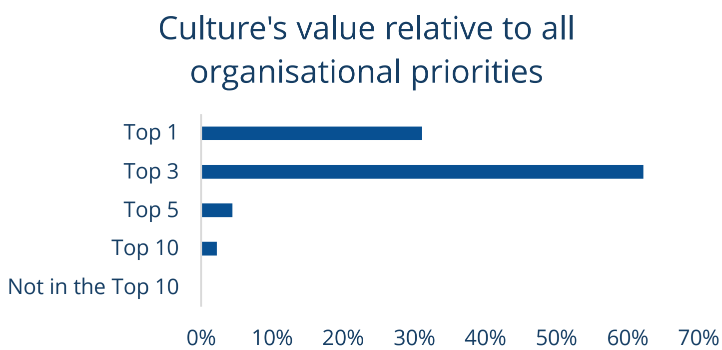
B Corporation, 46 CEOs

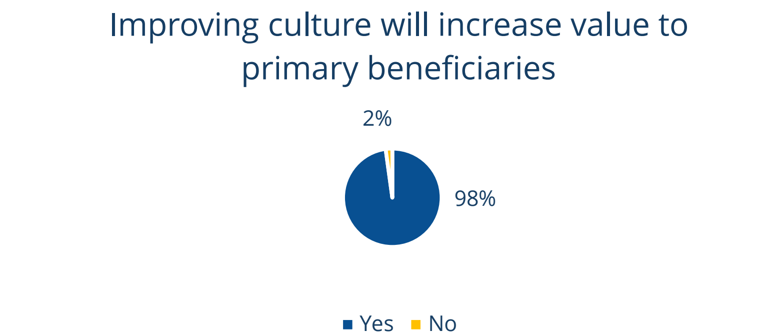
March 2025

Value of organisational culture



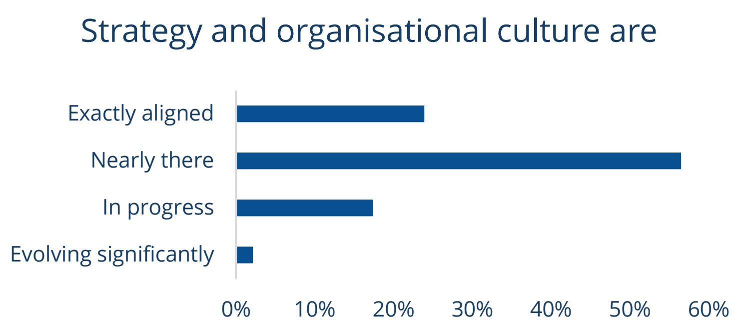
93% of B Corp CEOs consider culture to be among the top three factors that determine their organisation's value - higher than 88% in the all company (for-profit) cohort.

Value of improving culture



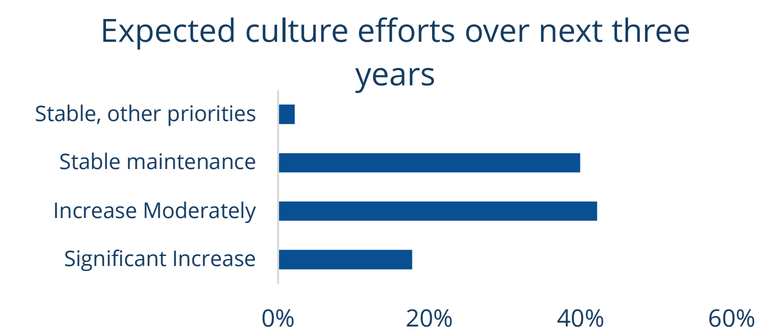
98% of B Corp CEOs believe that improving their culture will increase their company value through productivity, profitability, or growth - higher than CEOs across all firms (95%).

Current state of culture



76% of B Corp CEOs say they need to do some work to achieve ideal strategic alignment between culture and strategy - below CEOs across all firms (89%).

Changes to culture



93% of B Corp CEOs rank culture among their top 3 factors, 98% believe enhancing it increases value, 13% more report a perfectly aligned culture, and 60% plan to enhance culture (67% for all firms).

Culture and strategy alignment: CEOs' perspectives on misalignment

Among CEOs with misaligned culture and strategy, 94% work to align them (higher than the other cohorts). A further 83% attribute misalignment to evolving external and internal factors, while 51% note leadership needs to invest more time in culture or a stronger leadership capability is required (58%).

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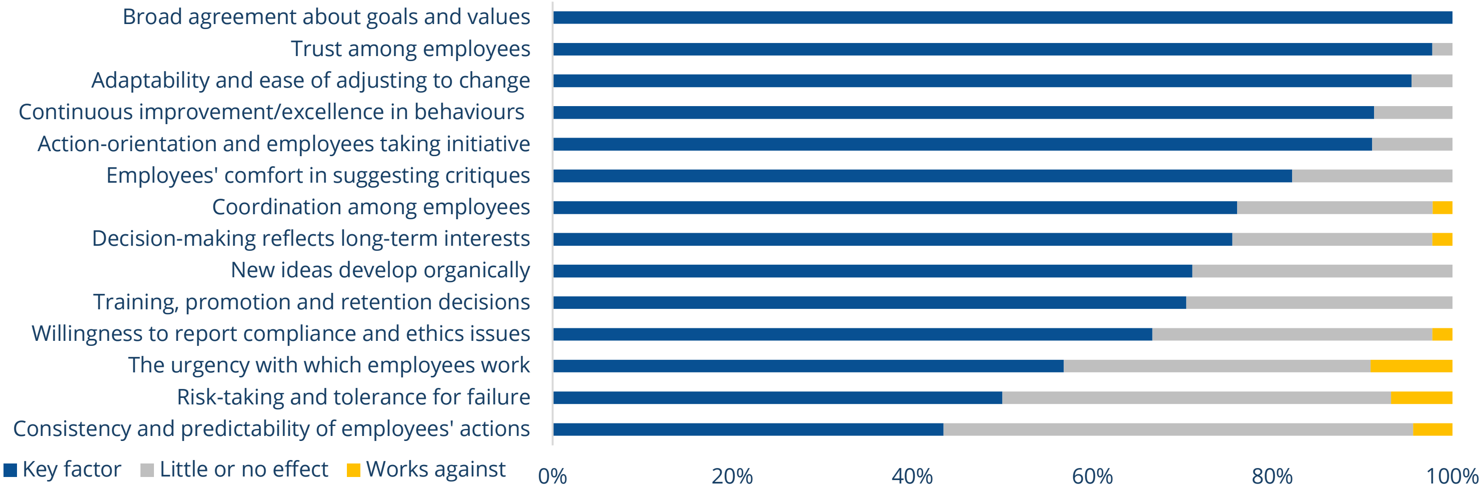
Why is organisational culture important

