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A STUDY FOR DISCUSSION ON THE WAY MAJOR COMPANIES  
HAVE DEVELOPED CORPORATE SOCIAL RESPONSIBILITY TO  
COMMUNITIES IN THE UK - WITH IMPLICATIONS FOR FUTURE  
COMPANY COMMUNITY INVOLVEMENT

Ruth I. Johns

TO THE HONORABLE MEMBERS OF THE HOUSE OF REPRESENTATIVES

IN SENATE CONFERENCE

1907

IN SENATE CONFERENCE  
ON THE REPORT OF THE SELECT COMMITTEE  
ON THE MESSERS' REPORT  
AND THE REPORT OF THE SELECT COMMITTEE  
ON THE MESSERS' REPORT

1907

Company Community Involvement in the UK

An independent study

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ABSTRACT

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COMPANY COMMUNITY INVOLVEMENT IN THE UK by Ruth I. Johns MA FBIM

**Keywords:** Corporate Social Responsibility. History. Survey UK practice. Role of Community. Implications for future company community involvement.

Social responsibility to the community is an important aspect of companies' role in society. A debate on the social responsibility of companies to the community began in the 1970s when some major companies wanted to become more involved in communities because of the problems caused by rising unemployment. A case study traces the process by which local decision making and successful local initiatives were manipulated by Government and major companies as the practice of imposing panacea projects on the community became prevalent.

The divergent histories of company community involvement in the USA and the UK are outlined, and provide a reason why the practice of transferring USA models to the UK can be inappropriate. The UK Government and major companies currently share a common view of what may 'benefit' local communities. Communities, specially in inner-cities, are often viewed as 'problems.' Their values and ideas are underrated.

A survey is made of current company community involvement in the UK: the practice and the *raison d'être* behind the practice. A case is made for establishing an independent theoretical framework for future company community involvement based on shared knowledge and respect. An independent 'home' is eventually needed for this work (but NOT as a matter of any company or organisational expediency). First, the community needs involving as equal partner in discourses between the sectors. Suggestions for practice are made. Companies need to co-operate.

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THE UNIVERSITY OF CHICAGO

Department of Chemistry

Chicago, Illinois

1950

Dear Sirs:

I am pleased to hear that you are interested in the work of the Department of Chemistry at the University of Chicago. I am sure that you will find our work in the field of physical chemistry to be of interest to you. I am sure that you will find our work in the field of physical chemistry to be of interest to you.

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## FOREWORD

There are times when it is necessary to reflect. I recently took time 'out' to do just that. This report is part of the result. I want to share it because I am worried at the likely future consequences of the direction much company community involvement is taking.

Taking time to reflect on what is happening in the field of community involvement is not an escape into unrealistic theory. It is a practical acknowledgement of the potential dangers of being carried along with current trends without carefully considering their long-term implications.

This study is intended primarily to stimulate thought and discussion. It is not a 'How To Do It' paper, although it has many direct implications for practice.

I had to be persuaded to include my personal perspective in Chapter One. It does clearly demonstrate processes which are still little understood, seldom acknowledged and yet increasingly relevant to the way inter-sector co-operation is developing.

My thanks especially to Owen Greene, of Bradford University's Peace Studies Department, for positive criticism of the draft; to Jennie Butters, of the British Institute of Management's Information Service, and to Angela Hewin of Warwick Print.

Ruth I. Johns

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## INTRODUCTION

Corporate social responsibility to the community deserves more study than it attracts. Although there is considerable reportage of some company community involvement (often for Public Relations reasons), the information offered is partial. Even statistical information on company giving is often incomplete because, for example, in the Charity Aid Foundation's annual statistics some companies include a value for 'in kind' help and others do not. As illustration, The Boots Company gives over £600,000 p.a. worth of goods for community use. This figure is not included in statistics of the Company's donations. Courtaulds plc has given away valuable land sites without the value being reported as a donation.

It is, however, the nature of the relationship between companies and communities which needs most investigation. Major companies exist to make profit, to survive, and - if possible - to grow. Local communities can have very differing social, cultural, religious, and economic aspirations. The interface between a company, as corporate neighbour, and a community can be co-operative or hostile (or any degree between). The understanding between companies and communities depends on a complex variety of assumptions and experience each has of the other. Government, both central and local, can help or hinder the development of a creative interface. As the market economy is likely to be the prevalent economic system in the UK for the foreseeable future, company community interface needs better understanding in order to help create a less divisive society.

In the first Chapter, after a brief summary of the different facets of corporate social policies, I will outline some of my background in the field of corporate social responsibility to the community. This led to the decision to do this research. This Chapter will indicate the important difference between corporate social responsibility to the community as partner or as recipient.

Chapter Two offers a brief history of the practice of business involvement in the community in the USA and the UK, with particular reference to the relationship of urban communities to companies. This history provides reasons why American practice may not be appropriate for transfer to the UK. Contemporary UK company community involvement practice is surveyed in Part I of Chapter Three. This practice includes charitable donations, sponsorship, work with voluntary organisations, and (as an example of a field in which company involvement is directed by Government policies) work with training and enterprise initiatives. Current practice raises important questions about power relationships between government, business and community sectors. The *raison d'être* for current practice is outlined in Part II. This highlights the absence of a sound theoretical framework on which practice is based.

The final Chapter outlines the need for a theoretical framework within which corporate social responsibility to the community in the UK can be practiced, and reasons why this may be difficult to achieve. Ideas are offered for a creative way forward.

## CHAPTER ONE

### CORPORATE SOCIAL RESPONSIBILITY: THE COMMUNITY AS RECIPIENT OR PARTNER (a personal perspective).

Corporate (or business) social responsibility to the community in the UK is one aspect of companies' social policies which alter as times and thinking change. It is important to set company community involvement in context. Among other facets of corporate social policy are pay and conditions of work, company benefits (e.g.pensions), and company amenities (e.g.social and recreational centres).

There are international aspects of corporate social policy: to employees in overseas locations, the need to conform to national law requirements, to appropriate development of industrialising countries and to issues of interdependency. Companies with defined social policies in their country of origin have sometimes practised very different standards overseas. Indeed, USA philanthropy is strictly a domestic affair with only 2% of funds raised by individuals as well as corporations being invested in overseas projects. Yet overseas profits account for some one-third of total profits of USA top companies (Guardian 1990). However, it is unlikely today that a history of an international company would include only passing reference to overseas operations, as in the case, for example, in a history of Dunlop (Jennings 1961).

In recent years, issues of pollution and global environment are arising in company boardrooms. In response to queries about social responsibility, the CBI, for example, now issues publications under the heading Environment Means Business. One is

titled The Greenhouse Effect and Energy Efficiency (CBI 1989). Responsibility to customers is another major area of social responsibility. Customers are becoming far more active in seeking corporate accountability. This history is increasingly recorded, for example by Smith (1990). Some consumer lobbies are international, like the International Baby Food Action Network which has over 100 citizen groups in some 60 countries (BMAC 1989).

Responsibility to shareholders is another facet of corporate social policy. And, though it may be stating the obvious for people familiar with the enterprise culture, companies view their prime social responsibility as staying in business. As a past chairman of ICI said "If ICI is to continue to meet this prime responsibility, we shall have to attain new standards of effectiveness. We shall have to change the way in which we do things - all of us, the Board, the Managers and Employees - and that change will not always be easy" (Wright 1975).

In this study, social responsibility is being explored in the context of companies' relationships with communities in the UK. A community, in its simplest sense "means all the people living in a particular place" (CPF 1988) It is customary, in the field of community involvement, to assume that 'the community' is either the one in which a particular company or plant is situated; or one in which it believes it should have an interest e.g. in an inner-city area. The needs of communities are often defined by their problems (e.g. unemployment or crime). This simplistic definition of 'community' may be problematic but, for the time being, we are stuck with it.

The Action Resource Centre (ARC) offered the first systematic attempt in the UK to draw companies' attention to the need and potential of corporate social responsibility to the community in the UK. Prior to 1976, ARC had been a three-year experiment, set up to determine whether such an initiative could play a useful role. It was a bold experiment, which was evaluated by Prof. J. B. Cullingworth of the Cabinet Office in 1975. He had no doubt ARC could assist in narrowing the "understanding gap" between different sectors of socio-politico-economic activity. He believed ARC should not promote social responsibility as a 'benefit to business' because doing so would not raise the

barriers ARC was trying to abolish. And social responsibility should be about 'corporate citizenship' not about charity (Cullingworth 1976 p.5). A company existed in a community - like individuals - and therefore had a citizenship role too. He was not thinking only of the minimum requirements of paying national and local taxes and conforming to law, but the wider citizen responsibilities of, for example, sharing problems and seeking solutions.

A debate was opened up about how corporate citizens should respond (if at all) to community issues. According to Cullingworth, Britain in the mid-seventies had succeeded in achieving more social divisiveness than ever before. Cullingworth (Ibid p.2) criticised the philosophy whereby business cannot become involved in the (value-laden) issue of problem-definition, but can participate in the solution of problems (i.e. evaluated) by others (e.g. through donations). In this role, business was simply an undiscerning resource to be tapped. However, he stressed that the American experience warned of another danger: that of business trying to define problems in fields where it had no competence. He saw ARC as a potential catalyst in helping (through close association with the community) to define problems needing attention by business but he warned against "seducers such as Government bureaucracies."

Cullingworth (1975) said "a sensitive judgement will be needed on how ARC can best develop with the available staff - and how the staff can best be employed in the development of ARC. This judgement should be made, in the first instance, by the Director." ARC advertised for a Director in 1975. I was appointed part-time, whilst completing responsibilities from my previous job, and full-time from 1976 - 1980. I was a consultant to ARC 1980 - 1983. I have also advised company/community Initiatives of other countries, including the USA (individual companies), South Africa (the Urban Foundation) and Australia (the Evatt Foundation). During the period with ARC, I negotiated with some 250 major companies, Government Departments, Local Authorities and a wide range of community organisations and small local firms.

My first task was to set before the Council of Management (of mainly senior industrialists) a programme through which corporate

social responsibility to the community could be developed. After 1976, ARC's work for several years became focussed on specific community needs (primarily unemployment) and was organised from local centres. Thirteen local offices were set up, including Belfast and Glasgow, with a small central office in London. ARC insisted that local autonomy and needs should be respected. ARC instigated, as well as responded to projects, after careful local research, and it published its findings.

The particular method through which business and community co-operated was, largely, via secondment of personnel with particular skills. For example, an accountant was seconded for six months to teach financial skills to a pioneer community company in Strathclyde. This is not the place fully to outline ARC's work. This has been done elsewhere, including in its regular quarterly ARC News. A re-evaluation of ARC's role was undertaken, by Anthony Barnes (1982). A main area of ARC's success was perceived as bringing together institutional resources which do not normally find co-operation easy or natural.

The typical elements of a successful project were identified as: "Researching on a local basis into what the problem really is, agreeing with the appropriate parties what action needs to be taken, and then assisting implementation through the provision of appropriate help followed by a responsible withdrawal, not leaving people in the lurch." Barnes stated that "ARC is widely seen as a catalyst." In the field of employment, ARC responded to or instigated widely differing projects depending upon local needs.

In one place, after careful research, a Small Business Counselling Service might be set up. In another, co-operatives or pioneer community companies were supported. In others, groups of unemployed people involved in skill-exchanges or experimental ways to build social/work networks were given serious voice. Using clear and agreed criteria, ARC evaluated projects it asked companies to support via involvement of personnel. One of ARC's key roles was an examination of the whole notion of work. ARC introduced into UK public debate the concept that work might be viewed as any useful activity, and not necessarily only that activity for which a person was directly paid. This concept gave

status, for example, to unemployed volunteers and needed careful explanation to companies! As part of this process, I wrote a discussion paper (Johns 1980).

From the above, it will be clear that the cultures and values of local communities were recognised and respected. Time and effort were needed by ARC staff to explain to companies why their community actions should reflect an understanding of differing local social and economic cultures. The community was often seen as a uniform and uninformed mass. For example, hearing ARC's evidence to the House of Lords Select Committee on Unemployment (HMSO 1980 p.32, para 609), Lord Rochester commented that he was surprised that people were economically motivated differently "depending on whether they reside in, on the one hand, Islington, and on the other hand Merseyside, in the sense that in one case they are happy to set up as individual entrepreneurs and in the other collectively." And Lord Melchett - an advocate of co-operatives - felt community companies (which allocate profit back to the community) would have no start-up funding problems if only they would change their ideas and become conventional co-operatives! (HMSO 1980 p.31, para 601) This lack of awareness of communities' ability to understand and, if given opportunity, to respond to their own problems was, and still is, widespread.

Since the late 1970's, corporate social responsibility has become increasingly recognised, but it has also become increasingly politicised. Governments saw the potential for a substantial and free resource and companies followed the herd, abdicating their own tentative steps toward understanding the community. Business is now encouraged, by Government, to be involved (as donor of ideas as well as material help) in education, the National Health Service, arts and sports sponsorship, voluntary organisations, with employment initiatives, inner-city regeneration, etc. Currently, there is little independent critical analysis of corporate social responsibility within companies. With a few notable exceptions, they have tended either to ignore the subject or to respond - without proper analysis - to pressure to be seen to be doing something. Cullingworth's warning about governmental bureaucracies as seducers may have been understood for a while, but seduction has taken place.

The following case-study demonstrates how the potential for

corporate social responsibility (within Cullingworth's definition) can be hijacked for reasons of political expediency. The case study is one of many which could demonstrate the same processes of change. It is extremely important to understand these processes, which occur with a veneer of logic but with manipulative intent.

In 1977, with the agreement and full co-operation of Islington Borough Council, people running small firms in Islington and other interested parties, ARC arranged for a six-month research project to be undertaken by a senior executive, Peter Austin, seconded from Industrial and Commercial Finance Corporation (ICFC). He researched the small companies facing compulsory moves as a result of Local Authority planning decisions and was asked to recommend any measures which might prevent further job losses in the Borough. Strong evidence emerged that a Small Business Counselling Service in a central location in the Borough would fulfill a useful purpose. One was set up by ARC in 1978. The project was highly successful and attracted the attention of Government departments and local authorities. It demonstrated how close, non-hierarchical practical co-operation in a locality could flourish between a catalyst (ARC) working with large companies; a Local Authority notorious for its leftwing Politics; individual large companies (which provided secondees as staff); and local people who valued a pop-in centre. They received confidential advice and personal support, and supported each other, while setting up and/or running their small businesses. There was no precedent to follow. A diverse group of people, co-ordinated by Manager Andrew Elliott, thought through the processes through which jobs could be saved, improved and created.

Peter Austin was astonished at what he found. For example, 11% of firms came under a heading which he called 'way-of-life' or 'marginal.' It was clear that, in the event of a forced move, these were the firms which would fold, leaving unemployed a mixture of people who would find it hard to get new jobs (Austin 1977). Typically, 'way-of-life' firms were family businesses and they had profit margins incapable of sustaining the upheaval of compulsory relocation. These way-of-life companies could be accused of muddling along and not being efficient, but for some people they offered an environment which enabled them to make a

useful contribution, earn their living and to be a successful part of the community. (ARC was to get similar findings from other research). Austin's findings affected the way the Islington Small Business Counselling Service operated i.e. it recognised the validity of 'way-of-life' firms, as well as the needs of firms seeking growth.

The Employment Committee Chairman's report to the Borough of Islington Council (28.4.81) stated that ARC's Small Business Counselling Service had "provided specialist advice to some 437 small businesses and new starters. It has also provided expert advice to the Council on firms' applications for financial assistance: expertise which would otherwise not be available to the Committee." In instances where small companies were threatened with relocation due to planning decisions, links were set up - where none had existed - between a small firm and the Borough Council so that sensible discussions and negotiations might take place. Closures and job losses due to relocation could be avoided. ARC sometimes acted as independent arbiter. Companies seconded some high-calibre people (interviewed and selected by ARC) to help run the Service.

The Service's regular reports were asked for by the Department of the Environment, Department of Employment, the Manpower Services Commission and other bodies in the public and private sectors.

It is important to recall the national environment concerning the role of major companies. In 1977, the Labour Government produced its white paper Policy for the Inner Cities (H.M.S.O. 1977): this being the first of many policy documents until the present day with the aim of revitalising inner-cities. The 1977 document perceived local authorities as the "natural agencies" to tackle inner-city problems. The public sector should create the opportunities and to "underpin confidence" in the inner areas to attract investment and lending. "The aim must be to encourage changes in the attitudes of industry and financial institutions so they play their full part."

Also in 1977, the Gulbenkian Foundation invited 140 people to a conference, in Bristol, on 'Save Our Cities.' It was an influential Conference but it was a sign of the times that only four delegates were from companies. Government Departments were

represented at Under Secretary level. I had a long discussion with Peter Harrop, Under Secretary, Inner Cities Directorate, Department of the Environment (DoE), and asked him what discussions/negotiations the Directorate had had with companies before publication of the White Paper which pronounced the need for a change of heart on the part of private enterprise. He agreed the White Paper suggested a large role for companies without prior consultation, and that this shortcoming would be addressed. He wanted details of ARC's research methods in Islington, and elsewhere, and further meetings took place.

