cancer – it's too complex a problem, not only for humans today, but the computers that run AI."

"However, going forward, as we feed more and more of the models into these computers, and the computers get more sophisticated to run the models, they're going to solve it."

Aside from the many thousands of people whose lives could be saved, there are huge potential financial benefits for governments around the world, which spend billions on cancer treatments every year.

Prof Chris Bakal, from the Institute of Cancer Research in London, and CEO of Sentinal4D, told the BBC the real question was no longer whether we use AI, it's what we feed it.

He said in labs like his, they are training AI on data generated themselves from patient samples.

"It is not scraped from the internet. It does not need a giant data centre to run. The future of medical AI will not belong to whoever builds the biggest computer. It will belong to whoever has the right measurements."

"That kind of prediction could cut years from the time it takes to develop new treatments. This is where AI delivers real benefit to patients."

[7] https://microsoftuk.publicfirst.co.uk/uploads/Unlocking_the_UKs_AI_Potential.pdf



2.7 Learning from business failure

No serious examination of business as a force for good can avoid examining cases where business has caused significant harm. The significance of such cases depends not only on how widespread harmful practices are, but also on the scale and consequences of the harm caused. The Commission does not present these examples as representative of UK business, nor as evidence that failure can be explained by a single cause. Rather, they are used to illustrate how weaknesses in governance, ownership, incentives, regulation or organisational culture can interact to produce harmful outcomes. The purpose is not to assign blame to individual organisations, but to identify the structural conditions that the Commission believes should be strengthened if similar failures are to be avoided in future.

The Commission identifies three types of failure that are particularly instructive.

- **Extraction failures** – where ownership structures and governance arrangements allow value to be taken from a business at the expense of workers, suppliers, communities, or the pension fund.
- **Compliance failures** – where regulatory design allows businesses to meet formal requirements while avoiding or violating their spirit.
- **Failures of culture** – where patterns of normalised misconduct compound over time into serious harm.

Case Study: The Post Office

The Post Office Horizon scandal illustrates how failures of governance, organisational culture and board oversight can combine over time to produce profound injustice. The Commission's interest is not in revisiting the detailed history of the case, but in understanding what it reveals about accountability, challenge, whistleblowing and organisational learning, all of which are reflected in the seven-dimension framework.

The Post Office Horizon scandal represents a profound breakdown in organisational culture and corporate governance, driven by senior leadership failures, a punitive internal environment, and a rigid refusal to acknowledge technical flaws. Between 1999 and 2015, more than 700 sub-postmasters were wrongfully prosecuted based on faulty data from Fujitsu's Horizon IT system. A 2024 report by the IoD detailed these governance failures.[8]

The report highlights cultural, governance and leadership failures, such as active silence and isolation as whistleblowers and victims were dismissed and marginalised; a lack of board curiosity; concealment of evidence, as the organisation withheld known software bugs from the courts; and a punitive blame culture, with management blaming individual sub-postmasters for financial shortfalls rather than investigating IT system anomalies.

[8] https://www.iod.com/resources/governance/the-post-office-scandal-a-failure-of-governance/

3 Assessment framework

Each dimension, in this Framework, states what good could look like, then asks a question/s to test for it. This points the user towards the standard being applied, without turning the framework into a scorecard: most situations involve genuine trade-offs, and there is rarely one 'good' answer. The Commission invites its application both to individual organisations and to the systemic conditions, regulatory design, capital market structures, governance frameworks, that shape business behaviour across the economy.

This framework is the report's central narrative made practical: it is how a board, an investor, or a policymaker can consider whether the purpose, governance, capital, and incentives in front of them point toward good growth or away from it. The seven-dimension framework set out below received support from Commissioners as a practical, accessible way of organising the report's analysis. The framework is presented explicitly as describing the structural conditions that influence business behaviour, rather than an assessment of behaviour itself.

