

Executive summary

Executive Summary

1. Introduction

Since the early 1980s there has been a considerable development of business investment in the community in the UK. The concept of community investment embraces all forms of corporate support for the voluntary sector, community groups and partnership ventures involving the voluntary and public sectors.

2. The nature of company investment in the community

2.1 Community investment covers many forms of business activity and support for the voluntary sector and community groups. Traditionally the emphasis has been on donations to charitable bodies in cash and kind. However, numerous other methods of business involvement have grown in importance in recent years:

- financial support (project funding, ‘soft’ loans, matching grants, payroll giving schemes, donations to intermediaries for distribution in the community);
- sponsorship of community projects or events (including social and environmental sponsorship as well as the more familiar forms of corporate sponsorship for the arts and sports);
- donation of equipment, products and materials to community bodies;
- provision of staff time and expertise, for example through secondments, part-time assignments, volunteering and membership of governing boards;
- recruitment and training initiatives aimed at broadening opportunities for specific disadvantaged groups;

- education/business partnerships and related ventures with local schools and colleges;
- support for local enterprise promotion, for example through initiatives to increase local purchasing from small firms in the community.

2.2 The extent of business investment in the community has increased substantially over the past decade. In 1989 the estimated total for company contributions was at least £300m, excluding the value of gifts in kind: of this some £175m was in the form of charitable donations. However, the real level of community investment is certainly much higher, since many firms do not account comprehensively for non-cash support such as provision of staff time (pp 10-11).

2.3 In the 1980s there was a large increase in the promotion of business investment in the community. This was the result of a number of factors, for instance alarm in the private sector over the rise in unemployment and inner city disturbances in the early 1980s. Numerous agencies have emerged to promote greater involvement by companies in national and local action for community causes (pp 11-15).

2.4 Companies may become involved in the community investment field for reasons of self-interest as well as altruism and social concern. While 'philanthropic' motivation is very important to many firms and individual employees, there has been a growing emphasis among promotional agencies, voluntary bodies and companies on action based on 'enlightened self-interest'. Increasingly, companies, promotional bodies and the voluntary sector are seeking to become involved in initiatives that can provide benefits to the company as well as to the community. This is widely regarded as the key to recruiting many more companies into the world of community investment (pp 19-23).

2.5 Benefits for companies from investment in the community may emerge in the short and the long term. Short-term benefits may be more easily quantified: for example, improved recruitment and retention associated with schemes for pre-recruitment training for disadvantaged groups. Long-term benefits may be hard to quantify,

but companies and community bodies alike identify a variety of advantages flowing to firms that become involved in the community (pp 23-28).

- long-term revival of economic activity in disadvantaged areas and consequent growth in custom and business opportunities for companies;
- the development of a pool of potential skilled employees in inner city localities through training initiatives and new recruitment policies focussing on local communities;
- maintenance and enhancement of company image and goodwill among local communities;
- improved employee motivation and retention, and an enhanced image for companies among potential recruits and customers;
- improved employee motivation and development of new skills through assignment to projects in partnership with voluntary bodies and community groups.

3. Good practice in company investment in the community

3.1 The review of activity in our three case-study cities reveals many positive examples of community investment by firms. Although cash donations are still the main item for many firms, other forms of investment are becoming well-established. There are no areas of activity that are the sole preserve of larger enterprises, and smaller companies can play an important role in the community.

3.2 There is widespread agreement among leading firms, promotional agencies and voluntary bodies on the key elements of good practice in community investment:

- the development of a statement of company policy on community investment that has board-level support, specifies areas for support and sets priorities, identifies aims and objectives, and provides a clear message to employees, shareholders and the wider community about the company's commitment (pp 36-39);
- commitment of resources to community investment as an integral part of the company's activity, to be managed like other mainstream functions, rather than as a marginal 'extra';
- involvement of all levels of staff in community initiatives;

- flexible allocation of resources between national and local initiatives, allowing effective targeting of particular local needs (pp 41-42);
- entry into networks and partnerships involving links with community bodies, other firms and public sector agencies, in order to pool resources, improve coordination of activities and information exchange, and bring a mixture of skills to bear on complex problems, especially in inner cities (pp 42-48).

