CHAPTER 18
Managing community involvement programmes
Learning outcomes

By the end of this chapter you should be able to:

- define, describe and compare the concepts of community involvement, corporate social responsibility and cause-related marketing
- identify the key principles of community relationship building and apply this understanding to simple, meaningful scenarios
- evaluate the issues arising from an organisation’s community involvement
- critically evaluate corporate strategies for integrating corporate social responsibility and community programmes into the business plan from a stakeholder perspective.

Structure

- Corporate community involvement (CCI) programmes
- Employees and community programmes
- Cause-related marketing (CRM)
- Developing community programmes
- Evaluating community programmes

Introduction

If you saw a child helping an elderly citizen cross the road or giving up a seat for them on the train, you would probably think it was a mature and generous act by someone with a considered view of their place in society. If the child then went home and wrote about it in their private diary it may still be viewed as a positive action being considered and reflected on to inform the child’s future behaviour in similar situations. The child could then share the experience over dinner with family members to elicit praise, credit or a reward of a coveted sweet or drink. What if they then went to their school headteacher (principal) soliciting further praise, even a headteacher’s award, which may attract interest from outside the school through a parental contact with the local paper? And the accolades pour in.

A little far fetched perhaps, but is this analogous with organisations and their involvement in society through corporate social responsibility? It may be for some. Certainly criticisms have been levelled at some companies for over-promoting their acts of corporate giving, particularly around major incidents such as 11 September in the USA and the Asian tsunami in December 2004. What are organisations’ motivations and interests in their communities? How much are they interested in doing something ‘good’ and how much in being acknowledged, recognised and rewarded for this act? In Chapter 6 we discussed the role of organisations in their communities and in this chapter we will explore the different ways in which organisations apply their individual interpretations of community involvement and how this can have various outcomes, outputs, benefits and rewards for them and the communities they are involved with.
CHAPTER 18 · MANAGING COMMUNITY INVOLVEMENT PROGRAMMES

The chapter will therefore evaluate community involvement programmes that can range from the philanthropic (donations) through to campaigns that have much more tangible returns for the organisation such as initiatives like cause-related marketing (CRM).

**Corporate community involvement (CCI) programmes**

These are the tactical approaches organisations plan to discharge their corporate social responsibility policy. CCI may be viewed as the organisational recognition that businesses cannot survive unless there is a prosperous community or wider society from which to draw both employees and trade. Building relationships with stakeholders and community groups is important for many organisations when there are changing patterns of employment and recruitment, with increasing use of short-term contracts and part-time work, particularly in the retail and service sectors. Other influences such as the continuing increase in the number of women in full- and part-time work and the worldwide issue of *downsizing* (reducing the numbers of full- and part-time staff employed by an organisation). It is important to recognise that not all organisations take an enlightened view of their role in society and, in fact, many are content to work at the basic level of responsibility to society, i.e. to pay taxes and obey corporate and societal laws (see Chapter 6).

**Definition:** *Downsizing* is a term used to describe the reduction in the number of employees working for an organisation in either full- or part-time positions.

All these factors are influential in the increasing drive by organisations to build links with communities and stakeholders in order to enhance public understanding of the organisation’s function and its business objectives and subsequently impact on the environment in which it operates. In recognition of many of these changes, businesses are attempting to forge direct links with communities either individually or collectively through organisations such as Business in the Community (BITC) in the UK.

BITC is a non-political UK organisation whose aim is to work in partnership with businesses to build their relationships and involvement with the communities in which they operate. BITC defines its aims as ‘supporting the social and economic regeneration of communities by raising the quality and extent of business involvement and by making that involvement a natural part of successful business practice’.

The organisation represents over 400 member companies in the UK and this includes 75 of the UK’s top performing stock-exchange-listed companies, the FTSE100. Member companies are encouraged to provide their skills, expertise, influence, products and profits to assist in building a prosperous society that is attractive to investors, in which businesses can thrive and where all stakeholders in the community can have access to opportunities. The organisation is run through 11 regional offices throughout the UK. BITC claims the benefits to the members are as follows:

- employee development
- increased staff morale
- enhanced relations with local decision makers
- motivated, high-quality recruits
- improved corporate image.

BITC is a member of CSR Europe, a network of national affiliation organisations interested in CSR. CSR Europe describes itself as a business-to-business network that aims to help companies achieve profitability by placing CSR in the mainstream of business practice (CSR Europe 2002). In the USA, Business for Social Responsibility (BSR) is the coordinating organisation (www.bsr.org). (See Case study 18.1.)

**Sponsorship and the community**

Today sponsorship is an important area of business policy and a large proportion of it is highly visible to an organisation’s stakeholders. Examples include sponsorship of major sporting events such as FIFA’s football World Cup or the summer and winter Olympic Games (see Chapter 27 for more on sponsorship). A further area of popular sponsorship is of specific, high-profile television programmes. This technique has been effectively employed in the UK with established soap operas and detective serials. For example, *Coronation Street* is a soap opera that has been on UK terrestrial (non-cable/satellite) television for over 30 years and has developed an effective, mutually beneficial sponsorship arrangement with the confectionery brand, Cadbury, since such sponsorship was made legal in the 1990s.

It is therefore clear that not all sponsorship fits into the CCI category, for example tobacco sponsorship of Formula 1 motor racing came in for ethical and political debate for many years. During 2004 the
To build organisational image by association with the organisation or its stakeholders such as customers and investors to attend. It is possible for CCI initiatives to be either sponsorship that benefits both parties or to be clearly examples of charitable donation by the organisation. Community relations programmes are often defined as mutually beneficial partnerships with one or more stakeholders to enhance the organisation’s reputation as a good corporate citizen. The stakeholders are therefore usually the target audiences for the company and include customers, suppliers, media, employers, trade unions, politicians, local government representatives, community organisations, key opinion formers, shareholders, educationalists, environmentalists, etc. Community relations can have an influence on the corporate reputation and this is increasingly an important measure for individual

The BT case study demonstrates the long-term commitment BT has had to the community in which it conducts its business and allows the company to see the links into its corporate strategy and goals and particularly the connections with the company’s industry, communications. This is a common theme with many corporate community initiatives and it is clearly one way that makes the technique acceptable to directors in the boardroom (see also Case study 18.6).