Drawing on the analysis in preceding sections, the Commission proposes a seven-dimension framework for assessing whether and to what extent a business is acting as a force for good. This framework is intended to be practical and applicable across different types of business, not a compliance checklist. It is worth being explicit that these seven dimensions are not themselves a definition of "good"; they are the structural conditions that make good outcomes, as set out in section 1.6's impact channels and discussed further below, more or less likely. The **channels of impact** explain **where** a business has impact, while the **seven-dimension framework** explains **what drives** that impact and whether it is more likely to be positive or negative.



The seven dimensions

1. Purpose

Businesses can point to their purpose in commercial decision-making. The test is whether purpose actually influences decisions rather than remaining a stated aspiration.

Does this business's purpose genuinely shape resource allocation, incentivise design and governance? Where there is a gap between stated purpose and actual decisions, what is it, and what needs to change?

2. Power and accountability

The test is whether decisions are aligned with accountability, ensuring that those held accountable for important outcomes have sufficient authority and influence over the decisions that shape them.

Are people accountable for outcomes able to influence the critical decisions, resources and trade-offs that determine those outcomes? Where accountability and decision rights are misaligned, what needs to change?

3. Ownership and value distribution

Good ownership rewards those who create value in proportion to the value they create, and over the appropriate timeframe.

Are there structures in place that share gains and losses fairly and transparently between those who create the value, including workers, and those who benefit from it? Do these structures reward owners for investing for the long term rather than extracting short term value now? If not, what needs to change?

4. Incentives and time horizon

Good incentive structures reward the behaviour a business needs in order to meet both its short and its long-term objectives.

Are the right behaviours and outcomes incentivised in practice? Are long-term objectives, and the time horizons to meet them, considered and reflected in incentive schemes? Does the business have incentives that disproportionately encourage short-termism or undesirable behaviour? What is your plan to change them?

5. Impact and externalities

Businesses take responsibility for the wider impacts of their activities rather than shifting costs onto others. The test is whether significant impacts on workers, communities, society and the environment are properly identified, accounted for and addressed, rather than externalised onto those with limited influence over the decisions creating them.

Where the business creates significant negative impacts, what needs to change?

6. Interdependencies

Businesses strengthen and sustain the systems, resources and relationships on which their long-term success depends, rather than depleting them. The test is whether the business invests in and maintains its critical dependencies, including suppliers, workers, infrastructure and natural resources, or extracts value from them in ways that undermine their ability to support the business over time.

Where critical dependencies are being weakened, what needs to change?

7. Customers

Businesses are based on mutual benefits with their customers.

Is your customer receiving equitable value and fair treatment? Would customers choose this business again if they had full visibility of the product and their treatment? Or do you rely on complexity, information asymmetry, lethargy or friction to promote business profitability? What can the business do to redress any imbalance?

Dimension and what it is testing

1. **Purpose:** Whether purpose shapes decisions.
2. **Power and accountability:** Whether decision-rights align with accountability.
3. **Ownership and value distribution:** Whether risk, contribution and reward are fairly aligned.
4. **Incentives and time horizon:** Whether incentives support the right behaviours and time horizons.
5. **Impact and externalities:** Whether the business takes responsibility for its wider impacts, including its workforce.
6. **Dependencies and sustainability:** Whether the business sustains what it depends on.
7. **Customers:** Whether customers receive fair value and treatment.

Applying this framework consistently requires both rigour and judgement. Many business decisions involve genuine trade-offs between these dimensions: A decision that increases worker benefits may reduce capital available for long term investment; an investment in long-term environmental sustainability may reduce short-term profitability. The framework does not resolve these trade-offs; it makes them explicit, which is the first condition for addressing them honestly.

4 Practical recommendations

Directors, boards and business leaders	Set purpose, treat judgement and culture as board-level competencies, and report how decisions were reached, not only what was decided.
Investors and capital markets	Favour patient capital and treat human and social capital as material to valuation and stewardship.
Policymakers and regulators	Design tax, listing, and reporting rules so responsible, growth-supporting practice is the commercially rewarded choice.
Institute of Directors	Turn these findings into guidance, training, and resources that help directors apply them in practice.

