Unlocking Social Progress with Business

Overcoming Barriers to Drive Collaborative Momentum

Opinion piece

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INTRODUCTION

A quick glance at the global headlines paints a picture of inequality that is more acute than ever.[1] The headlines are supported by figures that speak for themselves: One in six people experienced discrimination worldwide in 2023 and the number of recorded refugees globally was unprecedented (United Nations, 2023). In 2022, whilst 236 people newly became billionaires (Durot, 2022), between 690 and 783 million people experienced hunger (FAO et al., 2023). Despite over two hundred years of interdisciplinary study and the elevated importance placed upon addressing inequality, including material contributions by economists, philosophers, academics, and others, inequality remains vastly unresolved.

The challenge of reducing multidimensional inequality is increasingly difficult. Differing perceptions of the issue, conflicting psycho-social motivations and the sheer scale and scope of the collaboration needed, all hinder progress.

Across business, companies are beginning to experience the risks that inequality and other social-related tensions bring. In 2023, large-scale worker strikes increased by 280% across the United States alone (Poydock and Sherer, 2024). One in three full-time employees noted that personal financial concerns have had a negative impact on their work productivity and sense of engagement (PwC, 2023a). These are specific examples of rising social discontent that may affect decisions at the polls and the policy responses that follow electoral outcomes, which in turn impact how business operates. Addressing inequality has become an even more relevant business imperative.

»Like a domino stack, if the most powerful steer towards collective thinking and away from singularly hunting financial gain, others may fall in line.«

As a powerhouse of financial, human, and intellectual resources, business also has a significant platform and potential for engaging and driving positive change.

Business in the Global Landscape
With 85% of the reportedly 3.4 billion global workforce in 2023 (Statista, 2023a) found in the private sector (Statista, 2023b), business arguably reaches into every corner of the world.[2] In recent decades, perceptions of business in relation to inequality have varied. Business is encouraged to use their power for change, but also face challenges over how it is potentially cultivating inequality. The mitigation of multidimensional inequality is far from straightforward. Policymakers play a crucial role in shaping the parameters for businesses to operate differently. Extensive collaboration is needed to find and act upon a shared narrative. Business programs that encourage the exchange of best practice insights and address inequality by working with stakeholders, such as international organizations,

non-governmental organizations (NGOs), and the public sector, are steps in a positive direction.

Brown states that "Businesses have arrived at a crossroads" (2022). Like a domino stack, if the most powerful steer towards collective thinking and away from singularly hunting financial gain, others may fall in line.

Let us imagine the alternative of inaction. The risks of not collectively addressing inequality, both for society and for businesses, loom large. In fact, emerging risks create a veritable minefield through which businesses maneuver: (BCTI, 2023, pp. 20-21):

- *An increasingly volatile operating environment*
- *Supply chain insecurity*
- *The erosion of productivity and innovation*
- *Regulatory and compliance risks*
- *Reputation risk*
- *Access to capital*

With potential consequences such as value destruction and loss of value creation opportunities, these risks are significant and represent a challenge to how business operates today. These risks also highlight the opportunity for business to create a more equitable future environment for its diverse stakeholders including its global workforce, the communities in which it operates, those in its broader value chain, and consumers.

In the global landscape, a business must continue to open up opportunities, share insight, turn a mirror on itself, and deepen collaboration with the public sector, NGOs, and international organizations to address inequality on a sustained basis.

BARRIERS TO PROGRESS

Despite receiving arguably more attention than ever before as an elevated theme in the United Nations Sustainable Development Goals, multidimensional inequality continues to drive a wedge in society. What holds us back from progress?

The Subjective Perception

People both perceive and experience inequality differently. At times, this has hampered progress on inequality, because it has not been possible to arrive at a consensus over the exact nature of the problem and what can be done to address it. Compared to the environment, social sustainability does not have a clear 1.5-degree target point definition for equity, causing a lack of clear action plans, or just simply a lack of action. This has, in turn, entrenched the status quo at a macro level and within business too. It prevents the more collaborative approach that is needed to address the problem effectively. We need to define a shared narrative that enables different stakeholders to act together and drive towards shared outcomes. The consequences of failing to move towards a more collective vision could mean short-sighted transformations, ineffective operations, and stagnant collaborative output.

