



This Local Work looks at how - and why - involvement in local regeneration fits into businesses' Corporate Social Responsibility (CSR) strategies, and at the role business can play in helping to deliver neighbourhood renewal. It draws on some of the experiences of CLES Consulting, looking at the practicalities of how partnerships between the public and private sector can work, and examining some of the challenges of weaving together CSR and neighbourhood renewal.

### **What is Corporate Social Responsibility?**

Businesses have for a long time sought to 'put something back' into society through philanthropic donations of money, goods or employee time. However, a central tenet of CSR is that the most effective way for business to make a difference is by looking at the impacts of its own operations, and working in partnership with others to tackle wider social problems.

A significant aspect of CSR is engagement with and accountability to stakeholders - not only employees, customers, investors and suppliers, but also government, regulators, local community groups, campaign groups, 'the public' and academics. Engagement means identifying and listening to the views of key stakeholders, and taking them into account in decision-making. In this way companies can identify their key social and environmental impacts and issues, and act on them in ways that meet their own and others' needs. A CSR strategy requires the development of internal strategies and management systems to integrate key social, economic, environmental and ethical factors into every aspect of the business. These can provide the framework for changing business behaviour.

### **The Business Case for CSR**

CSR is, in the most part, a voluntary and business-led activity; attempts to create legal standards have been resisted, with the argument that self-generated action is more effective and long lasting than action forced by law.

So what is motivating business to develop CSR strategies? The following five factors are the core motivations for businesses to engage with CSR practices:

### ***Competition and Peer Pressure***

No CEO likes to see their company ranked below its competitors, and rankings like the Corporate Responsibility Index<sup>1</sup> have encouraged many to start taking action. A survey<sup>2</sup> of 350 major companies in Europe found that 78% of executives agreed that responsible business practices made a company more competitive. The agenda is no longer that of just big business, 83% of UK small and medium sized company directors agreed that 'social responsibility will become increasingly important to businesses'. The growing importance of brand and reputation in business success are the most cited examples of the business case for CSR.<sup>3</sup>

### ***Managing Reputation***

Maintaining the trust and respect of customers, employees, investors and government is vital to business success. According to survey evidence from MORI, nearly 90% of people now feel it is important or very important when forming an opinion about a company, to know about their activities in society and the community.

### ***Legal Compliance***

Identifying and managing business risks associated with social, environmental and ethical issues, such as loss of reputation is a motivation for businesses to develop CSR strategies.

### ***Employee Attraction and Retention***

There is evidence that employees like to work for 'good' companies and don't like to work for unethical organisations. CSR strategies can improve staff moral and increase productivity. Diversity is also increasingly recognised as a business benefit. Businesses who build an effective recruitment and selection strategy, and

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modernise their workplace policies and practices with respect to issues of diversity, increase their competitive advantage.<sup>4</sup>

### **Environmental and Cost Savings**

While recycling by businesses can be increased, emissions, water usage, energy consumption and waste can all be reduced through increased attention, by businesses, to their environmental impact. Thus saving money and contributing positively to the environment. Environment Index from 72% in 2003 to 79% in 2004.

### **CSR, Partnerships and Regeneration**

Historically, business involvement in the local community has been ad-hoc, reflecting the interests of the Managing Director or a group of employees. Recently, however, companies have come to understand that contributions are more effective when they are part of a wider programme designed to tackle specific issues and coordinated with the work of other agencies. Working in partnership with charities, the public sector and others has become a key theme of CSR, and there are numerous courses and conferences on skills for partnership working in the private sector.

Regeneration and neighbourhood renewal strategies require exactly this kind of partnership working, often in a complex, multi-agency setting. The National Strategy for Neighbourhood Renewal<sup>5</sup> prioritises the 88 most deprived areas in the UK and sets up public/private/voluntary sector partnerships to set local priorities and harness national resources. These Local Strategic Partnerships are key to the delivery of the strategy, and seek to tackle deep-rooted, complex and interwoven problems of poor health, inadequate housing, high crime, low educational attainment and skill levels, few opportunities for employment and a poor physical environment. Getting involved in local or regional regeneration programmes therefore provides an opportunity for companies to contribute to community development where it is most needed, often right on their doorstep, and to do so as part of a wider strategic programme of tackling complex social, economic and environmental issues.

There are good business reasons for companies to support local and national regeneration programmes in partnership with the public sector:

- o Tackling local problems, such as crime or lack of skills in the workforce, benefits employees as well as residents, and improves business competitiveness by reducing costs and increasing the skills pool;
- o Creating more cohesive communities and more dynamic local and regional economies creates bigger potential markets, and benefits the national economy and the private sector as a whole;
- o Getting involved in projects and partnerships develops goodwill and trust among influential local decision-makers, communities and other businesses;
- o Neighbourhood Renewal is a key national strategy; being involved gains recognition at national level, particularly from government departments responsible for regeneration, and potentially from new customers and investors;
- o Some companies value the opportunity to put their values

into practice, making positive contribution to the local area and a more sustainable future for it.