The Commission's recommendations reflect its core finding: the conditions under which business acts as a force for good are shaped by governance, ownership, incentives, culture, and regulation working together. Recommendations targeted only at individual behaviour, or only at regulatory design, will be insufficient. Systemic improvement requires attention to the full system.

Adopt the recommendations, apply them proportionately.

Main recommendation

Boards and owner-managers should use the seven dimensions to identify material risks, gaps and trade-offs, consider the evidence, and agree what action is required.

4.1 For business leaders and boards

- Treat culture and ethical judgement as core board competencies.
- Attend explicitly to culture as a governance matter. Board-level oversight of culture should be as rigorous as financial oversight.
- Engage with workers, their representatives and communities as genuine stakeholders, with effective two-way dialogue and feedback mechanisms that influence decisions.
- Review critical business dependencies, including suppliers, supply chains, infrastructure and natural resources, as part of board-level assessment of resilience, risk and long-term value creation.
- Ensure customer interests are meaningfully considered in decision-making, particularly where information asymmetry, complexity or switching barriers may affect the fairness of the customer relationship.
- Require boards to treat AI adoption as a strategic governance issue, with oversight of workforce impacts, accountability, transparency, cyber resilience and ethical deployment alongside financial performance.

4.2 For investors and capital markets

- Extend the definition of value to include human, social, and environmental capital, not only financial returns.
- Consider how 'patient capital' models can be supported and extended and champion a longer-term definition of value with investors and capital markets.
- Design stewardship approaches that attend to ownership structure and its consequences for accountability.
- Support the development and refinement of outcome-based ESG metrics that measure genuine performance rather than disclosure compliance.
- Encourage investors to assess whether businesses are using AI to create sustainable long-term value, including investment in workforce capability, rather than focusing solely on short-term productivity gains.

4.3 For policymakers and regulators

- Improve the quality of dialogue between government and business, particularly on long-term investment and growth.
- Government should provide a clear, credible and consistent long-term policy direction for business, giving investors the certainty needed to make long-term investment decisions across successive governments.
- Design of incentive structures that make good behaviour commercially rational, not merely legally required.
- Avoid compliance regimes that displace rather than support moral judgement.
- Review the regulatory model in sectors where formal compliance has demonstrably failed to align incentives with public interest outcomes, like water.
- Support business-led, voluntary initiatives that raise standards above the regulatory floor, such as the Women Business Leaders Review and the Parker Review.
- Develop a coherent framework for addressing AI and technological change as it affects work, employment, and the distribution of economic gains.
- Support education that enables people to understand the essential role of business in creating wealth, employment, innovation and public revenues, and to assess business conduct critically and objectively rather than assuming that business is inherently good or bad.

4.4 For the Institute of Directors

The IoD should use this Commission to advance its Royal Charter objective of fostering entrepreneurial activity and wealth creation, recognising that sustainable wealth is fundamental to effective growth and to the wider contribution business makes to society.

- Use the findings of this Commission to strengthen the IoD's support to directors in fulfilling their duties, positioning the report as a call for better governance and providing a practical framework for understanding the conditions under which business is more likely to deliver value that is shared widely across society.
- Consider how best to embed the findings and recommendations in the training offer for directors' continuous development, board tools and guidance with the aim of helping directors apply the framework to their own organisations, identify structural vulnerabilities and make trade-offs between the seven dimensions as appropriate, according to their own business.
- Help directors evidence how the conditions identified by the Commission are governed in practice, including how purpose, culture, incentives, ownership and value distribution, externalities, dependencies, customer interests and long-term stewardship are reflected in board decisions, governance arrangements and oversight.
- Use the IoD's member engagement mechanisms to test and refine the framework, ensuring that the Commission's recommendations remain grounded in day-to-day business practice and can inform wider policy and regulatory engagement.