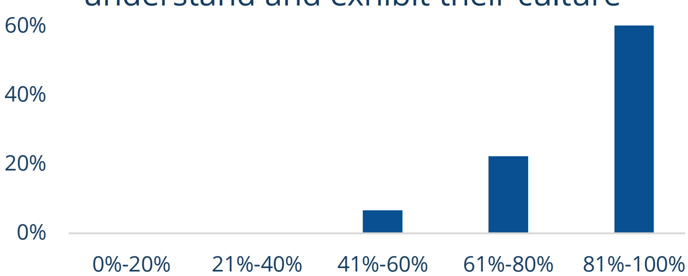
Key factors in determining the effectiveness of organisational culture



Broad agreement on goals and values is key for organisational culture effectiveness, alongside trust among employees, adaptability to change, striving for continuous improvement, action orientation, and comfort in suggesting critiques.

Exhibit and understand culture

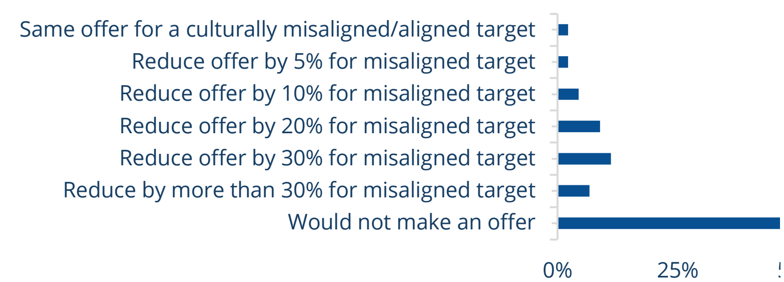
The percentage of employees that understand and exhibit their culture



Only 22% of B Corp CEOs report that staff lack understanding or display behaviours contrary to the desired culture, compared to 55% of CEOs in the for-profit cohort.

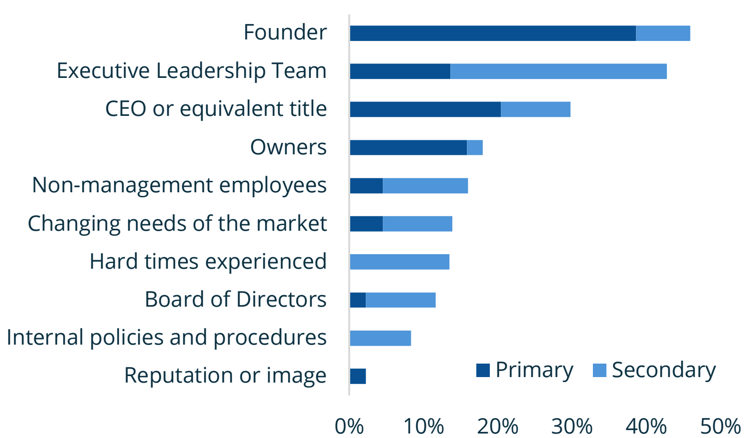
Identical M&A targets, one misaligned

Offers for culturally aligned vs. misaligned target

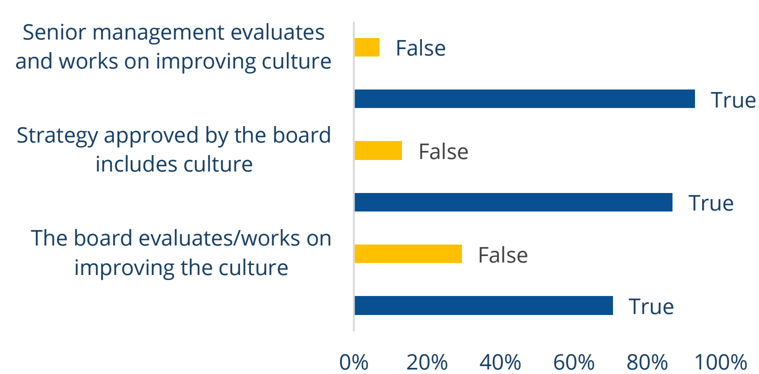


64% of B Corps would not make an offer on a culturally misaligned target compared to 44% of for-profits, 33% of B Corps would reduce an offer by 5–30%. Only 2% would make the same offer.

Most influential factor setting culture



Annual assessment of culture



The CEO, leadership, founders, and owners set and define culture.

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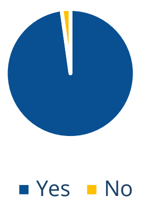
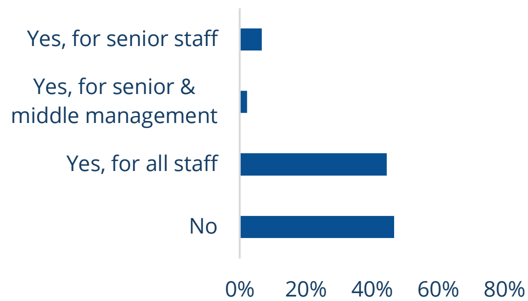
Exemplifying values: performance reviews, discretionary pay, & promotion

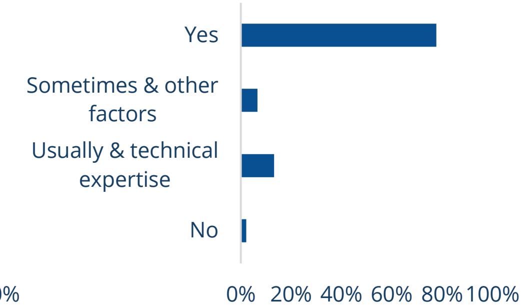
Employee behaviours reflect values included in performance reviews