Details of ARC were requested to be sent to Reg Freeson, then Minister for Housing and Construction, DoE, who responded (30.3.77) that the work in "identifying and developing opportunities for big business to contribute, primarily by making staff available, to projects which aid the regeneration of the inner-cities - in short in translating their good intentions into action - is clearly of great value and meeting a real need."

What followed sounded warning bells to a few of us. Would Government, alerted to the potential of company 'free' input, perceive the role of companies solely as a resource at its disposal without understanding the need for the detailed and careful preparation needed in each location if statutory bodies, companies and the community were to co-operate for the long-term benefit of all (i.e. in breaking down the socio-politico-economic divides referred to by Cullingworth)? Whilst the Conservative Governments from 1979 to the present day have increasingly sought to use companies as a resource, it is relevant to note that the impetus started under Labour.

The DoE seconded someone to the St.Helen's Trust set up in 1978 to seek ways to ease the impact on the local community of cutbacks in Pilkington's workforce due to changing technology and other factors. By 1980, he was back at the DoE in Marsham Street and eager to make his mark. The DoE wanted more and more information about the Islington project, particularly the short-term statistics or jobs saved or created. The wider long-term and important implications of the co-operative work being achieved in the Borough were overlooked.

I was invited to a meeting at the DoE in Marsham Street (24.9.80)

for a Local Initiatives Co-Ordination Meeting, at which seventeen people were present. The narrow mix of people and the Minutes of this meeting were eloquent proof that an agenda was being set which involved companies and the community but which was in danger of having little policy or planning input from either except through a small group of people who had already decided what was going to happen. This group wanted the appearance of consultation. The representative from the new London Enterprise Agency drew attention to its paper, which reviewed ways in which large firms were currently helping small ones through what were becoming known as Enterprise Agencies (Sargent 1980). It stated "what is significant for the future is that where large firms are involved they are not, in general, giving 'charity' to small firms hoping for short-term public relations pay offs. The large firms who are really serious about encouraging the small firm sector are looking at ways in which their own policies can be shaped to benefit small and new enterprise whilst benefitting themselves (or at least not costing them anything)."

Business in the Community (BiC) was set up, in 1981, with the promotion of local enterprise agencies as its principal activity. Those (in the DoE, the London Enterprise Agency and a few major companies) anxious for this development, which they saw as a panacea, felt the need to produce favourable statistics of the number of agencies which already existed. Up to April 1981, there were only 23 so-called local enterprise agencies; the Islington Small Business Counselling Service was included in this statistic. At June 1984, there were 180 enterprise agencies. By 1989, there were 314. In discussion with senior company executives today, it is almost routine, in answer to questions about corporate social responsibility, to be told "we support Business in the Community" or "we support .. Enterprise Agency." Often, they cannot describe the nature or purpose of either.

It is a delusion or confidence trick to suggest that enterprise agencies are proof that economic regeneration can be left to local private sector initiative, which is the impression one gets from superficial reading of the model of 'success' these partnerships supposedly represent (Moore & Richardson 1989). These partnerships depend critically upon public funding and intervention.

The truth of this is borne out by BiC's statement in The Future for Enterprise Agencies (1988) that Government should clarify who it sees as target audiences for local enterprise agencies. Government should state what services the agencies should provide and how it expects these to be paid for. Among BiC's other action requirements of Government was a request that it work toward some continuing funding of enterprise agencies. Thus, there is a situation whereby BiC professes its dependence upon Government for decisions about the future of enterprise agencies, whilst Government looks to private enterprise for managerial competence in non-business sectors! And companies profess BiC as (often) their main outlet for discharging their social responsibility to 'the community.' There is no reason, of course, to criticise Government/business partnership if the thinking is clear. But is it for Government to decide the target audiences for local enterprise agencies if they are an expression of corporate social responsibility to the community? What is the role of a local authority or the community which, for instance, were key actors in the Islington Small Business Counselling Service? Local enterprise agencies and local authorities do, often, work together: but are they influenced most by Government policies or local needs?

Woodcock (1990) reports the then Small Firms Minister, Tim Eggar, as wanting to support those businesses which "really want to grow;" and Paul Davidson, Director of the enterprise agency Bolton Business Venture, agreed there was increasing emphasis in this direction. One indication was government insistence on grant support for enterprise agencies coming to an end, on the grounds that if agencies "had still not got their act together" they were unlikely to do so. BiC agreed the climate was changing.

The above case study illustrates the need for a sharp focus on the theory as well as the practice of corporate social responsibility. For its own purposes, the Department of the Environment and the London Enterprise Agency took aspects of a model (like the Islington Small Business Counselling Service), called it an 'enterprise agency' and replicated enterprise agencies via BiC as a panacea for trying to stimulate and help small businesses under the banner of corporate social responsibility. The degree of manipulation in this situation was considerable.

A fundamental fact which was overlooked about the Islington project was that it was tailor-made to a specific local situation, by agreement of all parties before and during its operation. This was certainly not the case with many enterprise agencies, which were founded with a flurry of publicity but without any local research, and then had to decide what to do and how to set about it. In some instances, directors of new enterprise agencies called at local ARC offices with no idea of what they were meant to be doing and asking for guidance. This is not meant to suggest that enterprise agencies have not done useful work (though much remains to be evaluated objectively). But local communities received a 'benefit' which was assumed to be good for them.

ARC News' Editorial (ARC 1982) stated that the suspicion with which some communities regarded the industry/business sector would be reinforced if companies tried to demonstrate a quick interest for the sake of being seen to achieve 'help,' and if an assumption was made that they knew better than the community itself what was good for it.

A currently circulating BiC leaflet (undated) states that BiC is the leading authority on business involvement in the community, and that community involvement is good for business. A forum of BiC, the Confederation of British Industry and the Phoenix Initiative has produced a blueprint for business involvement in the 1990's . It speaks of "drawing on the community: using the strengths of business, the public sector, voluntary and community organisations to encourage positive steps toward the needs of business and economic regeneration" (Business in the Cities 1989 p.7). Leadership in the community should not be just an act of altruism. It should also be about "the enlightened self-interest and well-being of business itself" (Ibid p.3).

Surely, it may be asked, this is reasonable? Regeneration needs enterprise? It is important to remember that within local communities there have always been many who are mindful of the need for enterprise. What is seldom discussed are the different values and attitudes of communities toward concepts of enterprise. Reference was made earlier to 'way-of-life' companies in Islington, for example. Communities can have widely differing ideas on the nature and use of profit.

"The essential objectives of our [community] company is the creation of employment rather than the maximising of profits," said Pat Cassidy, Manager of Govan Workspace, at a company/community conference (Johns 1983). Profit was essential, but not its maximization. Delegates from large companies found this concept wanting. One said "a redefinition of the objectives might actually help that enterprise be more acceptable to businessmen." There was an assumption that, unless maximising profit was the key aim, an initiative could not be businesslike.

Caldwell (1990) says community businesses should get better at stating their successes: they are companies through which hundreds of jobs have been created. Importantly, they should communicate the value of the process. Community enterprise is not just about creating jobs and providing services, it is about the process by which people can have control over their own lives and their own economic circumstances.

Two brief examples of a different kind also illustrate a tendency to overlook the fact that communities with problems often have ideas about their solution, and demonstrate the need for clarity about corporate social responsibility.

(1) Some major companies sought ways to help improve life in Brixton when it became apparent that there was social unrest. One initiative consisted of bringing experienced black community leaders from the USA with a view to their passing on wisdom about their projects to Brixton black people. Predictably, and understandably, black Brixton people resented this. Firstly, because of the patronising view that blacks in Brixton would listen to people from the USA simply because they were also black. And, secondly, because Brixton black people had for many years suggested, and tried, ways of improving life in Brixton and had, often, not been listened to by the institutions upon whose co-operation any success depended. ARC always experienced greater difficulty in recruiting secondees from companies to projects led by black people. This very slowly changed and it owed much to quiet persistence in bringing different people with similar objectives together in an environment in which all skills are needed and respected.

(2) In inner-city Birmingham, around 1981, inner-city partnership

funds were tending to be offered to some groups of articulate people anxious to obtain public funds, and imposing projects on the community, rather than to projects instigated by the community itself. The latter might not make their proposals in 'business' language and they were, therefore, deemed not to know what they were doing. The local ARC Manager was concerned because failure of projects, set up by outsiders, reflected badly on the local community who, supposedly, 'owned' the projects. It was important to explain to companies that projects' potential did not necessarily depend on the business language skills of those involved but on their ability to do the jobs required to make a project succeed.

The above outlines some part of the background which led me to the conclusion that research into corporate social responsibility to the community is needed. My unease at the long-term effect of some current practice is increased when the private conversation of some senior business people depicts a degree of cynicism about the community which belies much public rhetoric. The subject claims very little attention on UK academic agendas. Literature is sparse. It is necessary to read widely to glean insights into the historical base of existing practice. Company histories are one useful source. There are more journal and newspaper articles about current practice of company community involvement, but many tend to be repetitive. Pat Dexter, Community Relations Manager of The Boots Company and Secretary of its Charitable Trust, in response to a request to cite any useful material, said that articles have 24-month cycles: the same material, in slightly different guise, comes round and round again.

Valuable work has been done, but it has to be tracked down (unlike the proliferation of material on many others aspects of management). This is an interim study in what is a large field. I intend further research.

## CHAPTER TWO

### A BRIEF HISTORY OF THE PRACTICE OF COMPANY COMMUNITY INVOLVEMENT IN THE USA AND UK.

Lack of understanding of the history of corporate social responsibility to the community, in general, and the different histories of the American and UK experiences, in particular, tend to inhibit the development of a relevant UK tradition. Central to the different histories is the role of urban communities. Whilst much can, of course, be learned from USA practice, there should be separate study of the UK experience. This would help, for example, to avoid uncritical transference of ideas and practice from the USA to the UK.

Sir Alastair Pilkington was a key figure in the setting up of Business in the Community (BiC) in the UK. He stated that it was difficult to say precisely why the link between business and the community is considerably weaker in the UK in comparison with the United States (Pilkington 1984). The rapidly changing circumstances in the Western World from the middle of the 1970s introduced a new urgency for corporate community involvement policies, and he pointed out the need for a re-evaluation of the experience possessed by a few companies which had taken a lead over the years. There were three 'striking factors' each of which had the common theme of Britain catching up with the trauma of industrial change. Firstly, unemployment was rising throughout OECD countries and traditional manufacturing industries were declining. Secondly, the skills of the workforce, and young people entering it, were more mismatched to the changing nature of technology and occupations than at any time since the introduction of elementary education. Thirdly, the location of

industrial change and the capacity of communities to cope varied greatly. Many towns and cities appeared no longer to have economic viability to sustain their population in work and renew their economic and physical fabric.

According to Pilkington, in the 1970's "the inner-city problem was now with us. It had all the symptoms of shabby housing, discrimination and widespread poverty together with the threat it posed of producing a new generation of restless and disillusioned youngsters." The promise of the welfare state to solve issues was seriously in question. Sir Alastair hoped that a coalition of interests, reflecting many shades of political opinion, might be capable of "having a practical effect on our [my emphasis] local communities."

One of the formative events which led to BiC's foundation was an Anglo-American Conference on corporate community involvement in 1980, hosted by Tom King, then Minister for Local Government in the Department of the Environment. In the next ten years, American models of company/community involvement practice became prevalent in the UK.

Historically, the UK and American practice of business social responsibility are organically linked. There were pioneers of just business practices from the earliest days of the industrial revolution, and some of their ideas travelled to America. It is to these emergent practices that we must look for the genesis of modern company/community involvement. And note must be taken of the diverging practices in the two countries, due to different social, economic and political traditions. First, I will give a brief history of UK practice, secondly of USA practice, and then introduce the messages these histories have for today.

#### UK history of corporate social responsibility to the community

The pioneers of just business practices in the UK were individuals influenced by religious/humanitarian ideas. They were entrepreneurs with some interest in employees as people with needs which, if met, helped them to be more effective employees. More unusually, employees were seen as people who had independent social lives outside the workplace. The Non-Conformist influence in the development of business social responsibility in the

eighteenth and nineteenth centuries was strong.

The London Lead Company, 1692 -1905, is an interesting early example in the UK of a company in which the domestic interests of employees were given some priority beyond providing labour for the company. Raistrick (1938) says the company's social policy, over two centuries, was the product mainly of three factors. Firstly, the isolation of most of its areas of activity (e.g. Pennines, North Wales and southern uplands of Scotland). They were distant from centres of population and, initially, there were no roads. A large body of miners needed protection from the worst effects of isolation, remoteness of markets and expensive food. Secondly, by meeting - as far as possible - both physical and mental needs of their workpeople in any area, violent wage fluctuations and labour difficulties were avoided. A constant willingness to discuss conditions and to make adjustments prevented strikes. Thirdly, a strong Quaker element in the Court (i.e. the company's governing body) and among the officials of the company, ensured an increased sensitivity to the conditions of the workpeople. Deputations from the Court visited all mining areas at fairly regular intervals to maintain personal contact with officials and employees.

These enlightened policies led to financial success, which enabled the company Court to invest money in roads, health, housing and education. The roads were mainly built at a time of difficulty and depression. When mining improved, there was an additional benefit of a saving of a thousand pounds a year on carriage. When neighbouring concerns suffered loss of time and labour during cholera and influenza epidemics, the Company fared better.

There are some records of investment in early industrial settlements. For example a Midlands textile company spent 6% in 1792 on houses, cowhouse, school, brewhouse, road and bridge. The investment in community facilities "is remarkably small as a proportion of the whole investment" (Chapman 1967).

However, such 'enlightened' conditions were not available to most workers as the towns increasingly drew people from rural areas as industrialisation escalated. In addition, Irish immigrants - whilst escaping the hardships of the Potato Famine at home -

found great hostility. Shelston & Shelston (1990 p.20) referring to this, quote from Carlyle's Chartism (1840) that the Irish are "the sorest evil this country has to strive with... He needs only salt for condiment; he lodges to his mind in any pighutch or doghutch, roosts in outhouses; and wears a suit of tatters ... The Saxon man if he cannot work on these terms, finds no work... American forests lie untilled across the ocean; the uncivilised Irishman, not by his strength, but by the opposite of strength, drives out the Saxon native, takes possession in his room." However, the Irish filled the jobs nobody else wanted, like coal heaving in the London Docks where living conditions were terrible.

Bradley (1987), looking at ten 'enlightened' nineteenth century entrepreneurs, says that the total environment these firms provided for their workers, and the extent to which leisure as well as working time centred around the factory, is strongly reminiscent of the atmosphere prevailing in many Japanese businesses today. They had a paternalistic attitude with both the beneficial and the harmful side-effects of such an outlook. They cared deeply for their workers, but they also tended to believe in giving them what they thought was good for them, rather than what the workers themselves might have wanted.

There can be no doubt that conditions for people in the industrial communities of Saltaire, Bourneville, New Earswick and Port Sunlight - set up by some 'enlightened' entrepreneurs - were far more agreeable than in most industrial communities in the nineteenth century. In 1875, Thomas Baine's (1970) wrote that Sir Titus Salt's vast establishment at Saltaire "is probably unequalled in the world for extent and completeness and is still rapidly growing." The mills, warehouses, stables, dining-hall for workpeople, dyehouse, sudworks and gashouse, covered nine-and-a-half acres; 775 dwelling houses, and 45 alms-houses, were spread over twenty-five-and-a-half acres, and contained a population of 4356. A public park of fourteen acres, given by Sir Titus, brought the whole to forty-nine acres. In March 1870, only nine persons were in receipt of parish relief. Sir Titus built a Congregational Church, gave a site for a Wesleyan Chapel, and erected the Saltaire Library Institute and Club.

Robert Owen's New Lanark experiment was another example of an

entrepreneur who offered infinitely better conditions than most of his competitors. Through his writings, his ideas became influential. G.D.H.Cole, in an introduction to Owen (1963), said Owen had a high idea of the duties his vast power gave him, not only over the factory but also over the entire village.

The Victorian industrialists whose fortunes were made in British cities often became involved in local and prestigious civic life, and spent 'generously' on civic buildings. A number became MP's (e.g. Sir Robert Peel). But the life-style of successful entrepreneurs and the working classes were, with the exception of the few well-recorded - and historically influential - 'enlightened' entrepreneurs like Sir Titus Salt, worlds apart. Yet, in the early decades of industrialisation, until the advent of public health policies, working people depended on employers for community amenities - like hospitals - or lack of them. A number of local banks, friendly societies and early building societies sprang up with the aim of improving local conditions. Much of this history still remains to be written. It is interesting to note, for example, that the Halifax Building Society grew from an initiative of fifty men in a small friendly society in 1779. Money was lent to members for building houses (Hobson 1953).

By the early decades of the twentieth century it was still Non-Conformists who were mostly concerned with business social responsibility. At the London Yearly Meeting of the Society of Friends in 1911, for example, there was a discussion on Business Morality, followed by vigorous correspondence in denominational papers, and a book (Grubb 1912). In answer to the charge that Christians were often hard in their business dealings, Grubb believed every department of a business house must "be rigorously supervised, to see that everything is done properly and in order" (Ibid p.10).