Source: Used with kind permission of BT and BITC
and institutional investors for the quality of an organisation. As such the link between good corporate citizenship, good reputation and share value/price can be identified (see Figure 18.1, Think about 18.1 and Activity 18.1).

**The bigger picture**

Community initiatives can have benefits beyond links with specific community-based stakeholders (such as schools or community-based groups). Through involvement in community relations an organisation is often complementing other objectives (such as its corporate strategy). This can have an impact on share value, as discussed, but also on media relations, investor relations, shareholder communications strategies and even, in the event of crisis, communication. For example, establishing a relationship with specialist or local journalists during positive news stories connected to community initiatives may help during a crisis. For instance, in the event of a crisis, a well-disposed journalist is more likely to give the organisation the opportunity to respond or give the organisational view of the negative situation. This can prevent more damaging news stories escalating into a crisis (see Mini case study 18.1, Think about 18.2 and 18.3).

**Employees and community programmes**

Increasingly employers are encouraging their employees to become involved in the local communities in which they and often their families live. This is true of public as well as private organisations. For example, Leeds Metropolitan University supports the Leeds Cares initiative, which includes employees working on voluntary projects in and around Leeds (see Case study 18.2 and Activity 18.2, overleaf).

**activity 18.1**

Finding examples of community relations

Think about an organisation you know well or are interested in and research its website and external activities. Make a list of those activities you believe might be regarded as community relations. Note down what you believe the organisation and the recipient got out of the relationship.

Feedback

Community relations are diverse and the involvement need not be significant. Typically, community relations programmes involve one or more of the following techniques or tactics:

- sponsorships
- targeted donations
- awards
- hospitality
- employee volunteering
- use of facilities (loan of equipment)
- training/seminars
- secondments (staff).

Links between organisations and community groups are normally made with organisations in areas such as sports, arts, education, the environment, occupational health and safety, charities, youth/young people’s groups, senior citizens, the disadvantaged, disability, heritage and many other groupings.

**think about 18.1 Why companies get involved in community relations**

Company stock valuation is one reason for being involved in community relations. What others can you think of which might benefit the organisation?

Feedback

Some businesses are increasingly concerned with educational development of the community in what is termed ‘cradle to grave’. Community relations can influence this process by education-based sponsorship. This creates awareness in local schools and establishes the company as a desirable employer. This may, in turn, influence future recruitment or create a positive image around products/services/outputs. Also the community initiatives can provide employees with opportunities to develop further skills by working with local schools and organisations. The benefits of such education are a properly trained and developed workforce, which is crucial to the company’s future success.
### mini case study 18.1

**Shell/Brent Spar**

An example of how community relationships can benefit a large corporation heavily involved in community initiatives occurs with Shell UK during the Brent Spar issue. Brent Spar was an obsolete oil platform that Shell wanted to dispose of and, through relevant research, had been advised to sink in the North Sea. Subsequently, there was a wave of damaging protest across the UK and Europe. However, Peter Hunt, head of community and regional affairs at Shell UK claimed in the aftermath that the publicity would have been more damaging and the company’s reputation slower to recover if it had not already developed strong communication links with many environmental interest groups through its corporate community involvement activities. Hunt claimed this gave Shell the opportunity for a fairer, more balanced hearing.

### think about 18.2 Sponsoring

What do you think are the implications for a sponsee of a high-profile event (for example, sponsoring a world-famous horse race or established annual charity walk and collection fund) if the sponsor withdraws their support?

**Feedback**

The event may be put into jeopardy. Think about contracts and the following:

- What if no suitable sponsor comes to take their place?
- What about negative publicity if the event is no longer able to run?

See also Chapter 27.

### think about 18.3 Sponsoring and corporate giving

The concept of corporate philanthropy was discussed in Chapter 6. This relates to the process of providing money or gifts in kind to organisations on behalf of a company or organisation. Here are some issues for you to think about related to the process of giving and sponsoring on behalf of an organisation:

- Does sponsorship and corporate giving discourage the state and government agencies from fulfilling their duties to society?
- Consider a company that sponsors local schools and supplies them with computers. Does this discourage state provision of information technology to schools? What happens when the hardware dates and the software become obsolete and the organisation moves on to other causes or stops giving?
- Will giving to one group in society disadvantage others if the state withdraws or reduces support?
- Might some groups be more attractive to sponsors and donors than others? Is it easier to support babies orphaned in a disaster than disturbed teenagers?

**Feedback**

Think about the impact of initiatives such as national lotteries (which exist in many countries) on charity donations. Do they provide much-needed support while at the same time take away the responsibility of individuals or the state to support parts of society? Some charities in the UK claim to have lost out because of the National Lottery. They believe that because people are buying lottery tickets they feel they are ‘doing their bit’ and no longer need to make the kinds of contribution they used to.

To achieve practically the increased involvement of employees the following techniques should be considered:

- **preferential treatment** given to requests supported by employees of the organisation (the Leeds Cares Case study 18.2 is an example)
- **launching a reward and recognition programme** that highlights and supports the achievements of employees in out-of-hours activities (e.g. sporting honours); leadership initiatives; commitment to an organisation (e.g. school governor); academic support (e.g. encourage employees to give lectures at local schools and colleges)
awards presentations where employees volunteer to represent the organisation as an ‘ambassador’ at presentation events

employee volunteering that actively encourages employees to gain personal development experience by volunteering their time and skills to a willing community organisation

committee membership that develops employees by encouraging involvement with external committees; this will help their networking and understanding of how other organisations work.

Involving employees in community programmes can offer numerous benefits to both parties. For employees, it improves motivation and pride in the organisation, which can improve productivity, reduce sickness absence, increase innovation, develop communication skills, improve understanding of corporate strategy/policy objectives and offer a measure/comparison against competitor organisations. If it is so good, however, why are so few organisations doing it? Perhaps some individuals and companies are, but they do not make a big deal out of it. Alternatively, it may be just too costly and not worth the effort. This may be influenced by the business area, range of employee profiles (age, gender, education), corporate interest in the region or local society or, more importantly, the organisation’s size or profitability – it just might not be able to afford the time or the money.

Leeds Cares is the leading programme for engaging business support in the northern UK city of Leeds. Through the collaboration of its 33 supporting businesses working closely with public sector and community partners, it has a real social impact in the most deprived areas of Leeds.