The Individual Inherency

Another barrier to progress is the collection of social norms that emerge from cumulative individual behaviors over time. For example, concerns over job safety, recognition, status, and legacy may cause individuals to make decisions that preserve the status quo rather than achieve the level of transformation that is required to
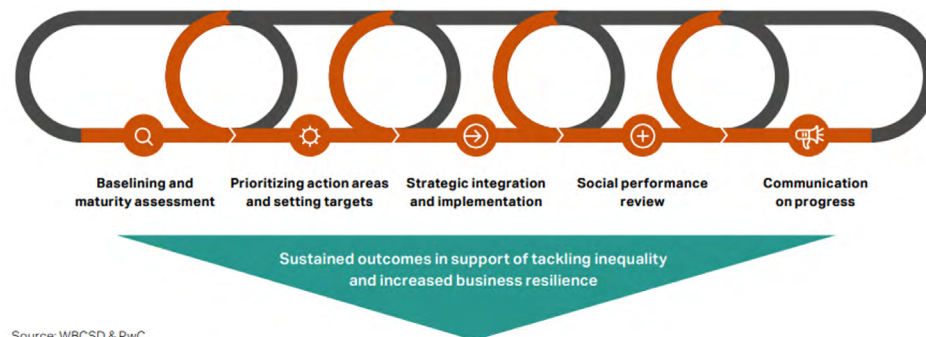
Figure 1: PwC & WBCSD Sustainable Business Transformation Framework
Source: BCTI Tackling inequality: An agenda for business action

tackle inequality. For instance, as financial hardship spreads, employees may place more weight on job safety compared to previous years (PwC, 2023b), which should be factored into decision-making and communications. These norms are reinforced by existing corporate governance frameworks, incentives, and remuneration policies that together drive business leaders to focus primarily on short-term, financial results. Understanding these deeply personal drivers is vitally important for gaining buy-in and acceptance of change (PwC, 2024).

The Collaboration Model Shift

Given the multidimensional and dynamic nature of inequality and the way it manifests locally, regionally, and globally, it can be challenging to prioritize those actions that will have the greatest impact. A collective effort is needed among policymakers, businesses, NGOs, international organizations, communities, and other actors to define the shared narrative, engage social norms, and drive change in

their respective domains. Like a puzzle, if just one piece is missing, the answer will be incomplete.

FRAMEWORK FOR SUSTAINABLE TRANSFORMATION

To overcome the barriers to change and in pursuit of recoupling economic prosperity, societal progress, and planetary well-being, there is practical action that businesses can take now to cultivate more sustainable operations. PwC and The Business Commission to Tackle Inequality (BCTI) have, in collaboration, developed a 5-step sustainable business transformation framework. When applied, it helps organizations to plan a pragmatic approach. The framework was originally designed as a business tool, yet its principles extend to the broader social context and can be applied across the public sector as well.

1. Baselining and Maturity Assessment

As a starting point, it is imperative to assess the current situation to establish

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how the organization addresses inequality across various areas of impact, along with the specific actions being taken. This is relevant for businesses and policymakers alike as key expertise, data insights, and lessons learned from the baseline and maturity assessment can be mutually beneficial.

What this can look like - a sample case study: In 2021, following the launch of a significant National Action Plan by Malaysia, targeting the eradication of forced labor nationwide by 2030, a comprehensive evaluation and baseline assessment became a vital step for an organization to tackle inequality. This organization is a prominent provider of electronics manufacturing services, with a workforce exceeding 10,000 employees spread across Malaysia, China, Indonesia, and Vietnam and a strong commitment to corporate responsibility and sustainable and ethical practices. Given the diversity in their workforce, they perceived that language barriers and cultural disparities might have resulted in a lack of clarity and visibility. To conduct this evaluation and baseline assessment, the organization partnered with a consulting firm and an independent spe-

cialist in labor rights who brought invaluable civil society insights to the table. This collaborative effort managed to pinpoint the pressing issues, propose actionable solutions, and showcase areas where the electronics manufacturing services organization excelled.

2. Prioritizing Action Areas and Setting Targets
The subsequent crucial phase involves identifying the action areas that the organization should prioritize moving forward and determining the types of targets it should establish. The organization can then assess the impact and importance of addressing each area, taking into consideration factors such as the magnitude of the disparity, the level of need among affected populations, and the potential for policy interventions to make a meaningful difference.