However, an important pioneer of UK business social responsibility was the Jewish immigrant Michael Marks who by 1890 was operating five Penny Bazaars at Leeds, which revolutionised access of working-class people to goods without pressurising them into buying. Marks and Spencer was formed in 1894; Spencer being Marks' cashier who became an equal partner. Marks was "thrifty, extremely conscientious and hardworking, and in his business

dealings appreciated the virtues of simplicity, honesty and directness. He had imagination which enabled him to appreciate the needs and wants of his working-class customers." (Tse 1985 p.17) The growth of Marks and Spencer from stalls to having retail shops in most major High Streets has occurred concurrent to its more than average concern for customers, employees - and suppliers. Codes of conduct were introduced decades before they were understood in many businesses. Tse (Ibid p.185-186) says there is a holistic concern for the employee. "There is nothing wrong with paternalism if it is fair, open and benign" (Sieff 1990).

A few employers had a vision of employees as investors, as well as shareholders. An employee "invests all he generally possesses - his muscles, brains, and experience - in business too, and in one undertaking only, so his risk in the event of failure is often far greater [than the shareholder]. He cannot easily transfer his kind of invested capital" (Courtauld 1949). However, with the exception of company donations, and the evolutionary practices toward improving employee conditions (outside as well as inside the work-place e.g. better holiday and sickness entitlements), there was little change in emergent community involvement by companies in the UK until the mid-1970s.

Major companies worked within a framework in which growth and maximising profit were the driving forces, and employees a key fuel. And company histories are proof that industry could be an adventure story with little reference to employee conditions, or understanding of people in countries whose resources were sought. A current history of BP would include reference to its social (including community involvement) policies. It is among the 'top' thirty company givers. The 1959 history of the company reads like a "story of vigour and adventure in the best traditions of the merchant venturers of Britain" as Winston Churchill describes it in the introduction (Longhurst 1959).

However, we should be wary of generalising from particular company histories. There is need to look at trends. In Britain, economic and social changes which last, tend to be accepted and justified as a more rational deployment of resources. For example, this was the principal argument for reorganisation of railways and electricity supply after World War I, and the nationalisation of industries after World War II. The postwar

Beveridge Report could be "seen as the apotheosis of this argument, a massive attempt at rationalisation of the whole field of social policy" (Milward 1984).

Thus, in the UK, the concept of the Welfare State spread rapidly after 1945. So far from being regarded as a burden to industry, it was in general welcomed by managements that were increasingly divorced from ownership. Nor did shareholders oppose the deduction of these costs from their own share of the profits (Wilson 1968). Yet by the 1980s Jones & Stevenson (1984) comment "Whatever one's political persuasion, it is difficult for any student of social policy in 1983 to avoid feeling disillusioned and disappointed with a [welfare state] system of which so much was expected and from which so little of beneficial and permanent social achievement has apparently emerged. An atmosphere of gloom pervades the subject." This gloom, which Pilkington described, was a spur to greater involvement of companies in the community, and government direction of this involvement has its roots in a tradition of institutional consensus.

The interdependence of Government and the central institutions representing industry and trade unions peaked in the years after 1940. Even though the financial sector deliberately stood aside from formal arrangements, it too was closely linked. Informal co-operation created a system not separate from but closely linked with the party political and parliamentary system. "It included, as partners, the main producer organisations in Britain, and allowed them fruitful access to Government. In turn, governments which were unable to achieve their aims in other ways worked sufficiently closely with the institutions for them to be able to justify to their own more independently-minded members the bargains which they tried to make." (Middlemas 1986) This consensus approach whereby major companies, government and institutions make decisions and co-operate without necessarily being accountable to Parliament or any local electorate, is now prevalent in certain fields of company community involvement (as we will see later).

But whilst there are these close ties between government and business, there has also always been a persistent anti-industry tradition in the UK (unlike in America). This was mainly the creation of literary men and women, but it has been incorporated

into the thinking of other sorts of people, including, since John Stuart Mill, that of some economists (Gwyn 1980 p.15). According to Caldecote (1990), historian Arthur Bryant echoed this outlook. He thought the Luddites were right and the Industrial Revolution "has so far harmed man even more than it has benefitted him." Caldecote believes that the recognition of the valuable contribution made to the community by a prosperous agricultural industry has been denied to manufacturing industry. The Church, for example, admires and gives thanks for prosperity through wealth creation in agriculture but not industry. And as Gwyn (1980 p.14) states, the anti-industrial tradition harks back to an agricultural golden age which contrasted with a much inferior industrial society. Contemporary history "is thus perceived in terms of a decline in the quality of life, which can be reversed only by eradicating the detrimental characteristics of industrial society." Disraeli and Dickens both insisted that it was industry which determined every aspect of life within urban communities (Shelston & Shelston 1990 p.38) and the life depicted was grim.

There is a currently an ambivalence on the part of influential business people, and leading politicians, about inner-cities. This ambivalence stems from conflicting historical views that inner-cities are dependent on outside business, that they are anti-industry, that they are grim and that something must be done about them. As we saw in Chapter One, since the 1970's while there has been a recognition of the need to do something for inner-cities, there has been less recognition that local communities could be trusted to define and execute their own solutions to problems. Indeed, successful local projects were hijacked by major institutions. The perception of inner-cities primarily as 'problems' has a dangerous corollary because, as the majority of British non-white immigrants and their descendants live in urban areas, they are sometimes equated with the 'problems.' Their presence has been met with compromising responses on the part of the host community, rather than the direct response of assured equal citizenship.

Studlar (1980 p.121) believes, for example, that non-whites and white liberals have concentrated on finding ways to make black Britons feel secure and hopeful, whilst British politicians have been concerned mostly to reconcile white Britons to the multi-racial nature of contemporary society. But, if a clear definition

of UK citizenship and nationality could be found, it would provide a framework within which the other problems would be "potentially more manageable." Politicians have constantly avoided political decisions on racial issues. British political culture [unlike that of the USA] gives "deliberate inattention to racial distinctions" (Ibid p.123).

Most decision makers in government and in companies have little personal experience of inner-cities. There is still a relatively small - mainly white male - elite who run government, many large companies and who socialise comfortably with each other. 'Top' jobs are often filled by people who circulate within the elite; and 'top' people circulate from one top job to another. This is also true of some of the key figures in the current corporate social responsibility movement. Joining the 'club' is, significantly, an often voiced expression used to try to persuade companies to act together toward communities with problems.

Ten years ago, Kavanagh (1980 p.79) stated that since the war, only two conservative MPs have come from the working class. (There has been marginal 'opening up' since). The Labour Party was formed in 1900 explicitly to increase representation of the working class in the House of Commons, when Conservative and Liberal parties refused to adopt working class men as candidates. Since 1922, and faster since the end of World War 11, embourgeoisement of the Labour Party has "produced a remarkable narrowing of this social 'gap'" (Ibid p.76).

Any study of the Annual Reports of major companies bears testimony to the overwhelming British historical idea of 'the great and the good.' Even if you worked your way from tea boy to the Board, once there you play the role according to accustomed rules, or you are regarded as a maverik. How does this history affect the social responsibility policies of companies to the community? Considerably, because many of those with influence are geographically - and socially - remote from the communities which are the subject of much corporate social responsibility practice. This is exacerbated because a high proportion of UK major company headquarters are in London and the South East.

Faced with the needs of the 1980's, this Government cut back on public expenditure, restricted the role of local authorities, and

encouraged private sector involvement in execution of social policies, exploiting companies' tentative growing commitment to help address social issues caused by unemployment. Harking back to the days of 'enlightened' industrialists has been part of the strategy. Thus, the then Prime Minister, Margaret Thatcher, addressed the Per Cent Club Annual General Meeting in 1988, with much enthusiasm for the concept that "the great news is that business is once again giving a lead, not only in your companies' work but in the life of the community as a whole" (Thatcher 1988).

The Government is pushing companies toward American models like the Per Cent Club. "In return for taking 17% off the rate of corporation tax, the Government has made it clear to companies that it expects them to take up a greater burden of social responsibility. Its model is the US, where businesses are involved in areas of social provision, such as education and health, that traditionally have been regarded in the UK as the rightful province of the state. Ministers are working hard to put their point across. Chairmen of large companies can expect a letter or call about a new project from a department of state every ten days." (Jardine 1989) The 'burden' of the Welfare State is moving from the state to the voluntary sector for the provision of services (partly paid by the state) and to business for money (Glynne-Jones 1987). However, a Charities Aid Foundation survey recently found that 82% of companies interviewed said the government should take care of those unable to care for themselves (Skeel 1990).

#### USA history of corporate social responsibility to the community

The main reason why American models of company community involvement started to be followed in the UK is because their models were believed to be a response to the urban unrest in the USA in the 1960s. And that, therefore, they were suitable as models following the growth of UK urban problems some decade later.

A brief outline of the American history of company community involvement will, however, demonstrate that USA practice has different foundations because the USA has a) a historically equal citizenship vested in the constitution b) both communities and companies wish to keep government at arms' length and c) far from

beginning in the 1960s company involvement in the community has a long history.

It would be wrong to deduce that USA communities experience less poverty and other problems than UK ones. But whatever the problems, in the USA the possibility for change has always rested within communities and within individuals, and has not been seen as an expectation from federal government. From the earliest English settlements, like that of the 'Mayflower' pilgrims, settlers felt the need for local government, so they agreed a compact to self-govern with common consent and a governor they all should chose (Adams 1943 p.29).

Whenever a crisis has occurred through political pressure from above, there has been a reaffirmation of citizen equality which was created in the Declaration of Independence in 1776 with its "all men are created equal; all men have the same political rights; government derives its power solely from the consent of the governed" (Ibid p.100). For example, in 1828, Jackson became President following hard-won manhood suffrage and he was the choice of the labouring and small-farmer class of the East as well as the overwhelming choice of the West. Ignorant as these voters were compared to the richer Eastern classes, the principles of the Declaration held good. In more recent times, when black people and women - through long campaigning - became regarded as citizens, the Constitutional concept of equality has ensured them much faster progress in economic and social fields than has yet happened in the UK.

The upsurge of one-company towns in the USA in the 1800's led to distinctions between business and community being very difficult to determine. Records of company towns are too widely scattered for detailed analysis, but such studies which exist supply ample evidence of employer involvement in community life (Heald 1970 p.3). Best-known early American large-scale enterprise was that of a group of New England businessmen known as the Boston Associates. They were mercantile capitalists who turned to textile manufacture when the War of 1812 blocked commerce. F.C.Lowell, one of their early leaders, had visited Owen's New Lanark (Ibid p.4).

It is interesting to note how Lowell city (named after the man),

after a recession in the mid-twentieth century because of technology and market changes, has recently come back from years as a 'no hope' town. It is a rags to riches model of what Mrs Thatcher wanted to do with Britain's decaying inner-cities (Thomas 1987). The man who created the impetus, James Campbell (the city's manager) was born and bred in Lowell. With the barest minimum of federal and state government money, the private-public partnership is enshrined in the Lowell Plan Inc, a non-profit making private development corporation which uses private money for development projects. South-east Asians who flood in to fill blue collar jobs become educated very quickly, buy properties and move into middle management. "Our banks are controlled by people who can make decisions here in Lowell and can commit their resources here in Lowell," says James Cook, director of the city division of planning and development.

Returning to earlier times, as America's single company towns were superseded by complex urban centres, it was more difficult to assign conditions for a community to any particular employer. Some model industrial communities in the USA were established and echoed the experiments of some of the 'enlightened' UK entrepreneurs. Visitors to Chicago's 1893 Columbian Exposition, for example, found Pullman town on the southern rim of the young metropolis. George M. Pullman of the Pullman Palace Car Co, planned a community - with tenements, parks, playgrounds, church, arcade, theatre, casino and hotel - as 'a bright and radiant little island in the midst of the great tumultuous sea of Chicago's population.' But benevolent control carries the same inherent dangers as any form of autocracy. As Heald (1970 p.8) points out, those who probed beneath the surface of Pullman town found it riddled with suspicion and fear. Company spies pried for evidence of union infiltration or 'dangerous' or disloyal views on the part of employees.

In the two decades prior to the Civil War, the historic social/economic/political interconnections in American urban areas were fast developing. The view used to be that "hordes of underpaid ignorant immigrants, with little training in government of any sort, replaced the old American stock with its long experience of town meetings and politics. The new citizen could be led to the polls by 'bosses' and the demoralisation of the larger municipalities quickly ensued, the rich caring no more for

the welfare of their 'hands,' provided that the legislatures, like the factories, gave them the desired results" (Adams 1943 p.183).

But, more recent research has revealed how the boss-immigrant machine worked to the advantage of the immigrants. In America, the first great challenge to the hegemony of the white Protestant consensus was provided by the mass migrations before the Civil War. British immigrants, and many of the German and Scandinavian Protestants shared cultural ties with the American majority, and were readily assimilated. However, Irish and German Catholics challenged the cultural consensus, by their use of alcohol, their particular observances of Sunday, and the creation of a school system designed to perpetuate their own values (Beunker 1978 p.164). In the 1880s, large numbers of newcomers from southern and eastern Europe, French Canada and the Orient brought many new customs and attitudes.

The 'boss-immigrant-machine' (or the 'urban political machine') at local community level worked to their advantage by giving them a voice and opportunities. Beunker (1978 p.viii-ix) says it is now clear that the 'machine' emerges not as a diabolical conspiracy of evil men, but as an institutional outgrowth of the urban environment "performing many vital functions that might otherwise have been left undone. Some authorities have even concluded that bossess and machines created more advantageous social changes in areas of welfare, race and ethnic relations, and personalised government than the so-called reform legislation."

American urban politicians and voters were the mainstay of liberal causes. The urban political machine "came to realise the advantages inherent in any political adjustment that augmented the influence of the city in general or of urban working people in particular... The dedication of the urban lawmakers in the major industrial states to effective city government was particularly evident in their stand on home rule. Only four states in the nation had been willing to grant their cities any authority before 1900, and none of these was in the industrial Northeast. The drive for greater urban independence received much of its impetus from the need to cope with worsening socioeconomic crises." (Beunker 1978 p.135-136) This capacity for urban

independence still exists and is spread across America in thousands of cities and towns. The fact that company headquarters are widely spread helps.

Communities developed a culture of looking to business and local politicians (not federal government) for changes they needed. One outcome of this was the speed at which able peasant new immigrants succeeded in their new country, including in politics. Up to the present time, "faced with social needs, it is not the American way to look first and quickly to government" (Kidd 1985).

So, whilst company community involvement received a boost in the 1960's as we will see later, its roots were down long before and it had learned how to adapt. By the 1920's, for example, American business management was compelled to search for a new definition of its community responsibilities (Heald 1970 p.61-62). This was after the trend for USA corporations to get larger, for government sometimes to interfere and play an increasing role, and for managerial leadership to take over from owner-leadership.

The evolution of the American Community Chest movement dates back to 1918-1929 and was the beginning in America of organised community solicitation for company funds. But part of the motivation behind corporate social involvement remained its political advantage. In the mid-1930's, "managers of large corporations were beginning to see corporate philanthropy as a possible counterweight to the expanding role of government." (Heald 1970 p.155) There was a long struggle by business and Community Chest leaders leading up to the Five Per Cent tax exemption to corporations for philanthropic community investment. This came in 1935 in conjunction with some sweeping reform legislation under the Social Security Act. This Act "tapped corporate surpluses for the general welfare, so the tax exemption for corporate contributions directed some of those same funds into private philanthropic channels. A mixed economy was thus strengthened in welfare as well as in production and distribution. And those who controlled the fortunes of large business enterprise were further encouraged to play active roles in allocating those resources to social ends." (Ibid p.173) After the Second World War, most successful in America of the new claimants upon corporate time and treasure were the institutions

of higher education (Ibid p.210)

In the 1960s, companies were worried about urban unrest. But they had already learned the ground rules of listening to community ideas. And companies responded. Selective patronage is an illustration of the power of community self-awareness and confidence, which led to legally enforceable changes in industrial personnel policies i.e. companies now have to employ a workforce which mirrors its community's racial mix. This came about through a selective patronage programme by consumers. In 1960, for example, about 125,000 people in the Philadelphia area boycotted products made by a local company in order to help obtain equal employment opportunities for blacks (Sharp 1973).

After four years of selective patronage, the first of the Opportunities Industrialisation Centers of America (OIC) was set up in North Philadelphia by the Rev Leon Sullivan. By 1980 it was a national community-based organisation with affiliates in 150 cities. OIC was set up because, once black workers started to be referred to jobs in local plants, it was found they did not have sufficient skills, due to poor education. OIC set up, and obtained industry support, for training programmes. Companies viewed help offered to OIC in response to its requests as part of their social responsibility. The programmes worked. OIC and industry teams were developed in each skill area, called technical advisory centres (TACS). Since then, government adapted the OIC model. "Each of the government models has stepped a little further from the OIC approach, as administration and control moved further from focussing on trainee needs to a focus on bureaucratic needs for long-distance control and centralised efficiency" (Jolly 1980). But, OIC continued its successful programme, standing for making productive taxpayers from welfare recipients and for giving the poor a personal stake in the enterprise system.