Leeds Cares began in 1999 with 11 founder companies providing action days for teams and calendar opportunities for individuals. It has grown to include 33 companies and offers a range of employee involvement activities, including team challenges, brokering business mentors, who support prisoners due for release and seeking work, and helping homeless people into permanent employment.

The social impact of the programme is achieved through planning and consultation with stakeholders. Leeds Cares’ vision is based on the Vision for Leeds, a community strategy for the city prepared through consultation with the people of Leeds by the Leeds Initiative, the city’s local strategic partnership, bringing together the public, private and voluntary sectors.

Leeds Cares recognises that education is the primary social issue of concern to business. Its programmes provide: one-to-one literacy support to primary schoolchildren; individual mentors to work with selected secondary schoolchildren; and management support to headteachers through Partners in Leadership.

Leeds Cares states its aim is to continue helping businesses to engage in wider corporate social responsibility issues through community involvement. By addressing hard social issues such as ex-offender reoffending rates, getting homeless people into jobs and developing reading and numeracy in schools, the programme has the potential to be at the heart of the city’s regeneration movement.

According to Leeds Cares, the impact of the programme has been:

- over 8000 volunteers giving over 100,000 hours of time; of these, 90% were volunteering for the first time
- support for over 350 community partners and 50 companies
- human resources benefits for supporting companies, through employee development, communications, project management, teambuilding and motivation, as well as reputation building through public relations around action days
- development of new training packages based around the staff development benefits of Leeds Cares, while others used it to support their business objectives around social diversity.


**Case Study 18.2**

**Leeds Cares – Collaborative Action**

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**Activity 18.2**

**Employee Involvement**

List the benefits you think involving employees with the local community might bring to:

- the individual
- the organisation.

**Feedback**

Individual benefits might include:

- personal development
- learning new skills
- developing communication skills.

Organisational benefits might include learning from working in partnership with your employees and sharing their professional skills, time and experience.
Cause-related marketing (CRM) is ‘where a company associates a marketing promotion with a charitable cause’ (Hart 1995: 219).

BITC defines CRM as ‘a commercial activity by which a company with an image, product or service to market, builds a relationship with a “cause” or a number of “causes” for mutual benefit’ (BITC 2005).

CRM has become a popular practice for Anglo-American organisations in recent years and a number of leading UK companies have forged particularly close partnerships with charities and good causes. For example Tesco, one of the UK’s largest supermarket retailers, runs a well-known CRM programme in conjunction with local schools called ‘Tesco Computers for Schools’.

The scheme involves consumers collecting tokens with their shopping that can be exchanged for computer equipment. BITC in the UK carries out regular research into CRM and its use. For example, BITC’s Profitable Partnerships research (2000) reveals that:

- the vast majority of the population (88%) are aware of cause-related marketing
- 76% of consumers who have heard of CRM associations have participated in these programmes
- 77% of consumers who had participated in a CRM programme said it had had a positive impact on their behaviour or perceptions
- 80% of consumers who had participated in a CRM programme said that it would positively impact on their future behaviour and attitudes
- 67% of consumers think that more companies should be involved in CRM.

BITC has been researching company and consumer attitudes in the UK since the 1990s. For example, Research International (1995) surveyed over 450 major companies operating in the UK, including 81 of the top 100 FTSE companies. The results demonstrated that CRM was already established and 93% indicated some level of CRM spend. The survey also found that marketing directors, community affairs directors and chief executives all believed CRM held ‘obvious benefits for businesses and causes’, including:

- enhancing corporate reputation
- achieving press coverage and public relations
- raising brand awareness
- increasing customer loyalty
- building and increasing sales (Research International 1995).

The ‘Winning Game’ was a large-scale consumer survey carried out among 1053 UK consumers (Research International 1997). The purpose of the study was to understand consumer attitudes towards CRM. It found that consumers had a high expectation that large businesses and corporations should demonstrate an active social responsibility. It also found that consumers felt CRM is a ‘means by which businesses can become involved in the community’. The most significant finding of the research was that ‘when price and quality are equal, consumers will discriminate in favour of the company that espouses a good cause. Furthermore, consumers believe that companies should support a good cause’ (Research International Consumer Survey 1997).

The attraction of CRM for organisations is that these programmes generate direct, measurable benefits for the company. Further benefits of this approach include:

- those needing help receive it
- the public feels good about buying/supporting the product
- the donor organisation gains reputation and sometimes sales
- it is a win–win situation for both parties.

Talking about CRM, Cadbury Schweppes’ chairman, Dominic Cadbury (1996: 25), one of the biggest proponents in the UK, enthused about CRM’s ‘ability to enhance corporate image, to differentiate products, and to increase sales and loyalty. It is enlightened self-interest [see Chapter 6], a win–win situation’. (See Mini case studies 18.2–18.4, then look at the examples provided in Boxes 18.1 and 18.2 and Case study 18.3–all on the following pages.)

Consumers and CRM

Research from the USA shows the importance of CRM with consumers as follows:

- CRM increasingly becoming the ‘tiebreaker’ in a purchase decision.
- Seventy-six per cent of Americans say that when price and quality are equal they are more likely to switch to brands associated with a good cause.
- Consumers are less cynical about CRM (than about standard marketing campaigns).
- CRM has long-term strategic benefits rather than being a short-term promotional device.
- Being socially responsible can create good ‘word of mouth’ (Cone Roper 1997).
**mini case study 18.2**

**Cadbury Strollerthon**

During the 1990s, the Cadbury chocolate company supported the annual Strollerthon 10-mile walk around London, which raised £400,000 a year for Save the Children and One Small Step charities.

**mini case study 18.3**

**American Express**

An often-cited example of early CRM dates back to 1983 when American Express was invited to make a donation to restore one of the USA’s most famous symbols, the Statue of Liberty. The company’s response was not just to write a cheque but to propose a more imaginative solution, which was that every time one of its cardholders used their card they would help towards the appeal. Within a few months American Express had contributed $1.5m. Most importantly for the company, however, was that the use of its card had increased by 27%. Today many companies have adopted CRM tactics to merge corporate social responsibility and commercial aims.

Source: BITC

**mini case study 18.4**

**HP Sauce**

In the mid-1990s, food producer HP’s packaging highlighted the company’s involvement with the child protection charity, NSPCC. One penny from every purchase of Daddies’ Brown Sauce was donated to the NSPCC, which resulted in a minimum donation of £80,000. (See Think about 18.4 and Activity 18.3.)