What this can look like - a sample case study: In 2023, one of the world's largest consumer goods companies adopted this framework to guide its internal sustainability efforts. As the transformation progressed, initially centered on environmental and health objectives within the action plan, the company recognized its broader role within its value chain and the business advantages of operating within thriving communities. Consequently, the plan expanded to include a commitment to improving livelihoods, both upstream for smallholder farmers and downstream for small-scale retailers. Predominantly localized social initiatives evolved into global partnerships with organizations like UNICEF and Save the Children. With priorities clear, this company set targets to promote enduring, sustainable solutions that

address multiple dimensions of inequality and yield lasting social and economic benefits for communities and society. The journey continues with regular evaluations of outcomes that can influence and adapt future targets to enable them to evolve and remain relevant.

3. Strategic Integration and Implementation
This step is dedicated to formulating a structured action plan, whilst engaging in ongoing consultations with affected groups and broader stakeholders and establishing suitable internal governance mechanisms. At this stage, setting up key performance indicators (KPIs) and metrics is essential to gauge the efficacy of these endeavors.

What this can look like - a sample case study: In the global health sector, gender discrimination is still one of the main barriers to accessing health services to prevent and treat severe diseases. Global health financiers work closely with local authorities, NGOs, the private sector, and other key partners on the ground to transform harmful social norms, practices, and policies, and drive change to benefit vulnerable populations. During a project to implement a health program in Nepal, funded by a global health financier, a consulting organization conducted a gender-related review to identify gender-related issues in the provision of HIV services at beneficiary and service provider levels. The consulting organization provided the global health financier with the findings and recommendations, helping them in their decision-making process and contributing to their mission to reduce human rights-related barriers to HIV services.

4. Social Performance Review
As part of a successful implementation, regular social performance reviews of a variety of measurable outcomes and milestones are essential. This step helps to identify areas needing improvement and to potentially redefine targets in alignment with evolving organizational goals. Social performance reviews can facilitate stakeholder engagement and participation, whilst promoting accountability and transparency. This is a key stage to reinforce the Theory of Change and explore impact through various pathways of control, influence, and interest. (Erasmus University Rotterdam, n.d.)

What this can look like - a sample case study: A large consumer goods company faces the challenge of demonstrating social progress by defining clear, quantifiable metrics that continue to evolve with dynamic legislative transparency requirements. To elaborate, this company devised a method to imbue rigor into outcome measurement by instituting a Basis of Preparation (BoP) to match each of their sustainability commitments. The BoP offers a precise definition of a target and delineates its measurement and reporting framework, complete with key milestones. Impact studies conducted in collaboration with independent organizations showcase

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how these social impact initiatives generate value for employees, the business, and the broader economy.

5. Communication on Progress

Businesses must determine the frequency and manner of reporting progress, in alignment with regulatory requirements, and reflect on how to frame their external communication on progress against the backdrop of actions taken. Communication allows organizations to promote dialogue with stakeholders, including affected communities, civil society organizations, businesses, and other government agencies. By soliciting feedback, listening to concerns, and involving stakeholders in the decision-making process, policymakers can continue to cross-check the efficacy of social policies around inequality.

What this can look like - a sample case study: In close collaboration, a consulting firm assisted a major pharmaceutical client in crafting a landscape analysis of the company's initiatives in comparison to benchmark analyses. This collaborative effort resulted in the creation of the company's first Global Diversity and Inclusion report, creating transparency about the challenges and obstacles faced in addressing inequalities and showing a clear path for how they are demonstrating a commitment to continuous improvement.

CONCLUSION

Recoupling the economic efforts of business along with societal progress and planetary well-being, is a critical step forward. Businesses need to take action to address multidimensional inequality across their workforce, supply chain, customers, and communities. By prioritizing collective thinking, businesses can mitigate risks while driving social progress. Using co-created approaches like the Sustainable Business Transformation Framework can help to encourage all actors to collaborate effectively to tackle multidimensional inequality. The importance of illuminating a shared narrative compels deeper listening and understanding of the social norms that guide society at all levels. Making progress against systemic multidimensional inequality means weaving enhanced collaboration through the fabric of society and all actors, business included, have a meaningful role to play.

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1   See global conflicts, the adverse effects of climate change, gender representation, sustainable development, inclusive generative AI and technology for some thematic examples

2   According to Global Justice Now, "69 of the top 100 economic entities are corporations rather than governments (2018)," signifying that the financial, intellectual and brand power of business has reached a pronounced global legitimacy and platform.