Over thirty chief executive officers of America's leading companies met quarterly to review OIC progress. But as Jolly added "while this goal was ultimately shared by industry, our perspective on it was not. OIC's focus was on creating means for the poor to have self-respect, earn a decent living, buy a decent home, assure their children a decent education, have decent services in a decent, fear-free neighbourhood, and to look

forward to a decent retirement after a productive life. In short, OIC was - and is - focused on meeting the personal and community needs of the disadvantaged to alleviate their plight."

This illustrates how American companies and government may try to take over and alter urban community priorities, but also how communities (as active agents in policy decision making and implementation) have the self-confidence to remain assertive even when 'underprivileged.'

When President Reagan's policies resulted in massive cutbacks to the non-profit sector, the \$87 billion given to all non-profit making organisations in 1986 represented only 2% of the \$2 trillion the government spends yearly (Berger 1988). Initiatives (1983) included a report from Investing in America (1982). It noted that traditional investment bodies were "making sound and profitable deals" with grassroots groups. "A new form of investment has emerged, one which either brings a lower rate of return or involves a higher risk. These may be difficult to differentiate from those seeking philanthropic donations... for the small sector many borders have to be crossed not only between the public and private worlds but between profit-making and philanthropy. Investment officers have been obliged to widen their time horizons, to think more of long-term benefit to their institutions and to society." Here again, we see communities setting the agenda.

American experience may not be directly relevant to the UK

As we have seen, Americans have a suspicion of government, "preferring less to more. Similarly we place great emphasis on local control..Local governments frequently serve as a way of getting around the need for federal and state funding. They in turn look to the 'non-profit sector' to deliver services" (Ibid 1988 p. not numbered). Companies are a key ingredient to keeping control local.

In contrast, in the UK companies are being used for delivering Government social policies. And Government has reduced the power of local authorities. For example, when the Government's Action for Cities programme was introduced in 1988, it replaced the Urban Development Grant (requiring local authority involvement)

with City Grant, merged with Urban Regeneration Grant, and paid direct by central government to developers (Duffy 1988). At the time of the Action for Cities launch, Business in the Community (BiC) set up eight target teams led by leading business figures to stimulate the action (Pike 1988). Pike records criticism of the London Docklands Development Corporation's development approach which displaced "traditional employment opportunities in East London, replacing them with jobs for people who commute to docklands."

In the UK, there has never been the equivalent of the boss-immigrant-machine in inner-cities. There is no tradition of equal citizenship. Government, through the Welfare State, has long been seen as the key initiator of social policies.

There is a clear message that it is potentially dangerous to take USA experience of company community involvement and transfer it to the UK via Government pressure on companies to execute government social priorities. Communities in the UK do not currently have the assertiveness and political power needed creatively to control what is happening to them, and it should be no surprise if they sometimes react with protest. However, it would also be wrong to suggest that company community involvement may not often be of benefit. Often it is.

Not enough attention has been paid in the UK to the results of company community involvement in America. This study is not evaluating American company community involvement, but indicating that its different history and focus should alert us to problems of transferring its models to the UK.

However, whatever the models, the processes through which help is offered are power processes. Companies, through community involvement, exert power. Is this power accountable? How far is the community an equal party in the relationship? Facing our own history, rather than hiding in America's, may help to answer these questions.

### CHAPTER THREE

#### SURVEY OF CURRENT CORPORATE SOCIAL RESPONSIBILITY TO THE COMMUNITY IN THE UK. Part I: PRACTICE. Part II: RAISON D'ETRE.

Much written material about corporate social responsibility to the community gives only a partial picture. For example, the 'In the Community' reports published by some major companies tend to depict, in an easy-to-read way with photographs, help that is offered to particular organisations. This PR is, at one level, accurate. But readers may never delve further into the subject and understand that, at another level, behind each donation or help-in-kind may lie a specialist department, with resources allocated as a result sometimes of complex economic/political decisions and in ways which influence society considerably. Even if a local organisation gets the donation or other help it immediately requires, in the long-term recipients, as part of the community, are affected by the reasons for company giving. This be especially true if a group of donor companies co-operate in delivery of government social priorities.

The purpose of this chapter is briefly to survey current practice and raisin d'etre of company community involvement. I have used the term raison d'etre in preference to theory because, in my view, no satisfactory theory has yet been established for company community involvement in the UK. Following the opening up of useful theoretical debate in the 1970's, in the past decade practice has increasingly become subject to company PR considerations and to Government pressure.

PART I: Practice.

This survey of current practice of corporate social responsibility to the community in the UK is, for clarity, divided into 1) charitable donations, 2) sponsorship 3) help (including secondees) for voluntary organisations or other not-for-profit initiatives 4) help (including secondees) for enterprise and training initiatives. I have separated (4) from (3) in order to describe what I term 'fuzzy' areas of practice. For example, there are blurred parameters now prevailing between charity donations used for non-profit and profit initiatives or enterprises. All four categories overlap to some extent e.g. the value of secondments appear as charitable donations in some companies' records of company giving.

Literature on company community involvement practice in the UK tends to be sparse and fragmented. For example, Clutterbuck (1981) includes community involvement in his analysis of how to be a good corporate citizen, but offers patchy and mainly anecdotal evidence. And Harvey, Smith and Wilkinson (1984) offer some interesting ideas which have significance for motives for involvement, but little material about practice.

Two case studies, of Courtaulds plc (Coventry) and The Boots Company (Nottingham) are given in Appendix I. Interviews were conducted in both. These studies are of two major companies which are involved in the community but which adopt independent strategies, and are not 'gregarious' e.g. they are not members of The Per Cent Club. Much of their community involvement practice, as stated in the Introduction, does not appear in statistics. In the Charity Aid Foundation's statistics on corporate giving, for example, the value of these companies' gifts in kind is not included. It is evident, therefore, that some companies do not take PR advantage of their community involvement practices. I draw attention to this to illustrate that company community involvement which is recorded neither represents the whole of the picture, nor necessarily the most imaginative part of it.

1) Charitable donations. Charity Trends (CAF 1989 p.5) reports an increase in corporate support. In 1984/85 the top 400 largest giving companies donated almost £60m (at 1987/88 prices). In 1987/88 the figure was just over £90m, an increase of 55% in real terms. In addition to these direct donations, a cost-value is now attached to other ways business supports voluntary groups (e.g. cost of secondees, social sponsorship and gifts in kind). In a survey of 207 companies, the Charities Aid Foundation (CAF) found that cash payments represent only 43% of total support. Sponsorship amounts to 13%, secondments to 12% and gifts in kind 3%. Thirty companies give more than £1m each in total corporate support (see Appendix II). However, despite the steady rise, the percentage of pre-tax profits paid to charities has dropped slightly to 0.02% (Ibid p.6). A breakdown by category of the cash contributions of 207 leading companies to 8,967 voluntary organisations in 1988 is shown (Appendix III). Medical and health organisations account for just under one-third of the recipients. It is interesting to speculate at the relationship between the proportion of money in any category and the number of organisations using it. For example, under 'community improvement,' a large slice of donations is distributed to a relatively small number of recipients. We do not know, for example, whether this is because they represent high social priorities, because their organisations are expensive to run, or because they are fashionable. Help to Enterprise Agencies shows up under the Community Improvement heading.

It is interesting to note that central government funding of voluntary organisations has risen significantly over the last ten years and now stands at over £290m p.a. (representing an increase in real terms of 90% over ten years). However, there has been a slowing down in this increase in the last couple of years and now support is "static or even slightly falling" (Ibid p.5). It would be useful to know how much of this overall increase represents expenditure on organisations acting, broadly speaking, as facilitators of Government policies, and how much represents expenditure on independent organisations.

There are some 300 leading companies in The Per Cent Club. Qualification for membership is the contribution of at least half a per-cent of pre-tax (UK) profits, or one per cent of dividends, to the community. The Club was launched by HRH The Prince of

Wales in 1986 at a reception at 10, Downing Street (Per Cent Club 1989), but, as we have seen, this has not resulted in an increase overall in donations measured as a percentage of pre-tax profits.

Since 1984, the Charities Aid Foundation (CAF) has been instrumental in establishing the Community Trust movement in the UK. There are now 33 Trusts which operate in a local area, and which raise and distribute funds to help meet local needs. A further 27 are under development. The Government supports development costs of these Trusts. Like The Per Cent Club, Community Trusts are an American idea. The development of the movement in the UK is being helped by American business funds.

Three initiatives encouraged by some major companies toward financial support of the community are, firstly, promoting the concept of the active volunteer and fundraiser as 'good' employee. Secondly, there is payroll giving. This tax incentive scheme meant that in 1988/89, around £3m deducted from employees earnings offered nearly £4m to charities (Ibid p.62) Thirdly, there is 'charity plastic.' For example, the Midland Care Card is now linked to 18 charities and contributed £60,000 to their funds during its first year of operation. The donation (around 25p per £100 spent) comes from the bank behind the card (Cole 1990).

2) Sponsorship. There is often confusion over company sponsorship, because different forms of sponsorship come from different company budgets. For example, sports, and much arts sponsorship, come from advertising or public relations budgets and count as business expense providing there is direct benefit to the business. In 1979, when government trimmed arts expenditure, the private sector was supposed to increase its £3m payment by 36% to make up for the government cutback (Walsh 1979). Company support for the arts rose to £30m by 1988 and is still growing (Wilkinson 1990). Sports sponsorship had no such problems. In 1979, while the Sports Council contributed £15.5m to development and maintenance of sporting facilities, commercial patronage amounted to £20-25m (Walsh 1979). In 1990 IBM's Sports Service alone, for example, will support some 20 national and international track and field events in 12 European countries. Its worldwide sponsorship of the Association of Tennis Professionals in 1990 includes 78 tournaments in 29 countries (Gray 1990). Whilst this sponsorship does not usually show up

under companies' community involvement data, administratively or financially, I mention it to show that budget headings can mislead because many people view sporting and arts events as of community benefit.

In 1988, social sponsorship support for charities and other not-for-profit organisations represented, as we saw above, 13% of total company donations. Social sponsorship is a fast growing area. It uses the same techniques as sports and arts sponsorship, but attaches a company name to a particular event or initiative organised by a voluntary body. In 1977, Community Links, a project in Newham, an East London Borough defined by the Department of the Environment as the second most deprived area in England, developed business sponsorship ideas to fund an impecunious initiative for school truants. By 1987, about a third of Community Links' total budget came from social sponsorship (Hadley 1987).

In 1989, the idea of social sponsorship went national with the launch of Action Match, set up with funding from the Home Office in order to develop social sponsorship arrangements between companies and community organisations (Action Line 1989). There are critics of this approach because of the sensitivities of displaying company names in relation to certain voluntary work needing funding, and because it may prejudice support for work not deemed suitable for promotions.

A new organisation, sponsored by companies and chaired by Anita Roddick, founder of The Body Shop, promises to be valuable in creating inter-sector understanding. Common Purpose (another idea adapted from America) aims to create annual programmes in a number of cities. So far, pilot programmes have taken place in Coventry and Newcastle. Around 35 people who are 'emergent decision-makers' and represent many sectors of city life meet for a 2-day residential conference and nine programme days, each on a different topic e.g. housing and homelessness. Participants come from companies, education, neighbourhood organisations, health authorities, local councillors and so on. At first in Coventry, "the differences and diversity in the group were so great" but it worked through to become very positive (Common Purpose 1990).

A sponsorship area, seldom discussed in relation to community

involvement, is that of company research sponsorship. Its cost may or may not be included in companies' charitable donation information. Research sponsorship will be discussed further in the next Chapter.

3) Help (including secondees) for voluntary organisations or other not-for-profit organisations. Some very helpful company community involvement occurs, informally and appropriately, with sharing use of resources. For example, allowing a community group to use photocopying facilities, or loaning a piece of machinery and its operator to do a specific job for a community organisation for a few hours. Much of this help is not recorded. It is offered by all sizes of firms.

Most of the documentation on company social responsibility to the community is about large companies. But, medium and small companies are interested and concerned in the life of their locality. For example, in 1980 ARC (West Midlands) initiated a custom-made work experience scheme for unemployed 16-18 year-olds in willing small companies in an area of inner-city Birmingham. Through the scheme, these small companies reversed the trend against employing unemployed local young people (Johns 1982). However, these small firms did not apply a label of social responsibility to their involvement in ARC's project, although the time offered by the firms' directors in helping to set up and facilitate the scheme could have been called part-time secondment.

Major companies often mention community involvement in their annual reports and they may also print "In the Community" reports e.g. Marks and Spencer (1990). This company, with a £4.6m 'community involvement' budget 1989/90 (see Appendix IV), tries to include support for charities and organisations which do not usually generate major public support, but which reflect the needs of communities where it has stores.

Secondment has been of growing importance for fifteen years. "Once a relatively obscure personnel practice, secondment has recently assumed a higher profile in many organisations... British Telecom is developing [secondments] in line with its mission statement that 'it will make a fitting contribution to the community in which it conducts its business'." (IDSa 1990)

ARC is the clearing house for many company/community secondments and facilitates clear information of needs and procedures e.g. the IPM Secondment Code (IPM 1988). Secondment in this context is the temporary loan of an employee to fill an assignment for an organisation which needs and requests particular expertise. Secondments range from a few hours a week part-time to three years full-time. They may be used by a company for management development of staff, for stimulation, or as a bridge to early retirement.

Typical examples of secondment to community organisations include that of Andrew Whitehead, seconded part-time from Price Waterhouse, to set up accounting systems and to train staff in their use for Hackney Community Transport. Personnel from Oppenheim undertook the feasibility study for a Nottingham project aiming to provide day care for children (ARC 1989). Wendy Smith took a year-out from Prudential with the Dystonia Society, and Jim Glenville undertook a longer secondment to the North East Council on Addictions (Prudential 1990).

Increasingly, companies are encouraging the concept of the active volunteer, or fundraiser, as 'good' employee (in some instances offering prize incentives). The implications of following this USA practice in the UK will be looked at in the next chapter. However, employee volunteerism is not new, though the pressure to be involved is. By the mid-1970's IBM was operating a '10% rule.' Any employee could request 10% of working time for part-time service to the community. Peach and Hargreaves (1976) said if ten per cent of managers in the UK offered 5% of their time, 5000 man years of effort would be offered and "we doubt if productivity would suffer." Companies are now seeking to know employees voluntary activities. For example, GEC Plessey Communications (Coventry) intends to survey all employees to find out how many are school governors (IDSb 1990).

4) Help (including secondees) for enterprise and training initiatives. I have separated (3) and (4) in order to clarify a field of practice which has 'fuzzy' parameters. 'Fuzzy' parameters could also be illustrated in relation to other fields of activity e.g. urban regeneration, education and health. But there is not space here for elaboration of all of these, although there is a need that this should be done. There is space only for

a brief outline of the 'fuzzy' parameters within the training and enterprise field. This will illustrate the need for clearer understanding of the implications of some current company community involvement practice.

The 'fuzzy' area between voluntary organisations (i.e. not-for-profit bodies or charities), company charitable budgets, and employment initiatives (which are commercially focussed) needs understanding. Each project has a complex set of interconnections. Yet public statements may not reflect this. For example, United Distillers in Scotland concentrated its total annual £250,000-£300,000 charity budget on employment initiatives. A large part of the budget was allocated to five secondees, and 12 enterprise agencies (Metcalf, Pearson and Martin 1989).

The 'fuzzy' issues have been created through the need to solve contemporary problems (like unemployment) whilst working within a legal structure whereby charities, as vehicles for providing help and sometimes stimulating social change, must be non-profit making. For example, in (3) I instanced the help offered an ARC project by small business directors. The role of the local voluntary organisation (ARC West Midlands) was that of a catalyst. After careful local research which led to the project (Golfetto 1979), ARC received help from the participating local small businesses. Sometimes after long negotiation, they took on carefully matched unemployed young trainees. But there was also a benefit to the small businesses in the long-term (i.e. finding a way of training the young unemployed). This highlights the close interconnection between community and business, and the difficulty of defining 'benefit.' The small companies, for example, would have found it easier not to become involved in training of young people, and although the firms did eventually benefit this (pleasantly) surprised them.

The 'fuzzy' area confusion is not recognised. For example, a small architectural partnership, in Nottingham, pioneered a non-subsidised and very successful managed workspace project in 1979. Though profit was vital; maximising profit was not. Or, in other words, the entrepreneurs did not want an upmarket scheme. 26 out of the 37 firms housed were completely new and set up mostly by young people new to business (Johns 1984). Yet this venture,

which operated entirely on business principles, according to the Department of the Environment (Great Britain 1987) had a workable combination of "personal philanthropic goals and commercial goals." The architects never considered themselves philanthropic. But did their social responsibility step outside normal business practice, as the Department of the Environment tends to suggest, and become 'community involvement?' The majority of managed workspace schemes outlined in the same publication as examples of good practice in urban regeneration are matter-of-factly recorded as subsidised. Thus, philosophically, they sound more businesslike than does the one with the imposed personal philanthropy tag. This non-subsidized project (which was indeed remarkable but for other reasons) was also publicised by BiC in its launch publicity, giving the impression that it was the result of some special social responsibility.