Source: BITC

**activity 18.3**

**CRM**

1. CRM in the mini case examples is obviously very successful. Why would an organisation involve itself in any other type of corporate support if it were not going to bring direct commercial benefits?
2. Think about an organisation you know well, research it and consider whether it involves itself in any CRM. If not, how might it build a relationship with a charity or cause and which one(s) should it choose?

**Feedback**

Reasons for more straightforward sponsorship might include: goodwill; community involvement; stakeholder interest; and good citizenship.

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**How do companies measure the success of CRM?**

The techniques used by companies to measure the success of CRM campaigns are similar to those often used corporately, with the majority of organisations relying on media coverage. According to Research International’s 1997 survey of managing directors and communications directors, the full list of measurement techniques used by organisations is:

- media coverage: 58%
- level of press output: 38%
- image tracking studies: 30%
- customer satisfaction studies: 28%
In the HP example, are both parties equal in the relationship?
Is it acceptable for one partner to have the balance of power and potentially benefit more from the arrangement?
What are the corporate communication dangers of this type of contact?
Could HP not simply give a sum of money to the NSPCC?

Feedback
Both parties may not always be equal. In the HP example, they may both benefit financially but the reputational benefits are clearer for HP. Power is not always equal due to the financial power of the sponsoring organisation. Some of the dangers of the relationship include: crisis management for both parties (something goes wrong that is unrelated to the contract); contract length and withdrawal from it. HP stood to gain more ongoing publicity from the special packaging than from the short-term effects of announcing a corporate donation to the NSPCC.

sales output figures: 16%
other: 19% (Research International 1997).

See also Case study 18.4, overleaf.

Developing community programmes

Planning and implementing corporate social responsibility

Having defined techniques for determining who an organisation is responsible to, what responsibilities there are and a framework for identifying stakeholder responsibilities, we need to consider how this process works in practice. Endorsement of the CSR concept by senior management is important if it is to be successful and Carroll (1991) recommends seven key questions to ask management when planning CSR strategies:

1. Who are our stakeholders?
2. What are their stakes?
3. What do we need from each of our stakeholders?
4. What corporate social responsibilities (economic, legal, ethical and philanthropic) do we have to our stakeholders?
5. What opportunities and challenges do our stakeholders present?
6. How important and/or influential are different stakeholders?
7. What strategies, actions or decisions should we take to best deal with these responsibilities?

(See also Chapter 6 and Box 18.3, overleaf.)

Other CRM examples from the UK

Norwich Union (financial services)
Nivea (cosmetics)
Lloyds TSB (financial services)
Nike (sports goods)
Andrex (toiletries)
HP Foods ‘Daddies’ Sauce’ (food)

Other examples from around the world

Toyota
American Express
Florida Citrus
Kellogg’s

Leukaemia Society of America
Elizabeth Taylor AIDS Foundation
Magic Johnson Foundation
American Cancer Society
Race For The Cure (breast cancer)
18.5, overleaf) demonstrates how a small company can develop a strategic business plan that helps solve a societal issue and contributes to environmental sustainability. (See also Case study 18.5 on p. 367.)

The fourth of the strategies outlined in Box 18.3 is the ideal. The strategy should forecast the anticipated benefits for the business as a result of the organisation changing its approach to CSR. The strategy should also indicate:

- necessary levels of investment
- how to monitor the strategy
- evaluation of the strategy
- benefits communicated to management, employees and stakeholders.

Some companies claim to meet the ideal interactive strategy, such as the UK-based Co-operative Bank, which has ethical policies dating back to the organisation’s foundation in 1872 as part of the cooperative movement. The bank publishes its ethical policy annually, detailing its performance and track record (see Case study 18.7 at the end of this chapter).

Another example of a company meeting these commitments in a transparent way is the Scottish Nappy Company. This case study (Mini case study 18.3) shows how companies can make a significant impact on social issues while also benefiting financially and improving their corporate image.

Guide Dogs for the Blind Association (GDBA) and Andrex (the toilet paper brand owned by Kimberly-Clark) have an association that stretches back over 15 years. Back in 1997 the Andrex toilet tissue brand celebrated the 25th anniversary of the Andrex puppy famously used in its on-pack promotions and television commercials. To celebrate the event, both parties decided to launch a cause-related marketing programme. The scheme was a significant one that raised £275,000 in donations for the GDBA.

The promotional packs of Andrex tissue were on display for three months and each pack contained tokens that could be sent back to GDBA or Andrex, which resulted in a donation being made to the charity.

Kimberly-Clark maximised the public relations opportunities of this venture by creating local news stories involving the GDBA training centres and the Girl Guides Association regional prize winners. The company claimed to achieve five times the amount of press coverage during the programme than before it started.

Both parties believed the CRM programme to be a success because it brought benefits to both sides and to the consumer. From the charity’s perspective, the campaign was financially beneficial and it provided it with opportunities to improve awareness of its name and to inform the public about the range of services it provides as an organisation. From the company’s perspective, the scheme led to an increase in the level of local and national press coverage, increased the level of sales of the product and improved the company’s corporate reputation. It could also be argued that consumers benefited from the association as they continued to receive the same product at the same price while being able to feel they were financially supporting a service that helps disadvantaged members of society. (See also Activity 18.4.)

Source: used with kind permission of Kimberly-Clark and GDBA

Some experts claim that the ideal interactive strategy is the best approach for companies to take when engaging with their communities. This case study illustrates how a company can make a significant impact on social issues while also benefiting financially and improving their corporate image.

The Andrex case study

1. From the GDBA and Andrex case study, do you think all parties were equal?
2. List the strategic objectives for Andrex of this CRM campaign – what was the company trying to achieve? How might these objectives be measured?

Feedback
Consider longer term issues for the company such as: corporate image; media exposure; building closer links with key stakeholders, i.e. the customer, regional and national media; brand reinforcement; increased revenue; corporate social responsibility. All these factors are encapsulated in one marketing-led initiative.
The Co-operative Bank

Customers Who Care, Safer Chemicals Campaign

Winner of the BITC Cause-Related Marketing Award for Excellence 2003

Customers Who Care is a programme that actively demonstrates the bank’s ethical stance on issues of importance to its customers, staff, partner organisations and the public. It is a cornerstone of the bank’s ethical brand positioning. The mechanics of the programme remain consistent, with a donation made by the bank for every £100 of customers’ turnover on Visa credit and debit cards. The bank dedicates its resources to run a hard-hitting issue-based campaign in partnership with customers, selected charities and non-governmental organisations (NGOs). This flexible approach to campaigning is designed to meet the demands of each campaign and complement the particular strength of different campaign partners.