Employee behaviour linked to discretionary pay



Behaviour a key criterion to advance to senior role



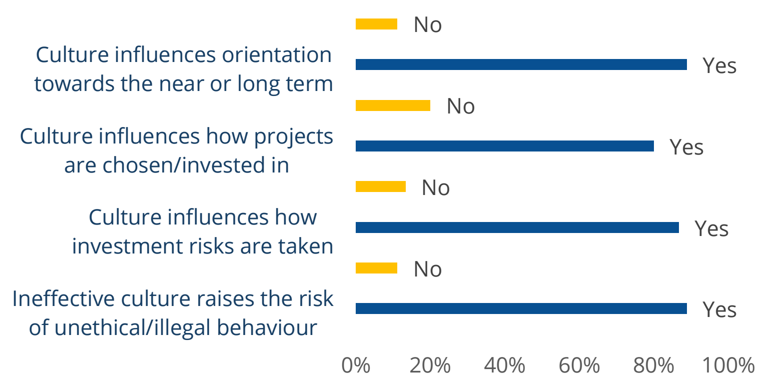
98% of B Corps include whether employees exemplify values in performance reviews (in line with all firms). 53% link discretionary pay to behaviours (vs 61%), and 78% consider exemplifying values a key criterion for senior progression (vs 61%). B Corps assess values as frequently as all firms, but are less likely to link behaviour to pay and are far more likely to use values alignment in promotion decisions.

Investment style

Project investment style

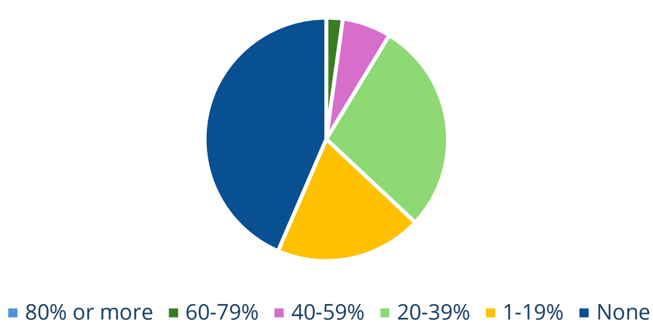
52% of B Corp CEOs prefer a growth or high-risk strategy compared to a stewardship approach. 80% agree that culture drives this decision-making in line with their strategy.

Culture: risk, long-term and ethics



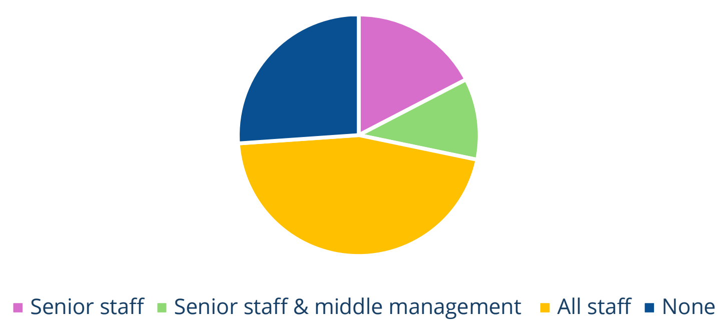
B Corp CEOs say culture impacts long-term focus (89%), investment risk (87%), and 89% believe culture impacts ethical decision-making, with around 1 out of 10 CEOs disagreeing.

Short-term CEO incentives



CEOs noted that, while they are not motivated by monetary incentives, they see incentives as signals. 43% of B Corp CEOs have no STI, versus 41%. B Corps have a larger portion of owner and founder CEOs who typically hold more equity.

Short-term staff incentives



46% offer short-term incentives to all staff, 11% to senior staff and middle management, and 17% to senior staff. B Corps offer more STIs to staff compared to the for-profit cohort.

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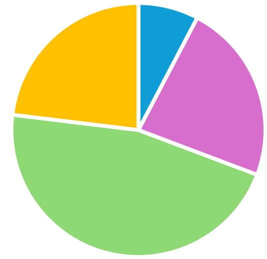
Long-term leader incentives

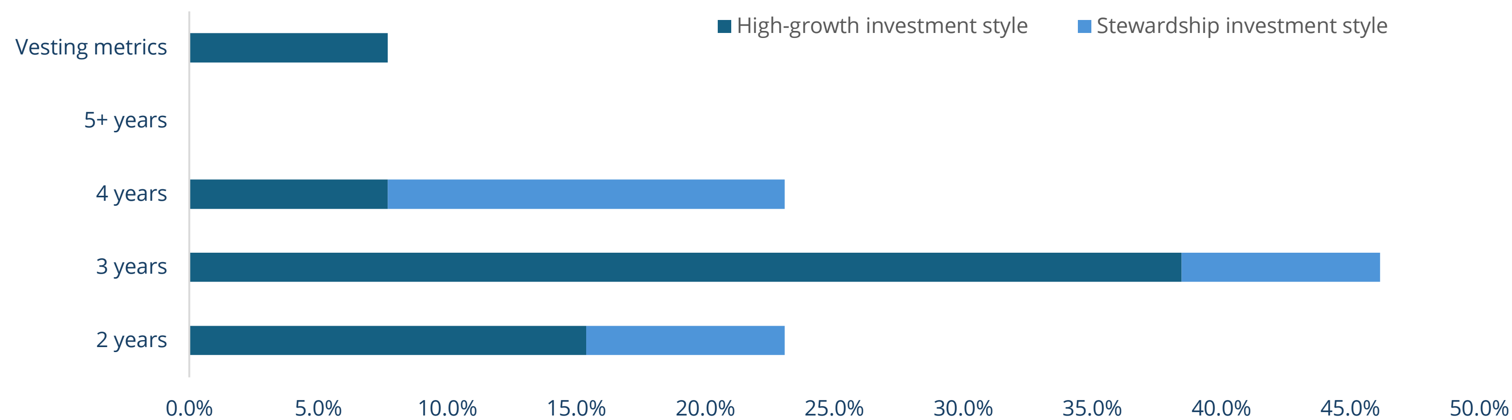
There is a variation in CEO LTIs, with 48% receiving no LTIs, while most others fall into lower to mid-range percentages. B Corps have more founder leaders so many have ownership stakes in their companies creating natural motivation and alignment.