### **What Can Business Bring to Neighbourhood Renewal Strategies?**

Businesses make a positive contribution to economic renewal simply by their existence - providing employment, taxes, and buying and selling products and services. A significant part of local regeneration work is therefore focused on encouraging the creation of new small businesses, and increasing investment by existing larger ones. However, the private sector can bring more than this. Businesses bring much-needed management skills, including financial and budget management, organisational development and team management skills. They bring access to a pool of local people with a variety of interests and backgrounds to get involved in delivery of different kinds of projects. They bring understanding of the job market. They can bring resources and investment potential. They also bring the technical expertise of their industry, such as engineering, event management or scientific research skills.

The Private Sector Advisory Panel on Neighbourhood Renewal<sup>6</sup> examined a number of Neighbourhood Renewal areas and provided a series of recommendations to the Department for Communities & Local Government on how to improve private sector involvement. They created an extensive 'menu of opportunities' to illustrate the range of activities businesses can get involved in, from one-off, simple actions to longer-term, more innovative solutions. Some are actions that businesses already undertake in isolation; by coordinating them with others' efforts the benefit can be magnified. A selection of these is listed below.

#### **Education**

- o Encourage staff to give an hour a week during work time to help with reading, maths or languages in schools.
- o Share senior management experience with a head teacher.

#### **Enterprise**

- o Provide mentoring and expertise for new business start-ups, SMEs and social enterprises including how to secure cash investment and growth strategies.
- o Open up procurement processes to enable local firms and social enterprises to bid for contracts.

#### **Crime**

- o Offer mentoring/advice to leaders of youth crime projects to help them connect more effectively with the world of business.
- o Set up or join a group of local businesses to improve security and the business environment e.g. ShopWatch with other retailers, Town Centre Partnership or Business Park Group.

#### **Employment**

- o Advertise job vacancies through local Job Centres and commit to employing locally where possible, reflecting the diversity of the area.
- o Develop a partnership with local community based job clubs to help them relate to employers' needs.

#### **Local Strategic Partnerships and Community Support**

- o Become a member of the Local Strategic Partnership board to develop and follow through strategy, represent business

views and feedback to the business community.

**How the Private Sector is Engaging in Neighbourhood Renewal Related CSR Practice?**

There is a whole range of partnerships and programmes that have developed in recent years that show how businesses can become involved in targeted activity that can benefit some of the most deprived communities in the UK. Engaging with neighbourhood renewal through CSR policies can be done to varying degrees of intensity, and with a range of partners. It's not just big businesses that are getting involved either, businesses of any size can direct the impact of their CSR policies toward the most deprived neighbourhoods in the country. This section of the paper will examine three partnerships already established, where the public and private sectors are working together to deliver neighbourhood renewal. These examples illustrate that there is a variety of types and sizes of private company involved in CSR, and that the intensity of the relationships formed and the level at which activity is undertaken can also be varied according to needs and abilities of both business and the community. There is not a set method or way to become involved.

**United Utilities & Groundwork**

United Utilities in developing its Corporate Social Responsibility Strategy and reviewing the range of partners it worked with, decided to organise its CSR activity into 3 key impact areas, education and training; social inclusion; and environment. They also had an ongoing relationship with Groundwork, transforming derelict land into community spaces, and were keen to formalise this work by identifying Groundwork as the key partner in relation to the environmental aspects of its CSR activity.

In 2004 a formalised partnership was launched, in the form of the United Futures initiative. United Futures key objectives are to improve and enhance their environmental reputation through strategic communication activity at the local, regional, national and international level and to utilise Groundwork's diverse project portfolio to help address some key business issues, including awareness of the benefits of green energy, debt issues, management of land, and the community impact of disruption associated with its capital investment programme, etc.

**Business Brokers**

A three-year government funded initiative, the Business Brokers pilot, aimed to help businesses to contribute to the regeneration of their local communities through involvement in their Local Strategic Partnership (LSP). Business people can bring vital skills to the LSP, such as business planning and expertise and knowledge of the local economy, which can greatly benefit plans drawn up for a local area. This in turn can benefit businesses' bottom line, through working to improve local skills, helping to reduce crime and improving the physical environment. The role of the Business Broker is to advise on ways that businesses can become involved in neighbourhood renewal, to clearly articulate the benefits of doing so, to advise LSPs how to become more business-friendly and to help to ensure greater business representation at a strategic level. The Business Brokers focused their

efforts on engaging the private sector in activities that supported the achievement of the jobs floor target; building enterprise in deprived neighbourhoods; and supporting the voluntary and community sectors in these areas.

**Leeds Cares**

Cares is one of the main business led employee volunteering programmes in the UK, it is a national partnership in which businesses can become a member of a local Cares partnership. Companies support local Cares partnerships and, in many cases, provide time for employees to volunteer during the working day. Volunteering opportunities are made available to staff via a mixture of brochures, notice boards, and an on-line extranet system. Staff can volunteer singly or in teams to complete tasks ranging from using their professional skills to help with an IT problem, to assisting in a maths class, to dog walking for an elderly person, to delivering meals on wheels, to mentoring a homeless person. Such activities profile company engagement in the community and provide insights for employees into local needs. Companies and volunteers both state significant team building and corporate communication benefits that accrue from such activities.