So, in this context, what is corporate social responsibility to the community? The Nottingham architects acted as fair business practitioners, which is socially responsible, but they did not pursue deliberate altruism and certainly not charity. It is arguable that fair business practice, appropriate to a locality's needs, is more socially responsible than subsidy or charity. But it confuses the issue to call fair business practice philanthropic.

The private sector makes the single largest contribution to Local Enterprise Agencies (LEAs), which, as we saw in Chapter One, are being encouraged to support businesses willing to grow. These contributions can count as charitable donations. From 1982, business donations to LEAs could be set against tax. So is supporting growth businesses philanthropic? Contributions to the 314 LEAs annual income amounted in the year to June 1989 to some £15m i.e. 41% of total budget. 24% came from local authorities and 35% from government. The government offers a five-year reducing pump-primer (Coles 1989). All LEAs offer business counselling. Other services vary from LEA to LEA and include training programmes, small business clubs, loan fund schemes, and provision or management of workspace projects (LEA Network 1989). In the foreword to this publication, HRH The Prince of Wales, as President of BiC, said "with changes in government policy, the challenge for the LEAs is to increase, substantially, the private

sector sponsorship over the next few years."

When major companies become key players in delivery of 'charitable' help to further the increase of free enterprise through LEA's, their own notions of the nature of free enterprise are afforded a considerable power base. Which is perhaps why community enterprise models, as we saw earlier, tend to be marginalised.

In the 'fuzzy' area outlined above, history is rewritten at intervals. For example, we are told that LEAs "are a particular case of the theory of evolution. Their birth and early propagation were more accidental than planned" (Fazey 1990). This is factually inaccurate. It does not reflect the energy which went into very systematic planning to bring the number of LEAs to 314 in ten years. But, it explains a further point in the same Financial Times article that "the agencies have to find new sources of sustenance for themselves in the shape of money to pay their running costs... the enterprise side of the TECs [Training and Enterprise Councils] is likely to be filled by the agencies."

So what are Training and Enterprise Councils (TECs)? In 1989, a wide range of company chairmen and chief executives were presented in 'interview' advertisements in quality papers, like the Financial Times, stressing the value of the private sector being given the initiative to head TECs. One company's internal communication summarising the government plans for TECs says it has four principal 'building blocks:' responsibility for the Youth Training Scheme; employment training for long-term unemployed; promoting training for the employed; and business growth (including organising the Department of Industry's Small Firms Service, the Enterprise Allowance Scheme, and working closely with LEAs, the Rural development Commission and other business support agencies). At least two-thirds of the local TEC board must be private sector employees who are chairmen, chief executives or top operational managers of major companies, who must serve in their own right and not as employers' organisation representatives. So are they part-time secondees? Will the cost of their time be included on a company's in-kind community involvement donations? If so, companies' declared charity contributions will soar!

There has been a governmental inter-departmental row over whether TECs should be responsible for Compacts (agreements between particular companies and particular schools). The Education Department argued that since TECs are to be employer dominated, they must not be responsible for Compacts which are supposed to be partnerships between schools and employers. The Education, Employment and Industry Departments all have some responsibility in business-education links and are "rivals in the field." (Thomas 1989) But surely this is getting away from company practice in community involvement? Not in the least: it is central to the debate about the 'fuzzy' area. Compacts (another idea from America) were launched in 1988; 29 are fully operational and a further 21 being developed (NCVO 1990). Through Compacts, employers agree to take young people into jobs (subject to interview), and schools undertake to improve young people's standard of achievement, motivation and employability. Companies, as part of their community involvement programmes are involved. David Sieff (1989), Director of Personnel and Public Affairs, Marks and Spencer, says Compacts are very important, as "these partnerships between employers, schools and pupils have something to offer all parties." Companies' help to Compacts includes secondments.

Current talk of Compacts has tended to obscure a wide range of schools-industry links which have been operating since the 1970s. For example, ICI since the early 1970's was involved in links with schools in locations where it had plants in order to encourage pupils to consider scientific careers. This work continued right through the late 1970s, even when the company experienced huge workforce reductions.

The above is, of necessity, only a summary of what I have called a 'fuzzy' area. But it indicates certain problems. For instance, if company giving overall remains at around 0.02% of pre-tax profits, and the government-favoured initiatives take an increasing share, then will traditional community recipients of company charitable donations lose out? If a company can, through its charity budget, support training via LEAs and TECs which directly benefits its commercial operation and its notion of enterprise (i.e. growth and maximising profit), then this activity should be clearly recognised and defined for what it is. Will LEAs, TECs and Compacts lead to a one-way outlook about

enterprise? Do we want growth and maximising profit to be the only definitions of enterprise? It does seem that the contribution of pluralistic types of enterprise will continue to be marginalised. Yet it may be that the Nottingham architects' non-subsidized Workspace project, community companies and the 'way-of-life' companies mentioned in Chapter One, like the small companies in inner Birmingham, have an important role to play as part of the cement which holds communities together socially as well as economically? And if major companies, working within the definitions of social responsibility in their community involvement practices, fail to recognise the economic validity of pluralistic types of enterprise, what does this say about social responsibility and the use of power?

PART II: Raison d'etre.

Although there have been many articles in recent years which include theoretical concepts about business social responsibility to the community, there is an acute paucity of useful theory underpinning company community involvement in the UK. "Enlightened self-interest" is often referred to as if it were a theory in itself, but it has not been systematically defined. This section offers a short commentary and reflections on this lack of theory.

Corporate social responsibility in the UK has to be considered within current political/economic structures. As Farnham (1990 p.10) says, Western industrial societies such as that in the UK are "diverse, complex and dynamic societies rooted in capitalist social relations." They are also technologically advanced, and within them the corporate sector, whether privately or publicly owned, is a focal source of wealth formation. Dahrendorf (1959) argues that capitalist society, typical of nineteenth century Britain, has given way to industrial society in which the new managerial class is more socially responsible than the former capitalist class (Ibid p.7).

Drucker (1989) states that rarely in human history has any institution emerged as quickly as management or had as great an impact so fast. It would be inappropriate to explore the genesis of current political liberal democratic tradition here. But, in the context of corporate social responsibility to the community, it is vital to understand that an inherent problem lies within the difficulty of reconciling "the economic liberties associated with freedom of contract and free market exchange, clearly based on overt inequalities amongst people, with individual political and social rights, embodied in the law, which are based on some degree of equal citizenship amongst them" (Farnham 1990, p.174-175).

As we saw in Chapter One, company social responsibility to the community entered management thinking in the UK in the 1970's. John Hargreaves, at IBM (UK) Ltd, set up the first department of public affairs in the UK in 1967. His company model (Hargreaves and Dauman 1975) drew heavily on American experience, and depicts

the company with three circles of social responsibility. The inner one represents its basic responsibilities to keep within the law; respect current legislation and formal codes of conduct; safeguard basic shareholder and employee rights; and have honourable dealings with customers, suppliers and creditors. The middle circle represents organisational responsibilities and the outer circle represents societal responsibilities. A company, in order to survive and meet objectives, needs "to anticipate the full range of social, political, economic, technological and ecological trends and changes in the total community which can effect the future of the organisation." (Ibid p.16) Survival of the company was the key motivator for community involvement. A company needs a healthy community in order to function successfully.

But, recognising the UK situation, Hargreaves and Dauman wanted a divorce from the political line-up of trade unions and business and stated that there should be new mechanisms to allow government to tap the thinking processes of other sections of national life. Thus government would be able to work in the time-scale it really requires (Ibid p.251) and politicians would have a time-scale beyond the next election.

Hargreaves was involved with Action Resource Centre (ARC) in its early days. And as ARC found out, vague notions of company enlightened self-interest were easier for companies to grasp than more radical notions needing changed attitudes.

We also saw in Chapter One how Cullingworth (1976), when reviewing the role of ARC, believed it should narrow "the understanding-gap between different sectors of socio-political-economic activity." He believed that a narrow "benefit to business" concept was essentially selfish. The term selfish might be too strong, and enlightened self-interest might be more appropriate. But he was adamant that the 'benefit to business' concept raised the very barrier ARC was seeking to abolish. "This is not to argue that charity IS enough: on the contrary it is to submit that the concern is not with charity at all, but with the means by which 'corporate citizenship' is implemented" (Ibid p. 4-5).

He was not denying a benefit to business because, for example,

the secondment of people from industry to render service to the community created benefits also to the seconding company and the individual seconded. He was sure the way to change the outlook of business was to broaden the experience of individuals operating in that sector. "Business is a concept, an abstraction: individual human beings are real; and it is they in their multiplicity which make up society" (Ibid p.4). This approach is particularly interesting because it recognises the need for companies to broaden their understanding of the community: a concept effectively absent in current debate. He thus agreed with Hargreaves that business needed to change some pre-conceived ideas.

Another view of that time was voiced by Humble (1975). He believed that if community involvement decisions "are made in the board room, the firm, as Milton Friedman has suggested, usurps the function of government, and must raise its prices or lower its profits to achieve its objectives: and thus it taxes either its consumers or its shareholders." This view faded as worsening social conditions developed. As we saw earlier, unemployment became a major concern, due to redundancies from the mid-1970's. Some major companies believed they should play a part in the solution. They knew that their own workforce, due to technology changes, would probably never again increase. And the notion was gaining ground that 'enlightened self-interest' in ensuring company survival meant being, or being seen to be, a good corporate neighbour.

This debate about the theory of business community involvement which began in the UK in the 1970's was not sustained or developed. As they were pressurised or wanted to explore new ways of co-operating with communities, companies were anxious to 'get it right' but were often unwilling to think analytically or long-term. For example, in the late 1970's, when the windows of an international company headquarters on London's South Bank were broken by local youths, I was called in to advise how the company could relate quickly to its community. The company found it difficult to believe there could be no quick 'fix' by following a given plan or joining a club. A core of major companies tended to act as a group, all making the same decisions, and willing to follow government policies.

It is clear from current statements about social responsibility

that UK business increasingly perceives a clear vested interest in community involvement. For example, a particular Social Responsibility Unit Manager writes an interesting piece after visiting America and tells us that 'better' corporations no longer see themselves as single entities but part 'of a complex web serving a number of different people.' The Levi Strauss company are cited as a good example with its [now familiar] concept of 'wellbeing of employees, a commitment to consumers, a commitment to honest and fair business practices and a commitment to community life' (Palmer 1986). Palmer offers American ideas about what companies in the UK should do. It is a familiar formula which exerts pressure to copy American practice without considering whether it is appropriate.

'Enlightened self-interest' is now often presented as if it were, in itself, a theory. But the notion is not defined, investigated, challenged or even much discussed. However, in articles on company community involvement, statements are made about it. They are partly accepted (as given truth) and partly ignored. Here are a few recent statements on the subject. They are offered simply as illustration of current thinking:-

- 'Active business' is a deliberate corporate corollary of the 'active citizen'. "An 'active business' policy should be regarded by every company as an important constituent part of a wider based strategy whose primary aim is survival, not only of the firm at the individual level, but collectively of the free market or capitalist economic system...Community involvement can be shown essentially to be a state of mind rather than just a set of projects, and its principles can be seen to serve the ends of business rather than impose a constraint on them" (Whates 1989).

- Involvement in, say, inner-cities is in the commercial interest of firms because regenerated areas will supply not only future customers but also future employees (Times 1988).

- "A strategy which includes involvement with the community can assist in meeting these [corporate marketing] objectives because the various community organisations offer characteristics of value to a company, for example: 'good,' healthy, or intellectual associations, a shared target audience, access to celebrities, public figures, royalty etc" (Sayer 1986).

- Sir Hector Laing (1988) declares that "Corporate good citizenship is now widely recognised as being good for business."

- "I spend my time spreading the message that it is in the company's commercial interests to get involved in their communities." (O'Brien 1986).

There is a plethora of writing along similar lines but adding a PR dimension. These writings offer an additional indication of the paucity of clear thinking in the field. For example:-

- "Failing to communicate effectively a community involvement programme is to under-utilise a powerful corporate asset, something no good manager should want to do nor should be willing to tolerate." (Lindheim 1989) If community involvement is a powerful corporate asset, does a company own the community or the initiatives it supports? Is community involvement synonymous to being socially responsible? If so, is this a 'corporate asset' or should it be a norm?

- Jennings (1990) states that "although genuine philanthropy is involved it must be acknowledged that for some [companies] there are additional motives... it is also part of the process of promoting and softening a corporate or indeed an individual's image. To be seen to be a good citizen is certainly good for business." If community involvement is used for company image, what does this say of the value placed on the community? Equal partner or commodity?

Occasionally, there is a return to a more challenging concept of company community involvement. For example, a key issue for companies should be the analysis of the terms on which they are prepared to become involved in fields for which Government traditionally has been responsible. The choice of social priorities and goals has to be a political decision whoever makes the choice. Companies should not undertake government obligations for which they do not have matching authority, and the state should not attempt to transfer its responsibilities to companies (Cadbury 1990). Cadbury believes that the broadest way of defining social responsibility is to say that the continued existence of companies is based on an implied agreement between

companies and society. The freedom of operation of companies is dependent on their delivering whatever balance of economic and social benefits society expects from them.

Cadbury makes these statements as if they will be understood. He is clear that government and business need to sort out their roles distinctly. But what does he mean by society? In this context, presumably it is government (national and local), and communities. But, as we also saw earlier, Government is - though elected - still largely elitist, and UK communities often lack assertiveness. The role of pressure groups may spring to mind as a possible source of societal expectation. But, though valuable, pressure groups are not necessarily community based, but single-issue based. Pressure groups may have branches locally, "but tend to be more active nationally" (Farnham, 1990 p.227).

Although American experience may not be as helpful in transfer as often assumed, some American criticism should alert us to the dangers inherent in sloppy acceptance of theoretical concepts about business social responsibility to the community. For example, twenty years ago Heald (1970 p.297) accepted the American ethos that business should retain its leadership and influence, but he also stressed that it would continually need to reassess its responsibilities and methods. There was no delegation of this role. In America, from the 1950s questions were raised about the possible clash of interests between self-acknowledged managerial power and responsibility, on the one hand, and a concern for preservation of democratic procedures on the other. "If the corporation was, indeed, a private government, why should not the constitutional safeguards which shielded Americans from the abuses of governmental power apply within its borders?" (Ibid p.294) And there is critical analysis of the fact that "persistent cries for a 'favourable business climate' were primarily a demand that the public accept business on its own terms" (Ibid p.308).

From America, there are warnings that the principles of 'doing good' are in decline; the demands of 'looking good' are rising rapidly (Goldberg 1989). And Ferguson (1978) refers to a Fortune magazine discussion on the perennial efforts by businessmen to educate people about the way the US economic system works. It argues "that the primary responsibility of the businessman is not

to educate others but to educate himself about political, social and economic reality, and to put that knowledge to work through meaningful participation in the political process."

These are issues which companies, academics, community groups and government should be addressing in the UK. There is a world of difference between company community partnership and what Prowse (1988) calls the 'creeping industrialisation' of our social lives which is being encouraged by Government. And within companies, individual managers may bemoan the "absence of any criteria to prevent the abuse of power by vested interests" (Thompson 1989).

Interestingly, the community's need was recognised by the 'father' of the free market economy. As Sampson (1990) states, Adam Smith in The Wealth of Nations "had the deepest scepticism about the judgement of merchants who have generally an interest to deceive and even to oppress the public, and who accordingly have upon many occasions both deceived and oppressed it." And, though he is not speaking specifically about company social responsibility, Sir Ralph Dahrendorf in an interview with Keane (1990) touched on a key issue when he says that the problem today is that the majority does not need the minority. "The new minority [the underclass] cannot form itself into a class ... this growth of semi-citizens who are marginalised and who cannot defend themselves is a most serious development... here I see a major role for private initiative in the widest sense - philanthropic foundations, local initiatives, community projects, churches, voluntary organisations and even 'charismatic' local leaders."

The underclass is, of course, part of the community. We saw in Chapter One how (in the UK) community solutions to social problems tend, if successful, to be taken over by institutions, and in Chapter Two how the community in America has tended to be much more assertive than in the UK. If, as Dahrendorf suggests there is a role for a new growth of community initiative in the UK, what is the role in this scenario for companies? To control, to encourage, to learn from, to co-operate with? Where is the theoretical framework within which these questions can begin to be asked? In the next Chapter these ideas will be developed.

## CHAPTER FOUR

### COMPANY COMMUNITY INVOLVEMENT IN THE UK. WHAT NEXT? WHY? HOW?

In this chapter, I will discuss some practical ideas which are possible and needed in this field if the aim of corporate social responsibility to the community is, as Cullingworth stated, to break down the 'understanding gap' between the different sectors of socio-politico-economic activity. The ideas in this Chapter are based on an assumption that the market economy in the UK will continue to be the prevailing economic system.