Long-term incentive vesting period



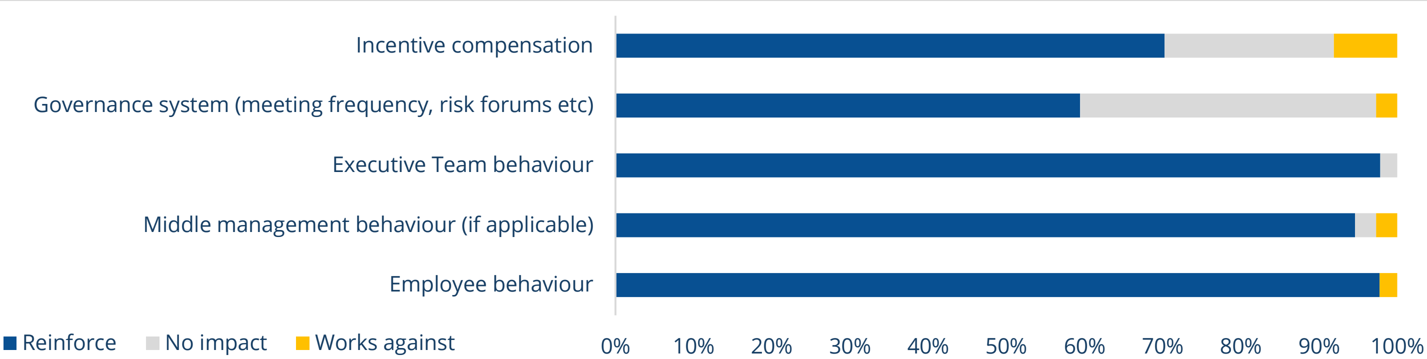
The most common vesting period is 3 years (46%), with 23% linked to 2 years of performance. While short for LTI schemes generally, in B Corps - where CEOs often hold more equity - this still supports goal alignment, succession planning, and signal long-term commitment.

Long-term incentive vesting terms and their link to investment style



High-growth firms allocate significantly more to LTIs, with 69% offering them compared to 31% among lower-growth firms, indicating a stronger emphasis on long-term value creation.

Impact of various factors on organisational culture effectiveness



Leadership team behaviour is the strongest reinforcer of culture. However, incentive compensation and the governance systems impacts are mixed, only 70% and 59% consider it as reinforcing, while 8% and 3% (respectively) believe they work against culture.

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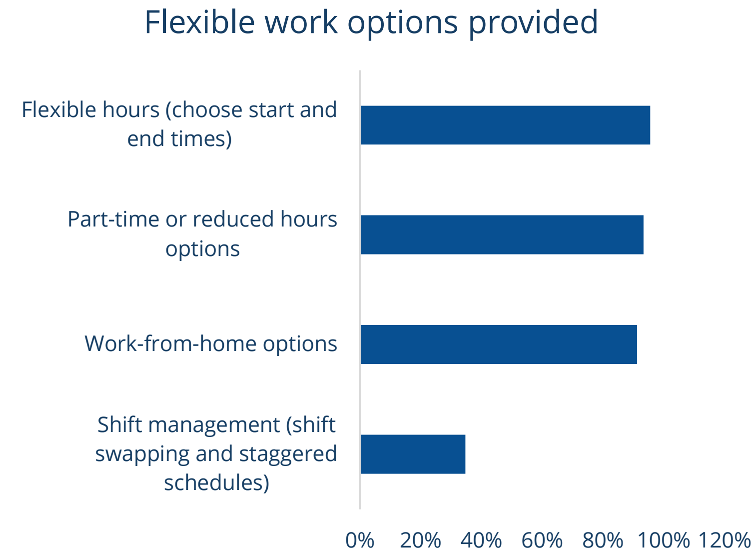
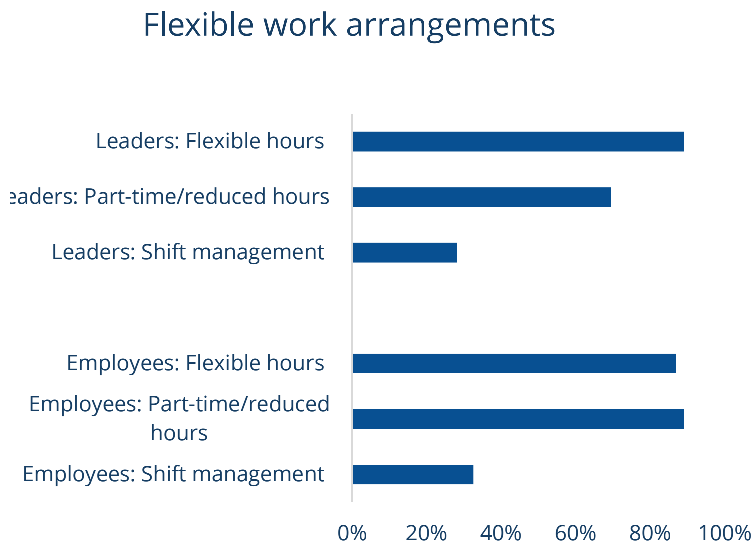
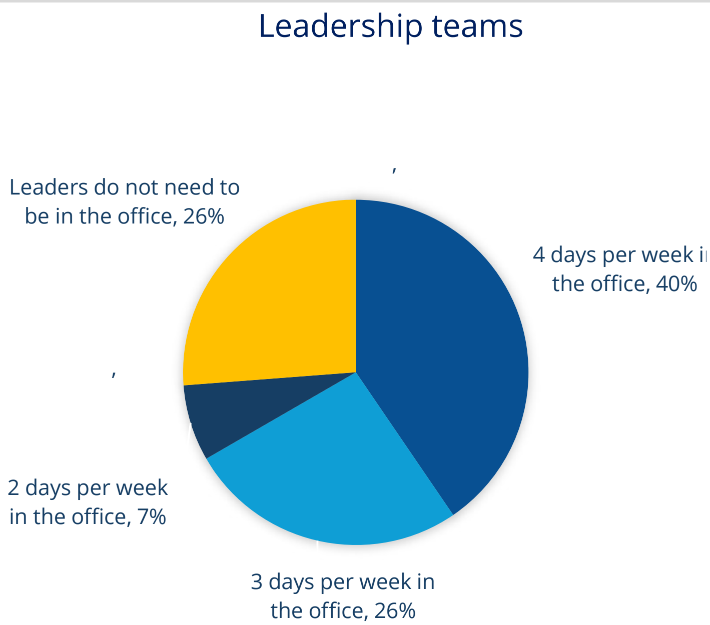
Support for flexible work arrangements