In 2003–2004, Customers Who Care campaigned for Safer Chemicals in partnership with the global environmental network, WWF-UK, advocating the phasing out of chemicals that pose a threat to the environment and human health. The campaign was planned to coincide with the EU review of chemical legislation – the first in over 20 years – which provided a great opportunity to increase the campaign’s impact.

The bank actively campaigned with WWF in the UK and Europe, including supporting WWF-UK’s biomonitoring tour, which tested over 150 volunteers (including bank managers and the bank’s chief operating officer) for the presence of man-made chemicals. They also funded similar tests of MEPs in Brussels and a month-long, co-branded national press advertising campaign to raise awareness. Customers and staff were heavily involved through quarterly campaign updates to 800,000 customers, website campaign updates and email messages to campaign groups.

While campaigning for Safer Chemicals, the Co-operative Bank continued to dedicate resources to support its previous year’s Cluster Bomb campaign, ‘Cluster Bombs: the great clear-up’, which saw the Co-operative Bank working in partnership with Landmine Action.

Impact:

- Of the bank’s customers, 30% cited ‘ethics’ as their reason for joining the bank. The Customers who Care programme and the Safer Chemicals campaign have:
  - provided a point of differentiation from other high street banks
  - donated £100,000 to fund Pesticide Action Network, Friends of the Earth and Surfers Against Sewage’s new programmes of work on safer chemicals
  - fully funded a month-long, co-branded awareness raising advertising campaign in the national press that reached one in three of the UK population
  - contributed to EU and UK government consultations on EU chemicals legislation
  - participated in a national biomonitoring tour testing volunteers’ blood for the presence of man-made chemicals
  - influenced the development of the new EU chemical legislation through funding the biomonitoring of 44 MEPs from across 10 EU member states to raise awareness of the issue.

In 2004, the Co-operative Bank celebrated 10 years of Customers Who Care. Over the years the bank has actively campaigned on important and diverse issues from landmines to biodiversity, the arms trade to child poverty, mental health to third world debt.

Source: Co-operative Bank

Four strategies of CSR response

Four strategies of response have been identified to stakeholder perspectives on CSR as follows:

1. An **inactive** strategy: resisting societal expectations and sometimes government regulation.
2. A **reactive** strategy: responding to unanticipated change after the significant change has occurred.
3. A **proactive** strategy: attempting to ‘get ahead’ of a societal expectation or government regulation (often coupled with efforts to influence the outcome).
4. An **interactive** strategy: anticipating change and blending corporate goals with those of stakeholders and societal expectations. An organisation employing an interactive strategy consciously reduces the gap between its performance and society’s expectations. An interactive strategy is often accomplished by management’s commitment to a serious dialogue with stakeholders.
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How to develop community relations programmes

Community relations is not just about being good or ‘nice to people’, although this may be one of its results. Instead the concept is based on sound commercial principles of:

- research
- vision (corporate need for one)
- strategic objectives
- tactical programme
- measurement and evaluation
- dissemination (how the results will be communicated to key audience/stakeholders, particularly employees).

Research

The company needs to be aware of its reputation in the community and this can be measured through research, mainly with employees, their families and the local community. Additional stakeholder views are important from investors, suppliers, competitors, etc. Further understanding is required of the local environment and the needs of the community(ies). These attitudes and opinions can be collected through internal and external communications audits using both qualitative and quantitative techniques. Research should also include an investigation into competitors’ involvement in community activities and desk research into best community relations theory and practice. Demetrius and Hughes (2004) argue for the inclusion of stakeholder analysis software (planning, implementing and evaluating campaigns) to save time and support students and practitioners in developing CSR strategies and programmes. Their argument is that equivalent software is used by accountants and other professional groups to provide information and support the administration process so that practitioners can provide creativity in the non-routine aspects of the planning process to develop strategic solutions to problems.

Vision

The programme needs a vision which links into the corporate philosophy and strategy. BT in the UK, for example, has used the title and strapline ‘Community Partnership Programme’, which links its corporate strategy for improving company communication with customers on the ground in order to increase its customer base. BT’s expertise lies in the communications industries (initially telecommunications and increasingly mobile and electronic communications) and it utilises its corporate skills in communications and technology to underpin its community programmes. The company clearly links its corporate objectives with its community vision.

It is not always necessary to make such clear links between the corporate strategy and the community, but it is vital that the programme has a vision and therefore a purpose for all those involved with it. (See Box 18.4.)

mini case study 18.5

Scottish Nappy Company Limited

The Scottish Nappy Company is a small company, employing nine staff and based in west central Scotland. The company’s main commitment is to its environmental aim of reducing landfill through minimising the ‘disposable’ nappy mountain. The operation was established with environmental considerations being key, including the selection of operational site, choice of chemicals, energy, vehicle, machinery, packaging materials and marketing.

The Scottish Nappy Company provides local people in the region with a weekly home delivery of fresh cotton nappies, the collection of soiled ones and their subsequent laundering. It embraces the environmental benefits of the laundering process itself, with significant benefits to the environment and health of its customers and the community at large within the area serviced.

The impact of the business has been a significant reduction in ‘disposable’ nappies going to landfill – an estimated 100 tonnes by the end of 2004. Also the rural base for the company’s operation has minimised airborne pollutions affecting clean nappies. Furthermore, the selection of computer-controlled washing machines has ensured optimum cleanliness while minimising the use of water, gas and electricity. In addition, non-biological detergent and oxygen-based bleach are used in the laundry process and deliveries are made by LPG/petrol dual fuel van to reduce harmful emissions.

Further interesting evidence for the company and in support of its strategy is that babies in cotton nappies are generally trained out of them 6 to 12 months earlier than if they had been in ‘disposables’.

Source: BITC and Scottish Nappy Company
Everton Football Club in the community

Disability Football Development Programme
The Disability Football Development Programme offers the same opportunities to disabled people as those open to those without disabilities and aims to lead the way in the provision of disabled footballing opportunities at all levels. By using the powerful brand of Everton Football Club, with a structured development plan, Everton is making significant progress in bringing the game to this previously excluded group.