4. Overcoming obstacles to community investment

4.1 As well as general agreement on elements of good practice, there is also a broad consensus among firms, promotional agencies and voluntary bodies on the obstacles to the development of corporate investment in the community. The main problems identified are:

- relatively low levels of corporate expenditure as a percentage of pre-tax profits, and inadequate reporting of investment (pp 51-52);
- the failure of many firms to develop comprehensive policies on community investment and their reliance on ad hoc responses to requests from the community (pp 52-53);
- the need to raise managers' awareness of potential benefits and recruit many more firms into the culture of community investment (pp 54-60);
- the confusion felt by many companies over fragmentation in the voluntary sector, over public policy initiatives in the inner city and over the plethora of partnership ventures that have been established between private, public and voluntary bodies in recent years (pp 61,67-69);
- the need for more participation by local authorities and the voluntary sector in partnerships involving business in community investment, and for more emphasis on 'social regeneration' as well as physical and commercial development in urban renewal ventures (pp 65-67).
- the need, as seen by many companies and other bodies, for 'strategic fora' at local level to coordinate initiatives for community investment and improve information flows (pp 69-70);

4.2 Measures that may be useful in overcoming these obstacles include:

- more dissemination of guidelines on good practice for companies in relation to organisation, budgets and policy development for investment in the community (pp 52-53);
- further development of initiatives for increasing company contributions such as the local Per Cent Clubs operating in Newcastle and Sheffield (p 55);
- more resources for promotional and voluntary bodies marketing the message of company investment in the community, especially to smaller firms not yet involved (p 56);
- Government grants to smaller firms for consultancy on developing a community investment policy (pp 56-57);
- development of more management training in corporate social responsibility in business schools nationwide, in the wake of initiatives in this area by Manchester Business School (pp 58-59);
- action by committed businesses to encourage more suppliers and customers to become involved in community investment (pp 59-60);
- more development of management skills in the voluntary sector to facilitate links with business (pp 64-65);
- improved information exchange and coordination of initiatives between agencies at national level, perhaps in a regular Community Investment Forum (pp 67-69);
- the development of city-wide Community Investment Fora to provide a focus at the local level for information exchange, coordination of initiatives, development of partnerships, promotion of company involvement and strategic debate on local issues. A Community Investment Forum would be located in an appropriate existing organisation, such as a TEC or Chamber of Commerce or local authority, and would involve regular discussion between representatives of relevant local bodies from all sectors (pp 70-74).

5. Case studies from three British cities

5.1 Birmingham has seen the development of a number of striking partnership ventures for urban renewal involving the private sector. Among the initiatives widely viewed as innovative and useful are:

- the Business Action Team (BAT), a partnership focussing on assistance for small firms in danger of going out of business (p 91);
- the Ten Company Group Equal Opportunity Project, a venture involving many companies in development of projects and policies designed to improve recruitment opportunities for people from ethnic minority communities (pp 92-93);
- Birmingham Heartlands, a major urban regeneration partnership between the Chamber of Commerce, the City Council and development companies (pp 93-97).

5.2 Bristol provides many examples of activity in the community by individual companies; the small firm Mosaic stands out as an example of commitment to a coherent, company-wide policy on community investment, and as an indication of how small companies can make an effective contribution (pp 130-133). Partnership ventures include the Bristol Initiative, a business-led strategic forum bringing together representatives of private, public and voluntary sector bodies in the city (pp 133-135).

5.3 Manchester has some of the most severe inner city problems in the UK, but has also seen a remarkable amount of urban renewal work in recent years and advances in the establishment of partnerships between business and the public and voluntary sectors. There has been a striking development of effective partnership between companies, public agencies and community groups to promote job opportunities and community regeneration in the inner city areas of Moss Side and Hulme. Leading firms have come together in a Business Support Group to work with public agencies and the local community, and this is widely regarded as a very promising development for the locality (pp 152-157).