**Bridging the Gap: CSR and Neighbourhood Renewal**

*'Sustainable communities need business and business needs communities, but successfully linking the two is not always easy'* - Partnership Academy, BITC

The CSR agenda has developed steadily in the UK since the early 1990s, and today the social responsibility of business is being considered much more widely than ever before. CSR has spread from an initial focus by big business on environmental concerns and labour issues to every sector, irrespective of company size. Many CSR policies are today concerned with the local community, with numerous projects linking firms with local projects through staff volunteering opportunities. However, this development in CSR policy has largely been separate from the Neighbourhood Renewal and Sustainable Communities agenda being pursued by those in the public sector. Three main challenges identified in effectively weaving together CSR and neighbourhood renewal are gaining the long term commitment of businesses, evidencing the impact of CSR to encourage greater adoption in the private sector and reducing the barriers to engaging the public and private sectors in a meaningful way in relation to neighbourhood renewal.

**1. Gaining Long Term Commitment from Business**

One of the main lessons from regeneration over the last thirty years has been the fact that short term approaches have not created sustainable regeneration, a past assumption that serious urban problems could be resolved by temporary or "catalyst" initiatives has proved unfounded as some of the areas receiving regeneration funding today are the same areas that received special funding thirty years ago. Catalyst initiatives can be useful to focus resources and energies, but they are clearly not sufficient for sustainable regeneration. In recent years there has been a shift away from short term programmes and funding streams toward much longer timescales requiring much greater levels of political

commitment and vision for future development. The Neighbourhood Renewal agenda requires this level of long term commitment and visionary planning, the National Strategy for Neighbourhood Renewal sets out a vision for the next 10 to 20 years, one of the main challenges in weaving businesses into this agenda is the commitment to long term involvement. Businesses are making the long-term commitment within their organisations to policies of CSR and there is the opportunity to bend this commitment toward the most deprived areas in the country to contribute to neighbourhood renewal.

### **2. Measuring the Impact of CSR**

Perhaps one of the biggest issues in gaining the long-term commitment of business is the difficulty of measuring the impact of such activities. Businesses are often engaging in CSR but are not able to quantify the impact of their efforts. There needs to be much greater evaluation of activity to capture the benefits of the time and resources invested by the private sector. Where there is good levels of evaluation there tends to be a focus on collecting outputs rather than outcomes, for example the number of staff members/staff hours contributed over the difference made to the lives of those helped by the activity. This is understandable in a way, as business does not have the time to spend in gathering in evidence of impact, however a greater co-ordinated approach with the public sector through Neighbourhood Renewal projects and programmes or with dedicated support organisations such as Business in the Community can help to demonstrate the value of CSR activity beyond that of corporate image.

### **3. Reducing Barriers to Engagement**

The public sector can play a role in shaping the CSR agenda with the private sector. As the CSR agenda grows and more and more companies begin to think about the communities in which they do business, the public sector bodies charged with delivering Neighbourhood Renewal have an opportunity to bend the resources being deployed to the strategic targets set for renewing the countries most deprived areas. The government needs to continue to strive to involve business in finding solutions and improving processes of neighbourhood renewal. Business can bring a wealth of experience at all levels, at a strategic level business has knowledge and understanding of issues such as clarifying roles, modelling solutions and focusing resources where they can be most effective, within SMEs there is commitment to providing volunteering time which can be used to deliver publicly

funded projects. Local Strategic Partnerships need to engage with business much more deeply and strategically than at present and weave in the sectors intelligence and awareness of the complex issues being addressed in taking forward the Neighbourhood Renewal agenda, while also making the links between people and projects, on the ground.

### **Summary**

To reduce barriers to engagement the public and private sectors need to work together to develop the evidence base that can encourage long-term commitment to CSR, and direct this toward deprived areas. The Private Sector Advisory Panel on Neighbourhood Renewal is a good example of where this has taken place, but further work needs to be undertaken to spread the messages further. The local nature of LSPs means that tactical and strategic approaches differ from place to place, and make it difficult for national businesses to take a strategic approach, while for local businesses it is difficult to penetrate the, often bureaucratic, set-up of partnerships.

### **References:**

- 1 Corporate Responsibility Index - see [http://www.bitc.org.uk/programmes/key\\_initiatives/corporate\\_responsibility\\_index/index.html](http://www.bitc.org.uk/programmes/key_initiatives/corporate_responsibility_index/index.html)
- 2 Fastforward Research: Setting the new agenda for business, Business in the Community, 2002.
- 3 MORI on behalf of DTI, BT and KPMG quoted in Schedule 1 - Project Approval Information.
- 4 The People and Workplace strand of BITCs work, [http://www.bitc.org.uk/people\\_workplace/index.html](http://www.bitc.org.uk/people_workplace/index.html)
- 5 National Strategy for Neighbourhood Renewal, <http://www.neighbourhood.gov.uk/page.asp?id=908>
- 6 The private sector advisory panel on neighbourhood renewal: Report and Government response, <http://www.neighbourhood.gov.uk/publications.asp?did=907>



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