The programme started in the late 1990s with a small group of just six enthusiastic disabled footballers and one coach. It has now evolved into a totally inclusive project incorporating annual contact with over 10,000 disabled recreational players per year, eight competitive official Everton teams (amputee, deaf, partially sighted and five pan-disability teams, including junior, adult and female groups) with 100 registered disabled players, eight coaching staff and many trophies.

The programme is delivered by three full-time Everton Football in the Community (EFITC) staff and includes the country’s first disabled FITC coach, Steve Johnson, who is also the captain of England’s amputee football team.

This complete integration of the Football in the Community programme into the new commercial planning structure cements the club’s belief in the impact and measurable benefits of community relationships and engagement. It also helps the club with its aim to be ‘every supporter’s second favourite team’ by actively promoting accessibility and transparency, and emotionally engaging all football fans.

EFITC was a key participant in the consultation with Liverpool City Council during the application for the Capital of Culture 2008. It was invited to contribute to the delivery plan for the Year of Sport and to celebrate the inclusive nature of the EFITC disabled football programme.

According to Everton Football Club, the impact of the programme is as follows:

- Employees are proud to be associated with a company that not only engages disabled people, but also allows them to excel in a sport they all feel passionately about.
- Staff retention within EFITC is almost 100% over 10 years and days off through illness are rare.
- Through the programme the disabled community has access not only to fitness, health, discipline and the social benefits of football, but also to employment, training and mentoring opportunities.

Source: used with kind permission of BITC and Everton Football Club

Strategic objectives for a community programme

Typical objectives for a community programme are:

- to create and develop a positive view of the company as a socially responsible, good corporate citizen among its key stakeholders
- to capitalise on this positive perception in terms of employee motivation, recruitment of new personnel, supplier development and community goodwill
- to support other initiatives aimed at creating an understanding of the company’s aims and policies (an example might be the use of community displays at the company’s annual general meeting)
- to develop opportunities which encourage employee participation in the community, through increased communication initiatives
- to support the needs of the local community with innovative, role model initiatives, which position the company as a centre of excellence for community involvement
- to brand the programme clearly so that it is easily recognised and remembered.
BT ‘Am I Listening?’ campaign

BT’s ‘Am I Listening?’ campaign aims to ensure that the voice of every young person in the UK is heard. It starts with ChildLine – because every day around 4000 young people call the helpline, but lack of funds means only 1800 get through.

BT’s research in 2001 revealed that BT’s CSR reputation had plateaued. To improve its reputation, an unprecedented (in terms of scope and scale) process of consultation with stakeholders was undertaken, beginning with an assessment of CSR perceptions. This resulted in focusing on young people as a key social issue.

Further research undertaken by BT in May 2002, ‘Are Young People Being Heard?’, provided evidence of where communication gaps were greatest. The key finding was that only 47% of UK children and young people felt their voices were being listened to and acted on. Findings went to over 500 key influencers – receiving overwhelming interest from MPs, peers, statutory and voluntary agencies – forming the basis of an opinion-former strategy. The research determined the direction of the campaign, providing benchmarks to measure success.

BT’s most ambitious social campaign was launched in October 2002. The first two years concentrated on helping ChildLine reach its goal of answering every call.

Aims and objectives

**BT’s vision**

BT believes that when young people are heard, it will release untapped potential, making a positive contribution to a better world.

**Overall objectives**

- Raise money for ChildLine and provide operational support.
- Help ChildLine move closer to its goal of answering every call.
- Raise awareness of the need to listen to young people and demonstrate the positive results when young people are heard.

**Specific public relations objectives**

- Improve BT’s CSR reputation.
- Ensure at least 75% of BT’s 100,000 employees are aware of the campaign within two years.
- Accrue tangible business benefits from the campaign.

**Implementation**

The public relations campaign created and supported fundraising platforms for ChildLine. The cause-related marketing initiatives were highly visible, raised significant funds and were core to the overall campaign strategy.

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**BT Answer 1571**

To start the fundraising drive, BT Retail donated £1 for every person who signed up to its free answering service, 1571. This was delivered via an intense media relations programme and an internal communications plan, with call-centre staff briefed to highlight the scheme to inbound callers.

**Customer survey**

BT Retail sent surveys to each of its 19 million residential customers – the largest customer survey ever undertaken in Europe. For every survey returned, £1 was donated to ChildLine. Designed to take advantage of milestones and extend the news value of the initiative, the public relations programme involved three phases: survey launch; £500k reached; and £1m reached.

**Speaking Clock**

As part of the BIG Listen week, BT ran a national competition with children’s BBC news programme Newsround to find a young person’s voice to be the Speaking Clock for one week. The winner was a 12-year-old Scottish girl.

**Seen & Heard**

In partnership with the UK Youth Parliament, the campaign undertook a nationwide search for examples of young people who had succeeded in making their voices heard. Fifteen case studies were used in the ‘Seen & Heard’ report. These were presented to government, leading to a meeting with Margaret Hodge, Minister of the UK Parliament for Children and Young People.

**BIG Listen**

The BIG Listen week was the focal point of the campaign’s calendar. The aim during the week was to raise funds and awareness of the need to listen to young people. Activities and events during 2003 included:

- Speaking Clock initiative
- launch of the Listening Guide: based on the unique way that ChildLine trains its volunteers, the guide is for adults who want to communicate better with young people
- launch of the How To Make Yourself Heard Toolkit, which highlights easy and effective ways young people can make themselves heard
- BT Tower sponsored dash, reflecting urgency to raise cash: led by world record holder Colin Jackson, over 100 people took part in a timed sponsored dash up the 900 steps of BT Tower
case study 18.6 (continued)

- Seen & Heard case study subjects met Margaret Hodge MP and demonstrated how government can better engage young people in society.

Evaluation and measurement

Fundraising

The campaign has raised over £2.5m for ChildLine since April 2002 – the largest amount the company has ever raised for one charity. Also BT has donated and/or facilitated gifts ‘in kind’ worth £4.1m. The overall strategic activities are helping ChildLine move closer to its goal of answering every call. Also an additional 10,000 calls are now being answered/switchboarded each week, reflecting a significant 19% increase.

Overall awareness

According to BT, the campaign has received over 1200 items of coverage and 212,249,000 WOTS (weighted opportunities to see), representing the highest positive net effect of all BT-related coverage across the company – 69% of the total.