First, I will summarise the main findings so far. The serious debate on the nature and purpose of corporate social responsibility to the community in the UK, which started in the mid-1970's, has been superseded by an expedient PR 'enlightened self-interest' *raison d'etre*. Business in the UK is currently closely aligned to Government social policies and philosophies, and business community involvement is tending to follow government guidelines on issues like urban regeneration, and enterprise and training. Many social policy models involving companies are being imported, often inappropriately, from America.

Individuals, and local communities, both in the USA and in the UK, may suffer deprivation. However, in the USA, because of its history of equal citizenship and of keeping decision-making local, communities are often more assertive than in the UK. There is a weaker historic decision-making elite. Companies, local government and communities are typically united in wanting to keep federal government at arms' length. In the UK, there is a decision-making elite which resides in national institutions, including central government and major companies. The current Government has diminished the role of local authorities. Local

communities' initiatives which 'succeed' tend to be taken over by national institutions. Other initiatives, if they are in the enterprise sector, are marginalised because they fail to conform to the prevailing business value system of growth and maximising profit. The UK society's value system represented by Parliament believes that (a) the free enterprise system creates wealth and (b) social rights of individuals are a claim on wealth to provide, by agreed means, the opportunity to participate and thrive within their family/community/society. Companies are, therefore, per se corporate citizens. Whether distribution of wealth is via the Welfare State or whether more directly distributed by business is decided mainly by governments, with pressure from other sectors.

In the UK, since World War II, there has been a Welfare State tradition which, however, has not managed to ensure adequate social rights and opportunities for those unable directly to benefit from the enterprise system. Since the 1970's business in the UK has been more aware of the needs of communities. Initially this was due to the large rise in unemployment and its effects. Companies knew that the workforce reductions of traditional industries would be permanent due to changes in technology. Government has exploited companies growing social awareness. Companies have failed critically to examine their willingness to be guided by Government in the direction and execution of their community involvement policies.

#### What Next? The need for an independent theoretical framework

Company community involvement is fragile in the UK because it is neither based on any independent dynamic theoretical framework, nor does it have a historical tradition as in the USA (e.g. in which community is able to be assertive).

There is urgent need for the development of an independent and dynamic theoretical framework, relevant to the UK, within which company community involvement can occur. This framework is needed not as an inhibitor of specific community involvement but as a bulwark to protect and develop good practice, and to spot and challenge expediency and unsound practice. Because it involves a power relationship, company community involvement cannot help being political. And if, as at present, companies act as agents

of Government, sooner or later they must expect to be challenged by those who see this as an unaccountable exercise of power and, therefore, undesirable. And alignment with Government also makes business practices in the community inherently sensitive to changes of national government. Company community involvement needs some stability and continuity.

Whilst government in the UK is likely to continue to be the final decision maker over social policies, a stronger community voice is essential, as partner to business voice, to prevent communities being used as passive recipients of imposed policy decisions. For example, over 3,000 local projects for disabled and elderly people, children, the environment, crime prevention and others, are now at risk through a Government decision to shift resources (Travis 1990).

Cullingworth's warning about government bureaucracies needs much further detailed investigation in the context of corporate social responsibility to the community. And although the current Government is pressing for more private sector input into community involvement, it is important to remember that the Labour Party first saw advantage in the trend. An incoming Labour Government, however, would almost certainly retract government support for company community involvement because it dislikes the way it has developed and would want to be seen to take another course of action. Reacting to the Government's prospectus for the new Training and Enterprise Councils (TECs), Michael Meacher, Labour's Employment spokesman described TECs as the "rotten boroughs of industry" (Iris News 1989). Commenting on the Labour Party's recent policy document, Patten (1990) says "the failure to mention charitable and voluntary activity can be no mistaken oversight... For a political party with historical antecedents among the Friendly Societies and the Toynbee Halls, this lack of a policy for the voluntary sector is a glaring omission."

It is imperative, therefore, for company community involvement to develop an independent theoretical framework to guide its practice: a framework which takes account of governments but is not their tool. However, development of such a framework is likely to be inhibited for a variety of reasons. One is that there has been very little academic interest in the subject. It has not managed to secure a firm niche on management

training agendas. And, because management training agendas tend to evolve in favour of 'new' ideas, there is danger that other aspects of company social policies will take precedence.

There is evidence that this is happening. Two of the main reasons are, firstly, that the subject of business ethics is now in vogue and, secondly, the main PR focus on company's social policies is moving rapidly to issues of green auditing and environmental issues. The rising interest in business ethics again follows from America. In the UK, there is already an Institute of Business Ethics, a Business Ethics Research Centre at King's College, London; the Philosophical Foundation for International Thought: all are dedicated in part or whole to the subject. The City University introduces material on degree programmes and the Manchester Business School is establishing the first British professorship in the subject (Vinten 1990).

There are, of course, no magic lines between areas of company social policies, and ethics are involved in all areas of a company's work. But in a survey carried out by Ashridge Management College among 100 large firms in Europe, most embodied ethical issues in mission statements about the importance of being "good corporate citizens" (Golzen 1990). Which takes us right back to the need to find a framework in which to define what that means. Stone (1990) quotes Sam Gellerman of the University of Dallas as saying that "a code of ethics shifts the blame for bad conduct from the company to the individual." In that way, a code of ethics can be a way for a company to wash its hands publicly of responsibility for the evils its employees commit. Codes may be seen - often with some justice - as a public-relations gimmick."

The increasing concern over environment issues, national and global, are having an impact on companies. "Green consumerism, like nothing else, has brought home to economists the truism that all wealth is not economic in nature" (Adams 1990). Increasing output of greenhouse gases, loss of rainforests and desertification are among issues now highlighted in business journals. Companies can be pressurised into changing policies. For example, Scott Paper Company pulled out of clearing a tropical rainforest in South East Indonesia (Women's Environmental Network 1989). This company now claims its

environmental response must run through the whole business, not just individual products (Tulip 1990).

My point in drawing attention to this increase of interest is not to suggest that it should be deflected, but rather to make a case that its existence, and the PR now attendant upon it, is likely to deflect attention from issues of corporate social responsibility to communities in the UK. It may seem parochial to stress the need for a theoretical framework within which to develop company community involvement to local communities. But unless or until communities are empowered and gain a voice which is listened to, and a voice in which the underclass are included, then - in the UK - we can expect an increase, rather than a decrease, of the social problems Pilkington outlined. Significantly, the voice of communities is strangely absent in most of the articles and reports of company involvement in the community.

If the enlightened self-interest of business is seen by communities as imposing big business values where they are not relevant, communities may dismiss company intervention and this will add new vigour to the anti-industry tradition outlined in Chapter Two. Business social responsibility could be seen as a vehicle for enhancing only its own selfish ends. After all, in its own sphere business does not aim at equality. "It aims at inequality and advantage... Paradoxically, an excess of equality tends to favour inequality. If talent is not allowed to rise to the top, there must be someone to stop it from ascending. Titled and untitled commissars are found to push rising heads under water. To keep commoners in their place and station, a class of superiors exists to keep them 'equal'" (Alexander 1990). But, from the viewpoint of some UK communities, especially the underclass sector, there currently seems little chance 'to rise.' Yet, the underclass needs to be involved in a whole new vision of community activities.

There is an urgent need for business to look at the wealth in communities, not necessarily material wealth, but wealth of ideas, skills, ways of doing things, being willing to experiment and so on. Communities have much they can teach business as well as vice versa. Business contains a huge reservoir of material resources and skills, but it does not have a monopoly of skills

or of wisdom.

This is illustrated, for example, by the mistakes made over investment of oil revenues in the Third World in the 1970's, and the recent "Guinness Affair." Another recent example is the Committee for Middle East Trade's early response to the current Iraq situation. It urged the Prime Minister not to impose a trade embargo on Iraq because it would severely affect UK business in the Middle East (Harrison and Dean 1990). And individuals in business may have foibles too. Rosemary Neal, BP International's Training Advisor, accused BP of having been guilty of cultural imperialism "as were many other older UK Multi-nationals." Before going abroad it was essential for BP expatriates to understand their own national culture, and their own place in it (Ashridge 1990). The same warning needs applying to company community involvement in the UK. Indeed company community relationships in the UK could be seen as a microcosm of global situations.

#### Company/community discourses needed

The reason why an independent theoretical framework for company community involvement is required can be highlighted by outlining some of the discourses urgently needed between the two sectors. Relevant discourses would help to prepare a foundation of good theory upon which to progress practice. Five possible subjects will be outlined briefly. They are selected as illustration of the variety of issues which need to be addressed within the company community field.

Firstly, is decision-making in company community involvement an issue only for top executives and some middle managers? Secondly, what are the implications of pressurising individual employees into community 'involvement?' Thirdly, what is the nature and purpose of investment, charity money and philanthropy in respect of enterprises with values other than growth and maximising profit? Fourthly, what is the nature of inner-cities? And, lastly, what are the limits of sponsored research?

(1) Is decision making in company community involvement an issue only for top executives and some middle managers? Decisions about company community practice have so far involved mainly top executives and some middle managers, and seldom other employees.

Trade Unions have been very silent in the company community field so far: they are sometimes represented on committees of, for example, Business in the Community (BiC), and less often they are involved in initiatives. As Hargreaves stated, business needs new attitudes to stop aligning itself along party political tracks. As we saw in Chapter Two, it was over forty years ago that Sam Courtauld stated that workers, in investing themselves in an enterprise, deserved to have greater rights. Progress has been slow in this respect and does not always match rhetoric.

For example, Alice Mahon, M.P. for Halifax, protested that Sir Hector Laing, Chairman of BiC and Chairman of United Biscuits, closed a KP Foods factory in her constituency without warning or consultation (causing 1000 redundancies) whilst on earlier occasions publicly stating that companies "should accept a larger share of responsibility for the welfare of communities in which they operate." In a letter to the Financial Times, Mahon said "Halifax is the much-publicised focus of BiC's 'One Town Partnership' project. Launched with royal fanfares and embraced with enthusiasm by all political parties, the project suddenly has a hollow ring" (Mahon 1988).

Whilst both sides of this story were aired in the Press, it highlights the need for a new mode of discourse involving all parties in companies and the community. This need is recognised in theory by the TUC General Secretary, Norman Willis, who says trade unionists are short-sighted and complacent if they fail to "recognise the danger of divisions between the organised workforce and the rest of the community"(TUC 1988).

(2) What are the implications of pressurising individual employees into community involvement? This may appear a more trivial question than the first. But it needs addressing with some urgency as pressure is beginning to be exerted on employees in the workplace for actions they take outside it. In order to be seen to be active in the community, as we saw earlier, companies are promoting volunteerism (sometimes offering incentive rewards), and sometimes taking steps to find out what employees already do in their spare time. Employee Community Involvement (i.e. getting employees involved in voluntary work with the encouragement, support and recognition of their employers) is a campaign which is a fundamental part of BiC's mission to make

corporate community involvement part of mainstream thinking at all levels in business (Target Team News 1989).

Is anyone asking what may be the long-term implications for passing on company community involvement to employees under pressure to be seen to be 'good' employees? This is quite a different situation to that in the USA where the links between companies and community are stronger and the community assertive. In America volunteering can be part of the job. It is sometimes part of the employee's personal plan prepared annually, and is taken into account in performance review and annual bonus assessment (Kidd 1985). But the impetus and management of volunteering comes from volunteer centres which seek to involve business and labour with a community's volunteer needs. There is now a USA nationwide clearing house National Council of Corporate Volunteerism. Of vital importance is that each sector knows its own priorities and needs (Foucar-Szocki and Freeman 1987). In the USA model, definitions of needs rest in the community.

Imagine a situation in the UK if an influx of employees (mostly commuters) in the city of London became active volunteers (to gain status in their companies) in 'deprived' inner London boroughs where social policies are prescribed by government. This is a caricatured situation but it makes an important point. It has the feel of colonialism. It is the opposite of what Cullingworth advised i.e. that business people needed to learn from the community and take their broadened experience back into their jobs.

Is it right for the Department of Education and Science, industry organisations and companies to pressurise business employees into considering being school or college governors because young people are "essential to the future prosperity of individual businesses" (Industry Matters 1989)? When is community involvement a personal matter? And, if employee volunteers are given heightened status, where does that leave unemployed and other volunteers?

(3) What is the nature and purpose of investment, charity money and philanthropy in respect to enterprises with values other than growth and maximising profit? As will be evident from the outline of training and enterprise support in the last Chapter, this is a

discourse which is long overdue. We have seen, for example, how community companies and 'way-of-life' companies may be marginalised, and that Enterprise Agencies (funded partly by 'charity' money) are now concentrating on helping companies which subscribe to the values of growth. We have seen the paradox of the architects in Nottingham being called philanthropic when they were doing business in the way they wanted. It is useful to ask whether a pool of investment capital (like a pilot fund recently launched by Community Business Scotland) at reasonable rates of interest may not be preferable to special grants or charity for certain types of enterprise? There is some interesting literature in this field which needs exploring within a UK context. In this discourse, there is also the question that if companies give their charity money to help business enterprises, and do not increase the ratio of pre-tax profits given to charity, how does this affect community work traditionally linked to corporate giving?

(4) What is the nature of inner-cities? Much corporate social responsibility to the community is now focussed on inner-cities following the Government's Action for Cities programme launch in 1988. Lack of business social responsibility has contributed to problems in these areas by not listening to local community ideas or recognising methods of business/social life which differ from their own. Showpiece developments have been imposed "which do nothing for the existing residents" and will only shift the ghettos of deprivation elsewhere (Duffy 1987).

Jacobs (1969 p.92) in her study of city economies says that "development work is so chancy that by the law of averages, chances of success are greatly improved if there is much duplication of effort." New ideas find a seedbed from which to emerge. Recent history records a multitude of cities that poured their economic energy into repetitions of the same work with immense efficiency and which put no energy into the development of new goods and services (and then suffered economic/social decline). Judged from careful historical research of cities, her investment priorities would include the availability of capital "inefficiently dispensed" by orthodox criteria (Ibid p.100). Enterprises serving city customers flourish most prolifically where the following conditions are simultaneously met: workplaces and homes are mingled, people are always present; there are short

streets; buildings of mixed ages, types, sizes and conditions of upkeep are mingled; and there is a high concentration of people.

Interestingly, as ARC discovered, these are the findings which inner-city communities self-define as vital for social and economic reasons. The 'way-of-life companies' of Islington, for example, helped to create an environment of community competence and diversity, a vital ingredient as a springboard of new enterprise. These enterprises do not need philanthropy, but they do need to be respected as having values which - on their own terms - are successful.

There is still a lack of analysis of urban microstructures (i.e. households, networks of households and related social networks connecting the workplace to community life). This is "no small omission since these microstructures are the irreducible building blocks of people's practical awareness of their everyday life. It is out of this awareness that collective action, whatever its roots, springs" (Smith and Feagin 1987).

5) What are the limits of sponsored research? This subject is seldom debated. Sponsored research can be paid for from a company's community budget. For example, BP contributed £5.6m worldwide to causes which include "medical research, community and youth welfare, and the environment" (BP 1989). I flag this subject because it urgently needs company community discourse. It is at local level that the effects of, say, medical research are felt, often with little opportunity for knowledge sharing or input into research priorities. For example, mothers using local maternity hospital facilities can be pressurised to follow birth procedures decided as a result of research undertaken with little reference to their priorities or wishes. An unusual and recent debate on sponsored research was held by the Royal Society of Medicine's Forum on Maternity and the Newborn, 19.6.90., when a heated exchange took place between a representative of a sponsoring company (Wyeth) and senior medical people both for and against company medical research sponsorship. It was the kind of debate which should be available to wider audiences in many locations. The community is affected by the choice and nature of research undertaken, but has little entry to information or to consultation about these issues.

How can an independent theoretical framework be achieved?

An independent theoretical framework as the foundation of practice of corporate social responsibility to the community in the UK, and creative company community discourses are needed, but how will they be achieved? Eventually, there needs to be an independent forum or 'home' where a body of knowledge about company community involvement can be collected, debated and used. Great care is needed to develop work of value in the UK situation, whilst comparative studies are useful e.g. with regard the USA and, increasingly, Europe. The Urban Foundation, in South Africa, also merits study because it represents a unique private sector involvement in radical politics. Formed in 1977, it calls itself a private sector reform agency to improve the quality of life for the underprivileged and to eliminate institutional discrimination (Urban Foundation 1989).

But before it is appropriate to establish this 'home,' the UK community sector has to be better understood in order to participate as an equal partner. Otherwise, the creation of a 'home' will be another imposition upon the community. Input from communities is currently noticeable by its absence in most articles and reports on company community involvement. Occasionally, there is a plea to business to "learn from its community partners" (ARC 1989). The practice of Victorian 'enlightened' entrepreneurs providing what was thought to be good for employees and their families was enlightened at that time. But communities now have a lot to offer as well as needs.

Further work needs to be done to gather material already available about authentic community activities, enterprises, ideas and attitudes. And new work needs to be done, especially in inner-cities, to find out and record authentic initiatives (i.e. not ones imposed via government or other policies and funding). I propose to work in this field for the foreseeable future.