What this means for smaller and owner-managed businesses

Being a force for good does not require a formal board, extensive reporting or a dedicated sustainability function. For smaller and owner-managed businesses, the seven dimensions can be applied proportionately through the decisions made every day about the purpose of the business, its people, customers, suppliers and resources.

Four simple questions can help:

1. What are we trying to achieve?
Be clear about the purpose of the business and the value it aims to create for customers, employees and the communities in which it operates.

2. How do we treat people?
Consider whether employees, contractors, suppliers and customers are treated fairly, transparently and with respect.

3. What are our wider impacts and dependencies?
Understand how the business affects the people, communities and environment around it, and the relationships and resources on which it depends.

4. Are we building for the long term?
Consider whether decisions strengthen the resilience and sustainability of the business, rather than focusing only on immediate financial returns.

The scale of the response will differ between businesses. What matters is not having the same governance structures or reporting processes as a large company but considering these underlying questions as part of everyday decision-making.

5 Conclusion

The Commission began its work with a simple but demanding question: is business a force for good? This was an intentional provocation to IoD members, the wider business sector, society and government to intentionally think through what "good" looks like in relation to business and the way they understand their respective roles and responsibilities, grapple with their interdependencies, and work together.

The Commission considered and debated under what conditions is business more, rather than less, likely to be a force for good. Where business has a clear sense of identity and purpose, is supported by patient or timely capital, and led by boards that treat culture, transparency, and long-term stewardship as core governance priorities, it is more likely to contribute to good growth and deliver wider benefits for society. Where business has a limited or one-dimensional identity, is abstracted from wider society, is dominated by short term horizons, and led by boards who ignore or fail to understand culture, transparency, and long-term stewardship, it is less likely.

Ultimately, business is a human institution. Its quality reflects not only the judgements of the people within it, but the critical thinking, moral reasoning, and open debate through which those judgements are formed, and the systems that support or frustrate that process.

The goal of this Commission is to articulate the structural, cultural, and institutional conditions under which those judgements can more consistently serve society.

That is a demanding standard. It is also a realistic one.



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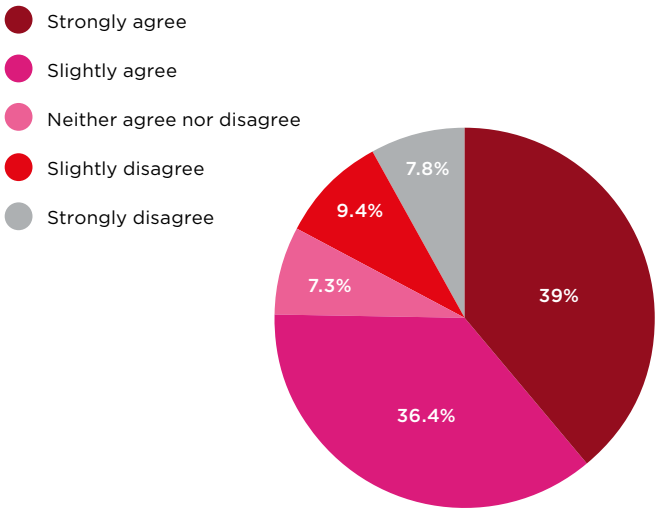
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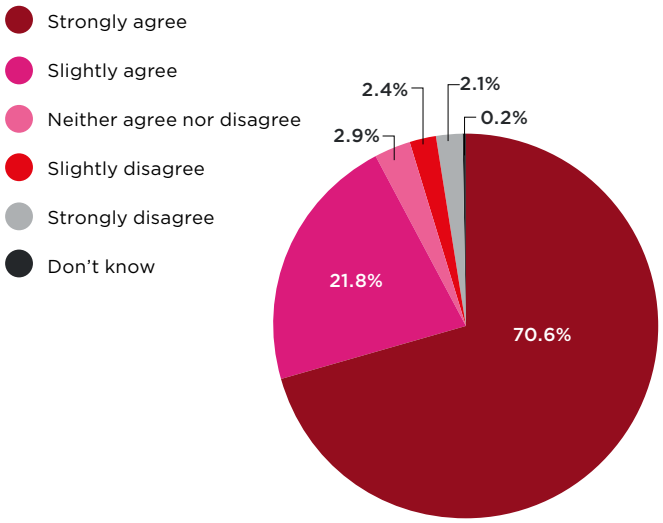
Annex 2: IoD Policy Voice survey results