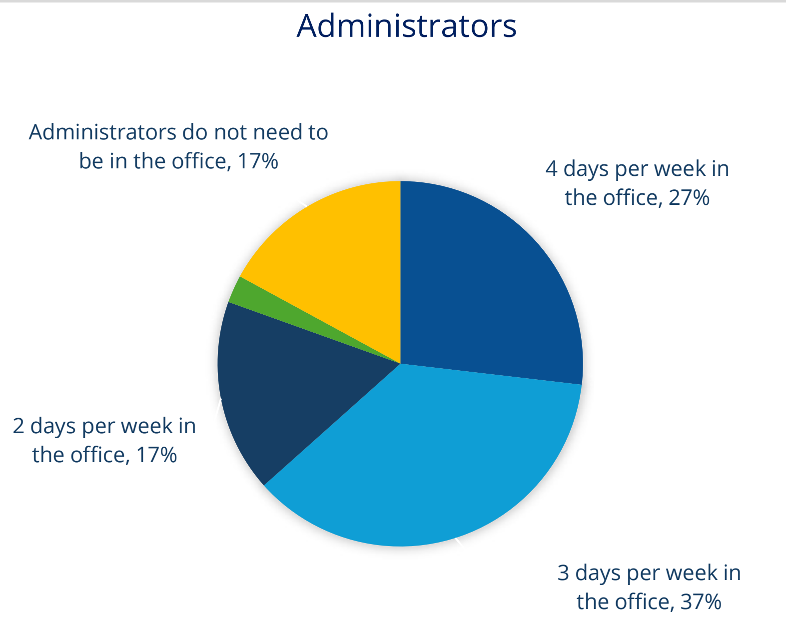




B Corp CEOs support flexible work, offering more work-from-home (91% vs 77%), flexible hours (96% vs 81%), part-time/reduced hours (93% vs 75%) than the overall sample. They extend these policies to both employees and leaders, with leaders notably receiving greater part-time or reduced hours (70% vs 44%). This increased flexibility potentially benefits parents or carers seeking leadership roles.

Optimal in-office days to support and nurture organisational culture





B Corps show more flexibility in determining the ideal number of in-office days to nurture and support their organisational culture, with none preferring five days per week for leaders or administrators - unlike all companies, where 20% and 19% prefer 5 days, respectively. Among B Corps, 40% of leaders are expected in-office four days per week (vs 41% across all companies), but a notable 26% have no requirement to be on-site at all (vs 10% for all companies). Administrators in B Corps typically work three days in-office (37%, vs 31% across all companies), and 17% face no in-office requirement (vs 9% across all companies). B Corps are the most flexible cohort, with the most inclusive and adaptable view on ideal in-office days.

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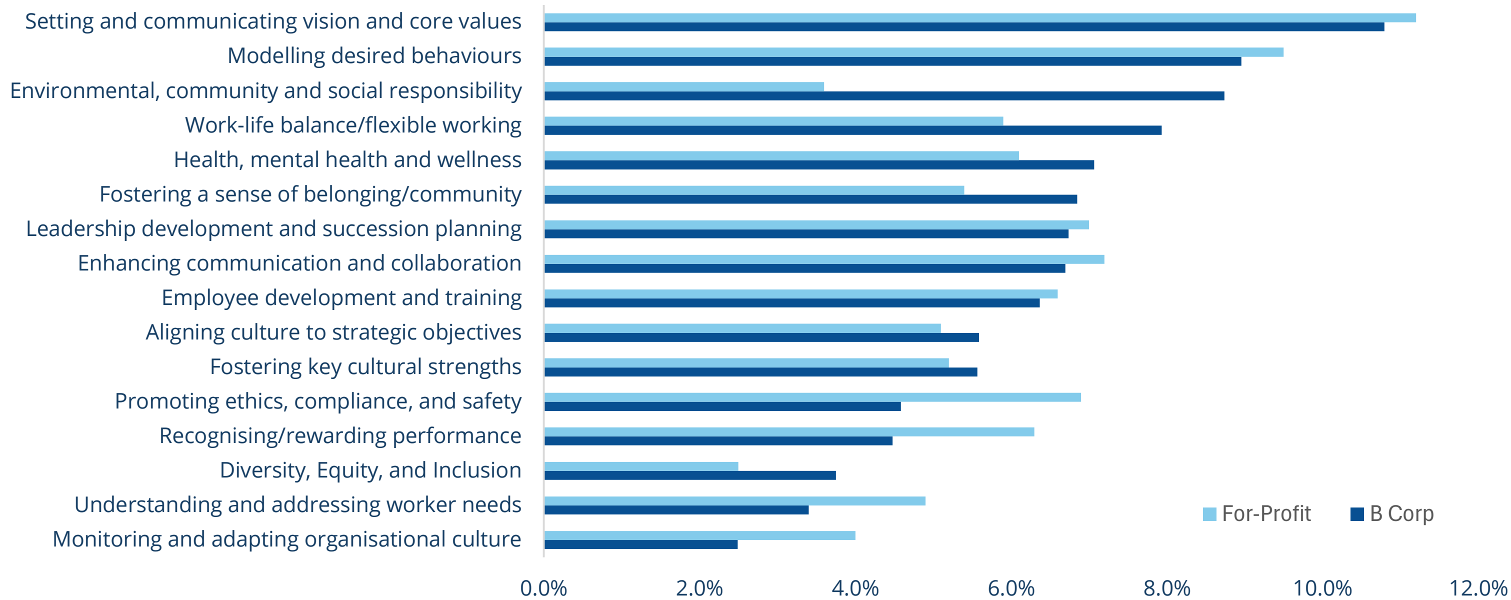
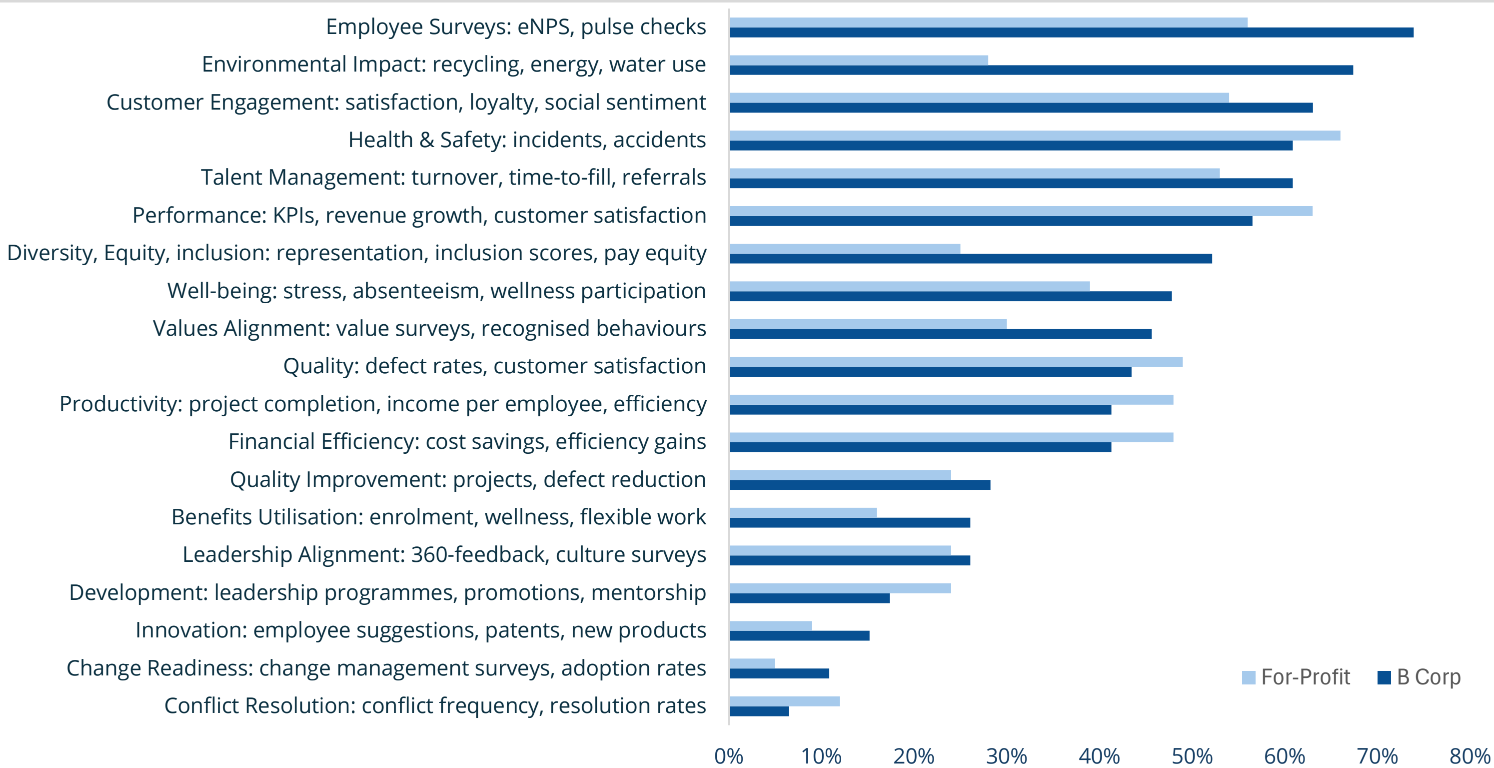
How CEOs spend their time on organisational culture