The proposed UK forum or 'home' must not be created in haste by any party perceiving the idea as an 'image' opportunity. Working toward the goal of a 'home' will, of itself, assist some necessary processes of change. Only if companies and communities meet as equal partners to determine the nature of their interface will both benefit in the long-term. If they fail, governments

will be free either to make social policy decisions which afford disproportionate power to one sector (as at present) or to impose decisions itself.

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APPENDIX 1CASE STUDIES (1) Courtaulds plc (Coventry).  
(2) The Boots Company plc.

These two case studies illustrate company community involvement by companies which tend to act independently of what other companies do. Neither, for example, belongs to The Per Cent Club.

(1) Courtaulds is a major international manufacturing company which suffered drastic redundancies in the 1970s. In 1977 it employed some 110,000 people in the UK. By 1983, this workforce had been reduced to some 60,000.

Following the recession, Courtaulds started using disused buildings on its sites, including in Ulster, North Wales, and Coventry, as workspace for new small business tenants, and it offered technical and other advice when relevant. For example, a thriving mini-industrial estate grew up in the Courtaulds Acetate Wrexham site's disused buildings. When the final decision came to close all the plant, there was much unease in the local community, voiced by the Local Authority. The Company handed over the site to the local authority, gave management backup and thus assured a secure future for the 50 small businesses already operating on the site and the redevelopment of the remainder of the site. By 1988, 250 additional jobs had been created (i.e. above replacement numbers of jobs lost).

The Greenfield site at Delyn was likewise handed over after closure in 1985. By 1988, due to continued work by Courtaulds and the local council, half the site had been developed and 450 jobs created. With other initiatives, the number of permanent jobs found was 250 more than the number needed to compensate for the closure.

Courtaulds seconded senior staff in various locations, employed job search consultants, retrained people to enable them to get new jobs etc. Nowhere did the cost of this work show up in

community involvement PR or statistics. It got brief mention in the Press because of the politics of redundancies and unemployment, and the Financial Times said some critics would have liked Courtaulds to set up a job-creating arm like British Steel Corporation Industry. If it had, it would have got better PR but, almost certainly, not better results. I outline this work to make the point that what we are told by companies through community involvement PR does not necessarily offer a complete picture of company community involvement.

Another example of an employment project is the Cellophane Small Business Centre, Bridgewater. It was started in 1988, when BCL Cellophane, a division of Courtaulds Films and Packaging, became a major sponsor. There is 9,000 sq.ft. of lettable space, divided on two floors into 14 workshop and 13 office units. Currently, 65 people are employed in the Centre. Courtaulds has so far contributed some £230,000 to the project, plus personnel support. The Centre was granted Enterprise Agency status four months after starting up.

This year, with effect from March, Courtaulds Textiles plc was demerged from Courtaulds plc. Courtaulds plc has 24,000 employees divided almost equally between UK and overseas operations. Its main business is coatings, performance materials, packaging, chemicals, fibres and films, and research and technology. Courtaulds Textiles plc employs 39,000 people, mainly in the UK in spinning, fabrics and clothing. Courtaulds Textiles plc has not yet completed its first year, so it is premature to comment upon its community policies. Courtaulds plc has no centralised company community policies. Each UK site is responsible for its own policies. Centrally, however, the Company is a major arts sponsor; is involved in sports sponsorship; sponsors University Research; and donated £208,387 to charity in 1989-1990. This figure does not include the value of any 'in kind' help. Jointly with Courtaulds Textiles plc, Courtaulds plc sponsors the Courtauld Institute of Art, which moved to Somerset House, London, in June 1990.

I will now look at the community involvement practiced by Courtaulds plc (Coventry). The site is on the Foleshill Road, an inner-city area with a large Asian population. Today some 3,000 employees work on site within the Engineering, Research, Advanced

Materials, Amtico Production, Fibres and Head Office units.

By 1983, some 60,000 sq.ft. of redundant buildings on the site were being let to small businesses. The potential for using disused parts of the site led to several Company initiatives. For example, since 1985, Coventry Business Start, has been home on the site to 18-25 year old production-based entrepreneurs. There are 28 workshop and office units from 73-416 sq.ft. A three-tier rent scheme charges more realistic rents as businesses progress. Courtaulds offers technical help to new businesses. A number have progressed to become suppliers to Courtaulds e.g. a company which invented and makes a useful panel fastener. This scheme is now partially supported by the City Council and the inner-city Task Force, and there is a full-time Manager.

Courtaulds plc (Coventry) is one of several UK company sites of the company. It has no special Community Affairs Manager. The responsibility is vested in a number of people, with much of the initiative being taken by the Site Manager, Dr.Ian Mackenzie (IM), and the Site Administration Manager, Bob Henry (BH). I interviewed both on 24.7.90. Whereas companies with formal Community Affairs procedures insist on their necessity, IM and BH believe that community involvement could not work if people were "instructed to spend 'x' amount of time to be interested" in the community whether they were or not.

Whatever the pros and cons of having an official policy, in the case of Courtaulds plc (Coventry) many initiatives began before they were 'fashionable.' For example, the Company introduced schools links in 1986 with a clear message, from IM and BH, that "the factory is a resource whose educational exploitation is for teachers to determine...TECs aren't the new message they are presented as being. One of the most important things we are doing is making dialogue between institutions which won't cease when some imposed scheme ends and another is thought up...These schemes are like shooting stars...Whatever is done has to be educationally robust and teacher-led. It is not the role of industrialists to take over the teachers' role."

The Company is not involved in the Compact scheme which it sees as possibly promising the impossible to pupils but it continues to build links with four local primary schools, four secondary

schools and one special school. Teachers feel comfortable about visiting and approaching the Company for co-operation. What has been achieved recently? Company managers and local comprehensive school headteachers and staff have created a forum and meet to assess progress and to plan; students visit the Company in groups to study particular themes e.g. raw materials, customer service etc; Company people give talks in schools and pay informal visits; 14-16-year-olds do two weeks work experience with a proper preliminary interview and teacher visits during the two weeks; pupils visit the Business Start scheme and ask questions; special projects relevant to school subjects are devised by teachers with Company people e.g. redesigning the pipework for the site's effluent system; teacher secondments; the Company makes scientific advice available to the local authority; an industry trail has been created through the site with schools' help and for their use; the Company and its schools links helped to make an Open University video. Ideas evolve e.g. an annual art exhibition for local primary school children is now held on Company premises annually and some 700 children visit it.

The site has a small charity budget, and responds mostly to local requests. It has said 'no' to an initiative for all donations by local companies to be centralised, believing personal contacts are important. Materials can be useful e.g. a local school wanted to create a nature park in a disused swimming pool. The Company linked this school to another where older children made garden furniture (which created a GCSE assessed project) from materials given by the Company. When the finished products were given to the first school, it was able to claim a government grant £1 for £1 put in by the Company.

Local organisations have contact with the Company and get practical help e.g. photocopying or loan of a machine and its operator to clear a patch of land for a group of ex-psychiatric patients to use as a vegetable garden. The Company is involved with Common Purpose, and allows staff to attend to civic and community tasks. It funds local music scholarships (i.e. specialist lessons) currently for two talented teenage musicians who would like to become professional.

Asked what is the benefit for the Company in its local community involvement, BH responded that the aim was not direct benefit.

"The Company is here and we want to be known. It would be good if we could be on the 'consideration list' [for young people seeking employment]. If people come over the threshold they can see that Courtaulds is alive and well, find out about it and what it is doing, that it is in high and low technology and prosperous. It can employ someone who is strong in the arm and thick in the head; someone who is an honours degree research graduate; and some people who come in as labourers develop into first class tradespeople."

In January 1988, the Company gave facilities for a lecturer in physical education at the University of Warwick to study and assess the personal impact on members of the closure of an industrial sports and social club\*. He concluded that the club was no longer ideally suited to the leisure needs of employees in the 1990s. But that a more health conscious society was becoming aware of employee fitness. Following further study of interest among employees, a Fitness Centre was started. IM said "It has to attract people during or immediately after the working day. People won't return to the workplace these days."

A Training Centre was opened on site in 1987 to give open access learning for employees in a wide range of subjects e.g. computer and communication skills and languages. Courses are put on to meet particular needs. The Centre is available, by arrangement, for teachers and students from local schools, and for partners of employees.

Source material in addition to interviews: Courtaulds plc Annual Report & Accounts 1989-1990; Cellophane Small Business Centre Annual Report 1990; Coventry Business Start prospectus; Courtaulds Press Release, November 1988; Reviving inner-cities. Department of Trade and Industry. Circa 1988; Obligations of employers. Financial Times. 11.10.85.; Wrexham Maelor Borough Council Report, 6.10.85.; Too many new buildings. The Guardian. 11.3.83.

\* MONNINGTON, T. (1988) A study to Assess the Personal Impact on Members of the Closure of an Industrial Sports and Social Club. Unpublished.

(2) The Boots Company plc is a Nottingham-based company, best known for its High Street retail stores in most cities and sizeable towns. It has bought up other retail chains e.g. Halfords. Boots Pharmaceuticals Division is engaged in the development, manufacture and marketing of both prescription drugs and consumer health care products worldwide. The Company's interests include 20 overseas companies, many with manufacturing units. Boots has a long tradition of service to the community going back to the Company's founder, Jesse Boot. In 1920, he sold the company for over £2.25m. Believing that his wife, son and two daughters were too extravagant with his money, he spent large sums of money on Nottingham. The main beneficiary was Nottingham University built on a palatial scale on a greenfield site at a cost of £1m, and opened in 1928. He also provided parks, boulevards and hospital wards. Boots has a long tradition of staff care and internal promotion.

On 31.7.90, I interviewed Pat Dexter (PD), the Company's Community Relation's Manager and Secretary to The Boots Charitable Trust, and Shirley Bickley, the Trust's Administrator. Their Department has only two more staff, and is situated adjacent to a city centre warehouse. The warehouse stores a wide range of Company goods en route to community use. Goods no longer needed within the Company are systematically delivered to the warehouse to await distribution. Items may include redundant shop and office equipment e.g. counter-tills; discontinued new workwear, toys or buying samples etc. Over £600,000 of merchandise p.a. is given away. The company does not include this value in its quoted total donations.

With some 63,000 UK employees, many of whom use workwear regularly, there is need for the Company to keep wide ranges of sizes etc for new staff (including temporary staff). Some workwear styles change regularly e.g. store Supervisors' suits. This results in the availability of new quality clothing which is offered where it can be useful. For example, women leaving a psychiatric hospital may have discontinued No 7 Supervisors' new suits; young people on probation needing something smart for job interviews may be helped. Dispensers' white uniforms have been sent to Poland for hospital staff. Voluntary organisations benefit from redundant office and shop equipment, playgroups get

toys etc. Even materials like new redundant card are useful for some community purpose and packets of doylies are useful for kids play. There is a lot of practical recycling going on!

Individual stores have discretion to deal with small local appeals. The Boots Charitable Trust deals with more than 10,000 grant applications p.a. In 1970 there were 500 appeals p.a. The Trust has guidelines e.g. it does not consider appeals from individuals, expeditions, independent schools, independent hospitals or agencies of private medicine, community or tenant associations unless located in a very deprived area etc. Giving, with the exception of donations to one well-known relief agency and occasional help for a few overseas organisations, is limited to the UK. Boots commercial interests are so diverse that many groups identify it as a possible donor e.g. the disabled, children's charities, pensioners, audio needs etc.

The Charitable Trust gives for altruistic reasons and the Company gives for more commercial reasons which is an interesting practical recognition of different reasons for giving. For example, the Company, as the largest in Nottingham, is supporting Nottingham's City Technology College. The Company gave £50,000 to the South Atlantic Fund and £10,000 to the Hillsborough Disaster Fund; it sponsors medical research; it supports job creation through some 100 Local Enterprise Agencies. The Company Board "looks to the Trust to provide moral and ethical guidance re charitable giving" (PD). The trustees are senior serving or retired members of staff. "Policy decisions are flexible and change as needs change. The main criterion is need...But, when in doubt over a specific cause, we must be influenced by the company interest. You don't bite the hand that feeds you [re help for Heart Research Trust]. But we agonise over philosophical aspects. For example, there are increasing appeals from NHS hospitals for capital expenditure." There has been a decision not to respond to NHS hospital appeals unless the hospital is located in an area where the Company is strongly represented e.g. Nottingham, or if the appeal objective is of special interest to the Company.

The Charitable Trust is aware of unfashionable current needs e.g. homelessness, AIDS: areas of need "to which people are less sympathetic." In 1989-1990 the Company overall gave over £776,000 in donations, which included over £331,000 given by the

Charitable Trust to 879 charities. This represented a recent 30% rise. This figure, as stated earlier, does not include the value of gifts in kind. The Company is not a member of The Per Cent Club. "We prefer to make our own decisions in the light of what the business can afford" (PD)

"It is very important to keep personal links going with people in the community, to be proactive" (PD).

Source material other than interviews: The Boots Company plc Report and Accounts for the year ended 31 March 1990; Social Responsibilities. The Boots Company plc. 1986; The Boots Charitable Trust guidelines.

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## APPENDIX II

## Companies Giving More than £1 million Total Corporate Support for the Voluntary Sector

Name	Total Corporate Support £000	Cash Donations £000	Profit Before Tax £000	Number of U.K. Employees	Times 1000 Position 1988/89	Year End
◇ Allied Dunbar Assurance * i)	1,195+	1,068	e) —	—	—	12/88
◇ Barclays Bank *	9,596+	2,710	g) 1,067,000	87,200	—	12/88
◇ British Gas *	6,000	—	c) 1,054,000	82,000	7	3/89
◇ British Nuclear Fuels *	1,404	198	c) 100,000	a) 16,773	145	3/88
British Petroleum Co. * vi)	9,000	6,300	l) 828,000	28,950	1	12/88
◇ British Telecom *	11,841+	5,289	c) 2,437,000	a) 244,418	6	3/89
◇ Cadbury Schweppes *	1,515+	170	b) 215,700	12,126	60	12/88
◇ Digital Equipment Co. *	1,776	150	—	7,850	166	7/88
Esso *	3,500	1,231	s) 302,500	4,530	12	12/88
General Accident Fire & Life Assurance *	1,599	258	h) 290,300	14,757	—	12/88
◇ Glaxo Holdings *	1,149	420	h) 832,000	11,035	72	6/88
◇ Grand Metropolitan *	1,220	—	wj) 575,100	89,753	10	9/88
◇ Heron International * xiv)	1,605+	1,511	h) 61,200	2,008	212	3/89
◇ I.B.M. *	4,243	1,108	g) 511,500	bb) 20,146	33	12/88
Imperial Chemical Industries *	5,396+	3,170	b) 1,470,000	54,800	4	12/88
◇ Lloyds Bank *	3,500+	938	d) 843,000	67,000	—	12/88
◇ Marks & Spencer * xix)	4,025	—	ii) 529,000	62,125	18	3/89
◇ Midland Bank *	3,689	784	jj) 693,000	53,375	—	12/88
◇ National Westminster Bank *	11,340+	2,147	c) 1,407,000	94,818	—	12/88
Nestlé Holdings (U.K.) *	1,036	368	mm) 55,100	16,545	140	12/88
◇ Prudential Corporation *	1,146	490	b) 339,600	30,625	—	12/88
◇ R.T.Z. *	1,099	849	b) 879,000	17,701	29	12/88
◇ Royal Bank of Scotland Group *	1,634+	684	b) 309,200	22,584	—	9/88
◇ Royal Insurance Co. *	1,056	424	b) 223,400	30,470	—	12/88
Shell *	4,843	1,483	ss) 285,000	13,082	9	12/88
Smith Kline & French Laboratories *	1,232+	1,075	d) 4,255	1,712	—	11/88
◇ Trustee Savings Bank *	2,661±	2,661	q) 420,100	40,000	—	10/88
◇ Unilever * xxvii)	2,454+	931	b) 1,454,000	30,000	11	12/88
◇ United Biscuits (U.K.) *	1,020+	381	d) 120,000	38,000	66	12/88
◇ Whitbread & Co. * xxix)	1,680+	871	—	54,192	74	2/89

◇ Group or subsidiary of group member of Per Cent Club.

\* Denotes figures confirmed by company.