Spontaneous recall of BT’s association with ChildLine had risen to 47% by the end of 2003. It is the second highest recall of all BT’s initiatives after Comic Relief, a televised event in the UK that has run since 1988.

Employee awareness

Research shows 85% of BT’s 100,000 employees have unprompted awareness of the campaign and 83% say that the activity has improved their perception of BT.

Business benefits

BT Answer 1571 initiative

In one month, take-up increased by 25%, raising over £203,000 for ChildLine. The service encourages callers to stay on the line and there is a retrieval cost, so revenue is increased.

Customer survey

Over 1.3 million customers responded, representing the views of 3.25 million individual BT customers (approximately 2.5 people per household that uses BT), a response rate of nearly 7% (three times normal response). Findings allowed the company to target its marketing accurately, particularly for its internet broadband service. Twenty-two per cent of interviewees identified the association with ChildLine as a ‘very strong positive influence’ in persuading them to return the survey (GfK NOP Media (NOP)).

Speaking clock

There were over 2000 entries to be the speaking clock and the scheme raised £200,000. The theme ‘it’s time to listen to young people’ secured coverage on every terrestrial TV channel, seven pieces of national radio, over 175 regional radio stations, 16 items of national print and a further 100 items in regional publications. Pieces even appeared in the Seattle Times and on National Public Radio (USA).

Creativity, what makes the campaign stand out?

Fundraising ideas focused on listening (e.g. customer survey/Speaking Clock) to raise funds for a listening campaign.

The initiative stands out because it is truly holistic in nature; as well as communication and public relations, BT helped ChildLine with fundraising, research activity, volunteering, training, advising on use of communications technology and development of the charity’s long-term strategy. ChildLine is answering more calls as a result of the fundraising activity and strategic support. Through the public relations campaign, more children are being heard, particularly by government. The campaign also demonstrates how a company as large as BT, through a hard-hitting public relations campaign, can galvanise support behind a single cause internally and externally.

Quotes from BITC

Mervyn Pedeity, Chief Executive, Co-operative Financial Services, last year’s winner and sponsor of this year’s award, said: ‘The BT “Am I Listening” campaign is a really good example of “joined up thinking”. BT has mobilised its staff (including the personal enthusiasm of its chairman), its customers, its financial resources and, importantly, its technical know-how to transform the operations of a charity that is all about what BT does best – communications. The BT “Am I Listening” campaign with ChildLine is a truly inspirational example of excellence and a worthy winner of this prestigious Award.’

Sue Adkins, Director, Business in the Community, said: ‘BT is a worthy winner of this year’s Business in the Community Award for Excellence. The “Am I Listening” campaign is an holistic programme that has successfully been integrated into the whole of the organisation, engaging new and different aspects of the business as it develops. This strategic cause-related marketing partnership has achieved considerable impact on many levels for both BT and ChildLine and is an inspirational example.’

Other supportive quotes

Sir Christopher Bland, Chairman, BT: ‘The BT “Am I Listening?” campaign is our most ambitious ever social marketing campaign. It aims to ensure that every young voice is heard, and it kicks off with the BT fundraising appeal for ChildLine and a new strategic partnership between ChildLine and BT.’
**Tactics**

Some of these have already been discussed in the earlier section on ‘corporate community involvement programmes’ and are listed as follows: sponsorships; targeted donations; awards; hospitality; employee volunteering; use of facilities (loan of equipment); training/seminars; secondments (staff). (See Case study 18.6.)

**Evaluating community programmes**

Community involvement programmes can be difficult to measure in terms of quantifiable data, however this does not mean that the activities are unmeasurable. The following performance indicators can be used as means of measuring the programme’s achievements:

- publicity achieved
- employee feedback
- value for money
- creativity
- comparable external benchmark
- ‘thank you’ letters and appreciation
- measured opinion-former perceptions
- internal and external communications audit results.

The BT ‘Am I Listening?’ campaign (Case study 18.6) illustrates a range of evaluation and measurement techniques in practice.

**Measuring community involvement**

David Davies, Chairman of Johnson Matthey plc said in that company’s 1995 annual statement:
Good corporate citizenship provides tangible benefits in many ways. It provides links with the community in which we operate and community projects can provide important training and experience to employees. The application of management skills to community projects and wider environmental initiatives is beneficial to the business and community alike.

In the USA it is estimated that 10% of stock market investments are graded on ethical grounds and as such a positive ethical image is important to managers. A study by Alperson (1996) for the Conference Board of America into 463 US companies identified four new trends in corporate-giving strategies that demonstrate their integration into mainstream business policy:

- programmes narrowly focused and aligned to business goals
- giving is moving towards investment yielding a measurable return
- image enhancement and employee loyalty are emerging as the value added elements of programmes

An increasingly popular method of measuring ethical performance is through social audits, which assess business policy on issues ranging from whether suppliers worked in a manner consistent with the firm’s ethical policy to employee and customer attitudes. Allied Dunbar and the Body Shop in the UK have both recently gone through the audit process using outside auditors and published the results. Other companies interested in this approach are Ben and Jerry’s, the US ice-cream firm, and BT in the UK.

**Key factors to success of community involvement programmes**

There a number of key factors that determine the success of a programme, the key one of which is the acceptance of the strategy by board directors and senior management. Without their endorsement the programme and individual initiatives will suffer from unnecessary scrutiny beyond the stated measurement criteria that should be put in place. Factors that may influence the success of such a programme include:

- top management support
- line management understanding and support
- successful internal and external communication
- central coordinator of activities
- resources to meet necessary costs
- employee owned
- recognition
- partnership with community organisations
- modest beginnings
- monitoring and evaluation.

Figure 18.2 highlights the interlinking of three key areas for a successful community involvement programme. The three areas are the company, the community and the employees. (See Case study 18.7 and Activity 18.5 on p. 374.)

### Case study 18.7

**The Co-operative Bank**

The Co-operative Bank was founded in 1872 to support the aims of the cooperative movement in the UK, which first started in Rochdale, in the north of England, in the middle of the nineteenth century. The cooperative movement’s strength in the UK has traditionally been in grocery retailing and wholesaling but the bank has also been successful. One could argue that this success has been supported by the bank’s strategic decision to re-affirm its commitment to cooperative values and to define its ethical...
position with regard to its customers and wider stakeholders.