Compared to the overall sample, B Corps place greater emphasis on environmental and social responsibility, work-life balance, and fostering a sense of belonging, but less on recognising performance and promoting ethics and compliance.

How CEOs measure outcomes and value from organisational culture



B Corps and for-profits measure culture effectiveness differently, reflecting distinct organisational priorities. B Corps place a greater emphasis on environmental impact, diversity, equity, and inclusion, employee surveys, and values alignment. In contrast, for-profits focus more on health and safety, financial efficiency, productivity, and performance metrics.

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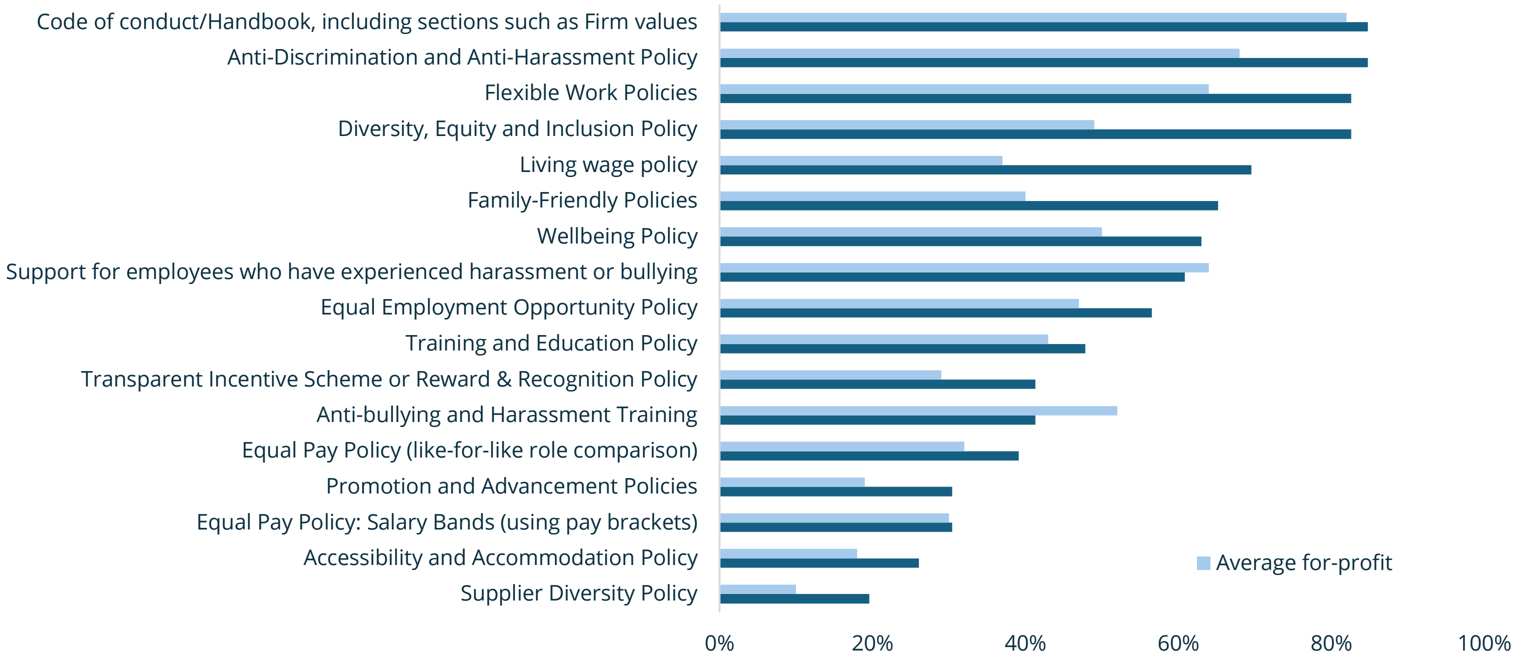
People-centric policies