Survey dates: 15–27 May 2026 | Number of respondents: 615 IoD members

To what extent do you agree or disagree with the following statement: "The ultimate purpose of a company is to make money and generate shareholder profits."



To what extent do you agree or disagree with the following statement: "Directors' fiduciary duties should include the consideration of other stakeholders, in addition to shareholders, when they make business decisions."



Thinking about the long-term success and sustainability of your organisation, how important are the following factors to your organisation?

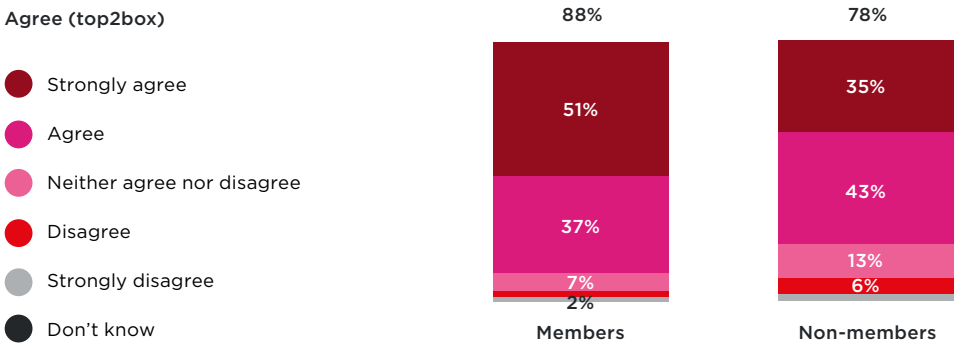
	Very important	Quite important	Neutral	Not very important	Not important at all
Environmental stewardship and climate	35.9%	42.1%	15.9%	3.4%	2.6%
Fair treatment, development and wellbeing of employees	79.2%	18.0%	2.1%	0.3%	0.3%
Long term profitability and sustainable value creation	80.8%	16.7%	2.3%	0.0%	0.2%
Moral and ethical leadership (integrity, transparency, responsible decision making)	82.0%	14.6%	2.3%	0.7%	0.5%
Positive societal impact (contribution to communities, social mobility, equality and wellbeing)	48.0%	35.1%	12.2%	2.8%	2.0%
Responsible governance and accountability (including executive pay, incentives and board oversight)	74.0%	21.1%	3.7%	0.8%	0.3%