## Notes to Tables

- i) Allied Dunbar and BAT Industries: Allied Dunbar is a wholly owned subsidiary of BAT cash Industries. If the cash donations figure shown for Allied Dunbar is added to that of its parent company, BAT Industries cash donations figure would be £2,030,000
- ii) B.O.C: includes payment to London Computer and Electronics School.
- iii) Bass: this figure includes £285,000 paid to the Bass Charitable Trust.
- iv) B.P: this figure includes support for education. BP's worldwide community contributions totalled £17.4m.
- v) Central Independent Television: this figure includes the cost of broadcasting public service announcements.
- vi) Christies: this figure relates to support within the U.K. only.
- vii) Clifford's Foods: formerly Cliffords Dairies.
- viii) Clydesdale Bank: figures for 9 month period.
- ix) Conder Group: in addition the Conder Conservation Trust made donations of over £81,000.
- x) Consolidated Goldfields: in addition the Gold Fields Trust spent £236,985 on other charitable, social and community projects.
- xi) Gallaher: the total donations include £312,500 to the Health Promotion Research Trust.
- xii) Gateway Corporation: formerly known as the Dee Corporation.
- xiii) Girobank: in addition free transcash services are offered for major disaster appeals.
- xiv) Heron International: the majority of the cash donations are made to the Ronson Foundations.
- xv) Kingfisher: previously known as Woolworth Holdings plc.
- xvi) John Laing: in addition cash donations of £147,000 were made on behalf of the company and other group companies by Laing's Charitable Trust.
- xvii) Lucas Industries: this figure includes donations to universities, other educational establishments and charities, most of the charitable donations of the company are made via the Joseph Lucas Charitable Trust.
- xviii) M.B. Group: this company is now part of CMB Packaging Group.
- xix) Marks & Spencer: in addition a special payment of £1 million was made to Anchor Housing celebrating the centenary of the birth of Simon Marks.
- xx) Minet Holdings: figures for a nine month period.
- xxi) Pillar Electrical: formerly MK Electric Group.
- xxii) Polly Peck: figures cover a 16 month period.
- xxiii) Simon Engineering: preference is always given to charities in the North West of England.
- xxiv) Smith & Nephew Associated Companies: included in this amount is a donation of £327,000 to the Smith & Nephew Foundation.
- xxv) Thomson Corporation: the company does not wish to receive any requests for donations as all funds are fully committed.
- xxvi) Travis Perkins: figures for a nine month period following the merger of Sandell Perkins and Travis Arnold to form this company.
- xxvii) Unilever: all figures for charity support and community involvement relate to UK only.
- xxviii) Van Leer UK: the company makes all its donations via the Bernard Van Leer Foundation (UK) Trust. Subsidiaries of the company make numerous minor donations to local charities.
- xxix) Whitbread: Cash donations figure includes a donation of £500,000 to the Whitbread 1988 Charitable Trust.
- xxx) Yorkshire Bank: in addition £66,145 was donated to charities by the Yorkshire Bank Charitable Trust.
- a) Group employees
- b) Worldwide group profit.
- c) Group profit.
- d) U.K. Profit.
- e) Wholly owned subsidiary of BAT Industries.
- f) Average total employees.
- g) UK group profit.
- h) Worldwide profit.
- i) Worldwide group profit before tax excluding property.
- j) UK employees at year end.
- k) Group loss.
- l) UK replacement cost operating profit.
- m) Worldwide employees.
- n) Average UK employees.
- o) Consolidated worldwide group profit.
- p) Group profit UK and USA.
- q) Consolidated group profit.
- r) Shareholders' profit of a UK life office with European operations.
- s) Profit after petroleum revenue tax, net interest and corporation tax.
- t) Group profit after tax and transfers to inner reserves.
- u) Worldwide net additions to funds.
- v) Group profit after tax.
- w) Group profit on ordinary activities before tax, minority interests and extraordinary items.
- x) Group profit before interest and taxation.
- y) Full and part time group employees.
- z) Group profit before tax and extraordinary items.
- aa) Consolidated UK group profit.
- bb) Average employees.
- cc) Full and part time employees.
- dd) Group profit before exceptional items and tax.
- ee) Full time equivalent average.
- ff) Group profit before tax and partnership bonus.
- gg) Loss before tax.
- hh) Profit on ordinary activities before tax.
- ii) Group operating profit.
- jj) Gross profit.
- kk) Loss on UK marketing and refining of oil and oil products.
- ll) Group profit on ordinary activities.
- mm) UK group profit before extraordinary items and tax.
- nn) Group profit from all trading divisions.
- oo) Consolidated worldwide profit.
- pp) Profit UK and USA.
- qq) Employees in UK and USA.
- rr) UK and European group profit.
- ss) UK profit after corporation and petroleum revenue taxes.
- tt) Group profit before tax less gross donations.
- uu) Group worldwide profit including contribution for discontinued activities and exceptional items.
- vv) Group worldwide profit before tax after deduction of interest payments. U.K. profit is estimated to be approximately £45m.
- ww) Operating profit.

+ Indicates that in addition to the total corporate support figure quoted here there were also some items of support which were unquantifiable.

‡ Indicates that in addition to the cash donations figure quoted there were one or more items of corporate support which were not quantified.

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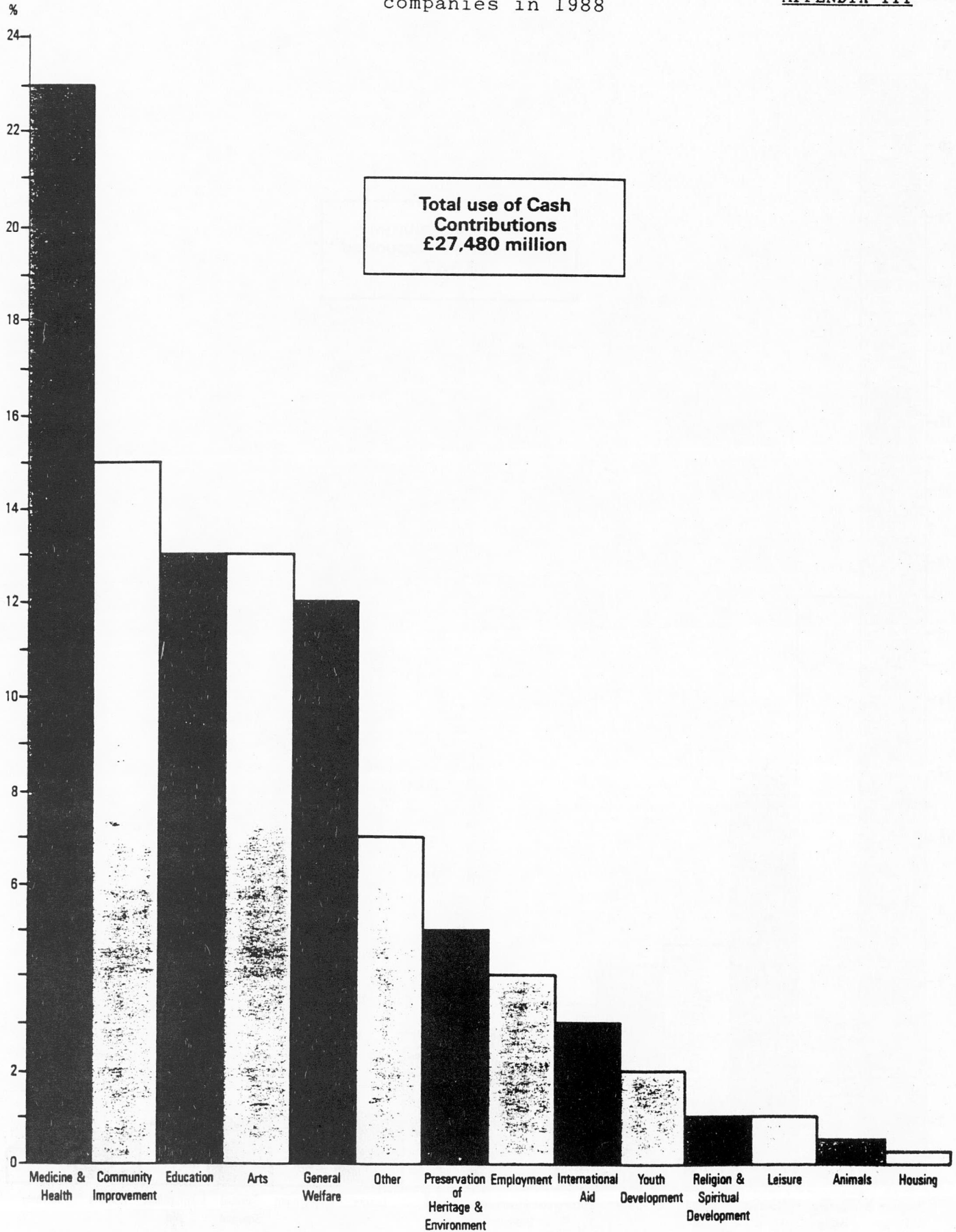
From Charity Trends, 12th Edition, Tonbridge, Charities Aid Foundation, 1989.

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# Figure 1: Uses of Cash Contributions

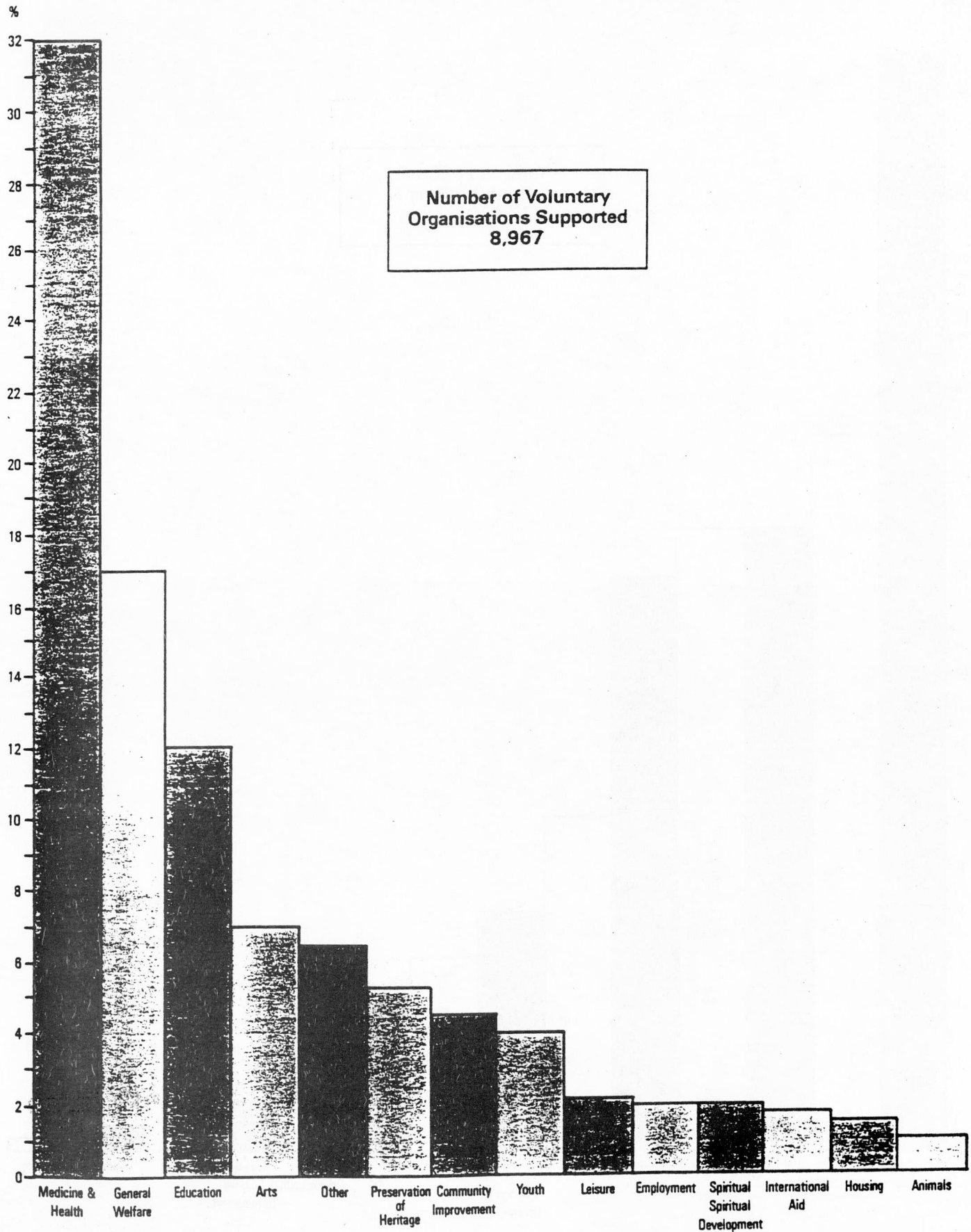
from 207 leading companies in 1988

APPENDIX III



\* Figures may not add to 100% because of Rounding

**Figure 2: Total Number of Voluntary Organisations Supported (%)\*** by the same 207 leading companies in 1988



\* Figures may not add to 100% because of Rounding

From Charity Trends, 12th Edition. Tonbridge, Charities Aid Foundation, 1989.

APPENDIX IV

## MARKS &amp; SPENCER

## IN THE COMMUNITY 1989/90

	£000's
DONATIONS AND SPONSORSHIP	
Education, Training, Job Creation and Community Services	830
Health and Care	1,210
Arts (including Community Arts & Heritage)	580
Stores Local Support	305
<hr/>	
TOTAL CASH DONATIONS	2,925
<hr/>	
Secondment — Cost to Employ	1,050
Support Costs	505
Gifts in Kind	150
<hr/>	
GRAND TOTAL	4,630
<hr/>	

Community Affairs, Michael House  
Baker Street, London W1A 1DN



NOTES



NOTES



# COMMUNITY INVOLVEMENT STUDY

Business needs a framework of principles for community involvement policies. Currently it is too dependent on Government social policies and ideas. As a result, communities tend to be passive recipients of help. In the long-term this could create greater divisiveness and rebound upon management.

This is one of the findings of a recent independent study by Ruth I. Johns\*. Community involvement policies directly impinge upon emergent enterprises in local communities.

For example, companies' "charitable" money and secondments in support of Enterprise Agencies should,

according to Government, be directed primarily at helping those enterprises which want to grow.

Yet, there is evidence that entrepreneurial attitudes and community cohesion are created via policies of encouraging a diversity of types of enterprise, including "way-of-life" companies, community companies etc. These do not set out to maximize profit but do make a profit and should not be confused with subsidised projects.

They sustain people in

work, including those who find it difficult to fit into highly competitive growth businesses. Plurality of enterprises and pursuant social cohesion in local communities helps to nurture an environment in which new business ideas readily arise.

Johns has been a professional in the field of company community involvement for fifteen years. Later this year she will be running Seminars following up this study, especially focusing on some of her ideas for changes needed.

\* *Company Community Involvement in the UK* is available from Ruth I. Johns Associates, PO Box 66, Warwick CV34 4XE.

... developed. She sees it as a source of concern that companies have been seduced by government who "saw the potential for a substantial and free resource and companies followed the herd, abdicating their own tentative steps towards understanding the community. Business is now encouraged, by Government, to be involved (as donor of ideas as well as material help) in education, the NHS, arts and sports sponsorship, voluntary organisations, employment initiatives, inner-city regeneration, etc."

Her concern is not so much for the companies themselves but for the damage done to the community by any approach which imposes solutions on perceived problems.

... cities, are 'problems'. Their values are underrated.

A survey is made of current company community involvement in the UK: the practice and the *raison d'etre* behind the practice. A case is made for establishing an independent theoretical framework for future company community involvement based on shared knowledge and respect. An independent 'home' is eventually needed for this work (but not as a matter of any company or organisational expediency). First, the community needs involving as equal partner in discourses between the sectors.

NCVO News letter to Corporate Affiliates

This Caring Business

## INVOLVEMENT

When local youths took to breaking the windows of an international company headquarters on London's South Bank, the company concerned called in Ruth I Johns, director of the Action Research Centre. The managers hoped that the ARC, a body founded to bring the corporate sector together with the community, could help them. But there was no 'quick fix'. And this is the message of Johns' study, *Company Community Involvement in the UK*. Now an independent consultant, Johns is arguing that too much of UK companies' 'socially responsible' activity is taken up with imposing central government ideas, and their own view of 'enterprise' on communities without ever stopping to consult local people. She warns against blindly following American approaches to business involvement in urban regeneration, and calls for the development of a theoretical framework so that the objectives of such initiatives can be clearly defined.

Accountancy Age

Institute of Directors Mid-Line

Some PRESS

Comments ...

... on

COMPANY COMMUNITY INVOLVEMENT IN THE UK (Jan. 1991)

... unrest since the early 1970s onwards. Ruth Johns argues that the problems springing from industrial change in the last 20 years have affected towns and cities in particular, and that local 'inner city' communities should be consulted about projects set up in their own areas.

The report points to cases where models which were successful in one locality were simply duplicated in another area before local needs were adequately researched. In some locations, company projects were instigated simply to respond to moral pressure. It argues that projects are more likely to fail if they are thus imposed from above and the views of local people are not sought. Or local people's views may be discounted because of poor presentation or looking 'amateurish'.

*Company Community Involvement in the UK* also provides a survey of the current extent of private sector 'social responsibility' work and of the different forms it takes—charitable donations, help in kind, secondment of personnel, sponsorship of the arts and sport, and support for enterprise and training initiatives. But it is ideas, rather than facts, which make the study a thought-provoking and distinctly different look at the role of business in the wider community.

*Company Community Involvement in the UK*. Published by Ruth I Johns Associates, PO Box 66, Warwick CV34 4XE. Price £15 post free. ISBN 0 9516960 0 9.

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Resurgence

Employment Gazette