B Corps demonstrate stronger adoption of diversity, equity, and inclusion policies, living wage policies, and family-friendly policies. They also lead in flexible work, anti-discrimination and harassment policies, and transparent reward schemes. In contrast, for-profits place more emphasis on anti-bullying and harassment training and support.

Ethics centric policies and processes

B Corps place considerably more emphasis on sustainability and environmental responsibility, diversity, equity, and inclusion, and regular reinforcement of ethical values. They also lead in promoting integrity, codes of conduct, and employee engagement in ethical initiatives. For-profits place slightly more emphasis on ethical leadership development and whistleblower hotlines.

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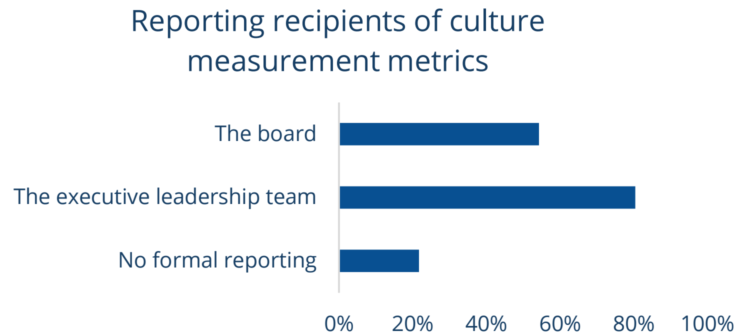
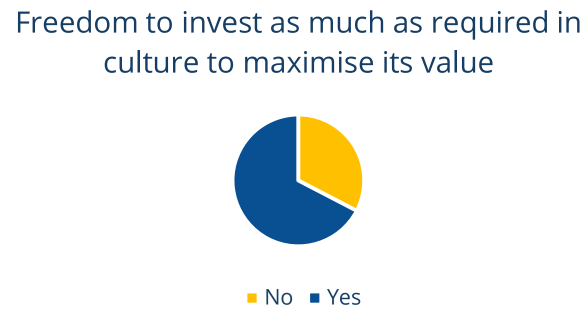
Formal channels for reporting culture



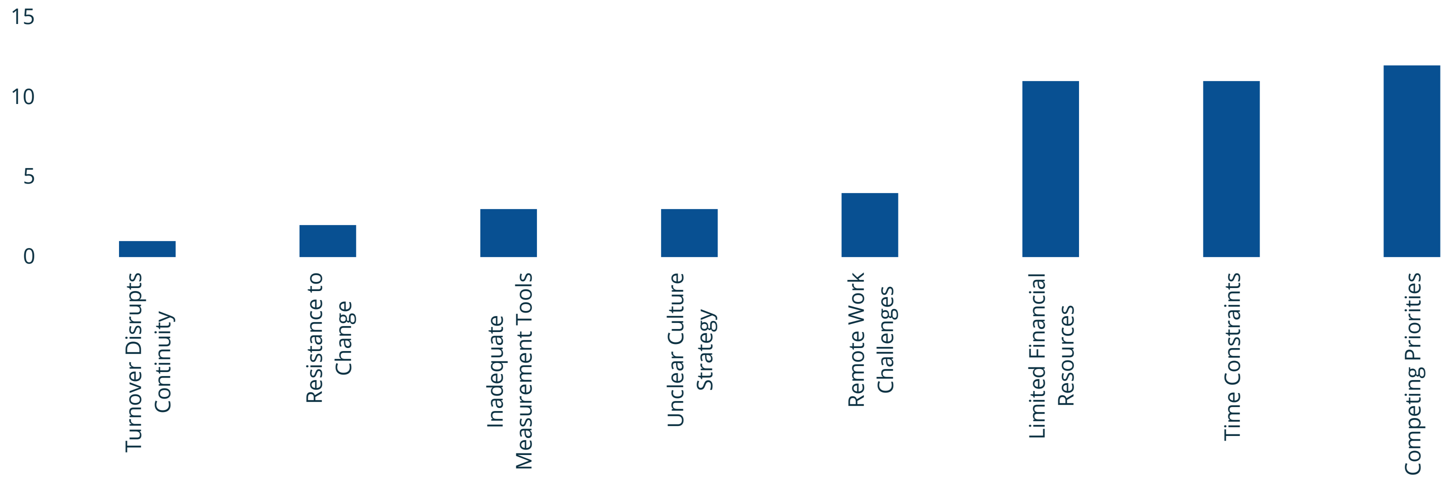
Culture metrics are primarily reported to executive leadership and the board, with 22% having no formal reporting (compared to 22%).

Ability to invest in culture



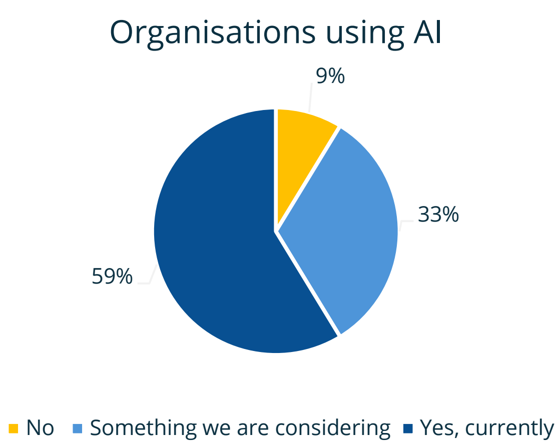
67% of CEOs feel able to invest in organisational culture as much as needed to realise the value of their culture (compared to 63%).