Annex 3: IoD/YouGov survey results

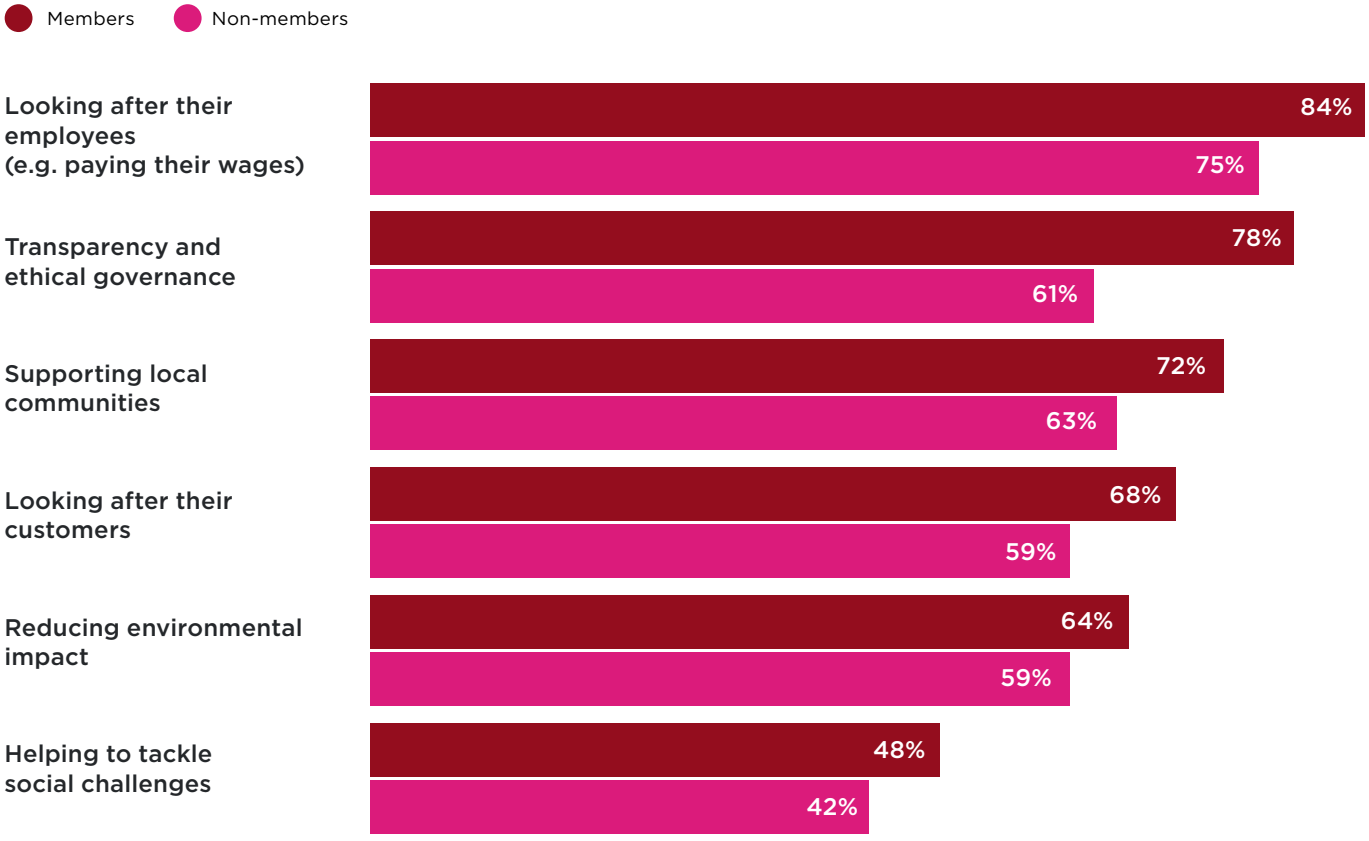
Survey of directors between 11–26 November 2025 drawn from two sample sources:

IoD membership database x 505 | YouGov panel x 755

To what extent do you agree or disagree with the following statement: "Businesses have a responsibility to contribute positively to society, not just deliver profits"



How can businesses demonstrate they are a force for good in the UK? (among those who agree with the statement)



The Institute of Directors is a non-party political organisation, founded in 1903, with approximately 20,000 members. Membership includes directors from right across the business spectrum, from media to manufacturing, professional services to the public and voluntary sectors. Members include CEOs of large corporations as well as entrepreneurial directors of start-up companies.

The IoD was granted a Royal Charter in 1906, instructing it to "represent the interests of members and of the business community to government and in the public arena, and to encourage and foster a climate favourable to entrepreneurial activity and wealth creation." The Charter also tasks the Institute with promoting "for the public benefit high levels of skill, knowledge, professional competence and integrity on the part of directors", which the IoD seeks to achieve through itstraining courses and publications on corporate governance.

For information on how to join the IoD's thriving membership community, visit our website **iod.com**

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