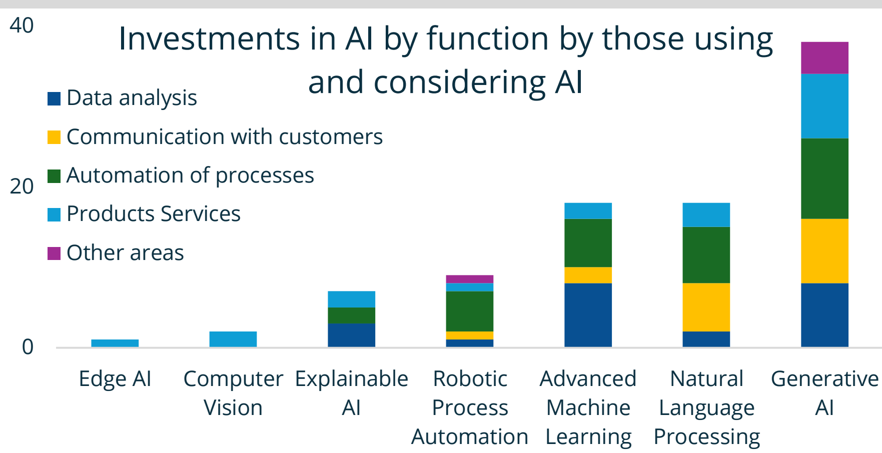
Barriers to investing in organisational culture to maximise value



Based on selection frequency, competing priorities, time constraints, and limited resources are the top barriers to investing in culture.

Applications of AI technologies across organisational functions





Currently, 59% of listed companies use AI tools, with a further 33% considering adoption, reflecting higher AI investment compared to for-profits. Generative AI is the top focus, followed by natural language processing, which ranks higher than in all firms overall.

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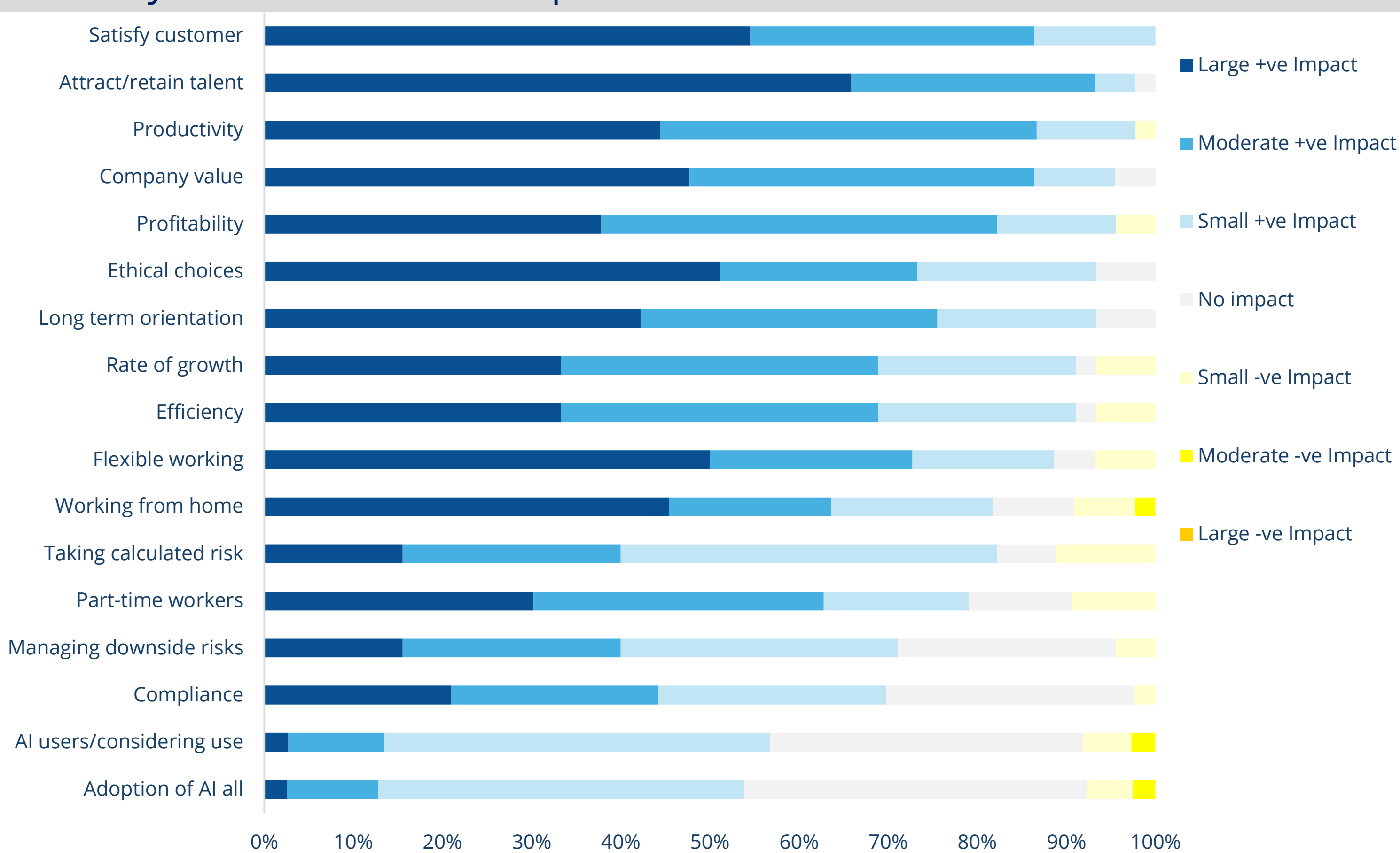
How AI adoption is expected to influence organisational culture

Based on selection frequency, CEOs adopting or considering AI expect its cultural impact to centre on enhancing collaboration tools and platforms, which could improve communication and teamwork. This is followed by an anticipated increase in data-driven culture success measurement, likely leading to more informed decision-making to enhance productivity and performance.

Summary of culture and its impact on various factors



Blue shades indicate varying degrees of positive impact, grey is neutral, and yellow shades varying degrees of negative impact.

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