**Evolution of the corporate strategy**

**Mission statement**

In 1988 the company first published its mission statement, which, at the time, could have been perceived as a commercial risk due to the strong right-of-centre political power balance of Margaret Thatcher’s Conservative government. This government was also a great influence on business policy and practice and at the time the economy was going through a boom. Business focus was on maintaining and enhancing shareholder value during an era of aggressive takeovers, mergers and acquisitions, together with privatisation of national utilities. Consequently, in business, there was no significant focus on ethical and societal issues. The Co-operative Bank’s decision did prove to be significant and helped differentiate it from most of its competitors. (Harvard business professor, Michael Porter, has written about the significance of such difficult ‘choices’ in developing business strategies but also emphasised how they can be key to business success.)

**Ethical policy**

A second significant date for the bank was 1992 when it published its first ethical policy, developed in consultation with its customers. The policy aims to set out when and whether the bank will invest its money and where it will not.

**Co-operative Bank’s ethical policy**

Following extensive consultation with our customers, with regard to how their money should and should not be invested, the bank’s position is that:

- **It will not invest** in or supply financial services to any regime or organisation which oppresses the human spirit, takes away the rights of individuals or manufacturers any instrument of torture.

- **It will not finance** or in any way facilitate the manufacture or sale of weapons to any country which has an oppressive regime.

- **It will actively seek** and support the business of organisations which promote the concept of ‘Fair Trade’ i.e. trade which regards the welfare and interest of local communities.

- **It will encourage** business customers to take a proactive stance on the environmental impact of their own activities, and will invest in companies and organisations that avoid repeated damage of the environment.

- **It will welcome** suppliers whose activities are compatible with its ethical policy.

- **It will not speculate** against the pound using either its own money or that of its customers. It believes it is inappropriate for a British clearing bank to speculate against the British currency and the British economy using deposits provided by their British customers and at the expense of the British taxpayer.

- **It will try to ensure** its financial services are not exploited for the purposes of money laundering, drug trafficking or tax evasion by the continued application and development of its successful internal monitoring and control procedures.

- **It will not provide** financial services to tobacco product manufacturers.

- **It will not invest** in any business involved in animal experimentation for cosmetic purposes.

- **It will not support** any person or company using exploitative factory farming methods.

- **It will not engage** in business with any farm or other organisation engaged in the production of animal fur.

- **It will not support** any organisation involved in blood sports, which involve the use of animals or birds to catch, fight or kill each other, for example fox hunting and hare coursing.

- In addition, there may be occasions when the bank makes decisions on specific business involving ethical issues not included in this policy. We will regularly re-appraise customers’ views on these and other issues and develop our ethical stance accordingly.

**Ecological mission statement**

This statement was followed in 1996 by an ecological mission statement, which acknowledges that all areas of human activity, including business, are dependent on the natural world for their well-being.

**Co-operative Bank’s ecological mission statement**

We, The Co-operative Bank, will continue to develop our business taking into account the impact our activities have on the environment and society at large. The nature of our activities are such that our indirect impact, by being selective in terms of the provision of finance and banking arrangements, is more ecologically significant than the direct impact of our trading operations.

However, we undertake to continually assess all our activities and implement a programme of ecological improvement based on the pursuit of the following four scientific principles:
Nature cannot withstand a progressive build-up of waste derived from the Earth’s crust.
Nature cannot withstand a progressive build-up of society’s waste, particularly artificial persistent substances which it cannot degrade into harmless materials.
The productive area of nature must not be diminished in quality (diversity) or quantity (volume) and must be enabled to grow.
Society must utilise energy and resources in a sustainable, equitable and efficient manner.
We consider that the pursuit of these principles constitutes a path of ecological excellence and will secure future prosperity for society by sustainable economic activity.
The Co-operative Bank will not only pursue the above path itself, but endeavour to help and encourage all its Partners to do likewise.
We will aim to achieve this by:

**Financial Services**
Encouraging business customers to take a pro-active stance on the environmental impact of their own activities, and investing in companies and organisations that avoid repeated damage of the environment (as stated in our ethical policy).

**Management Systems**
Assessing our ecological impact, setting ourselves clear targets, formulating an action plan and monitoring how we meet them, and publishing the results.

**Purchasing and Outsourcing**
Welcoming suppliers whose activities are compatible with both our ethical policy and ecological mission statement, and working in partnership with them to improve our collective performance.

**Support**
Supporting ecological projects and developing partnerships with businesses and organisations whose direct and indirect output contributes to a sustainable society.

**Legislation**
Adhering to environmental laws, directives and guidelines while continually improving upon our own contribution to a sustainable society.

**Partnerships (stakeholders)**
The bank also developed a partnership framework, which is similar to the stakeholder concept discussed in Chapter 12 and is based on the writings of one of the Rochdale Pioneers of the cooperative movement, Robert Owen. The Co-operative Bank believes, as did Owen, that balanced, long-term relationships with these partners is key to the longevity and business success of the bank. The key partnership framework for the Co-operative Bank is detailed in Figure 18.3.

On its launch in 1996 the bank’s partnership approach described its interaction and support for these groups as follows.

**Society**
From the ecological mission statement came an initiative by the bank to develop the Co-operative Bank National Centre for Business and Ecology. The centre draws on the expertise of four Greater Manchester-based universities. Affinity cards contribute to charities including the RSPB (Royal Society for the Protection of Birds), Oxfam, Amnesty International, Help the Aged, Children’s Aid Direct.

**Community**
Investments are wide ranging, including support for public, private and voluntary initiatives in the Manchester area where the bank’s head office is based as well as supporting community groups in disadvantaged areas.

**Suppliers and partners**
The bank is a member of the Confederation of British Industry’s (CBI) prompt payment scheme. It also cites examples of successful long-term contracts between itself and suppliers such as UNISYS Payment Services Limited, IBM and other smaller contractors involved in maintenance, cleaning and design services.

**Staff and families**
Homeworking initiatives have been explored with equipment installed at the employee’s home; career breaks are supported; staff training is encouraged, including NVQs (national vocational qualifications); Investors in People has been achieved by the Bank, an award for organisations judged to provide their staff with excellent training and development opportunities.

**Customers**
Progression and use of technology such as 24-hour banking; interactive home banking; mobile phone banking; internet access, as well as service developments such as affinity Visa cards, available to support individual schools and hospices.

**Shareholders**
The sole equity shareholder of the bank is the Co-operative Group. This society shares the bank’s commitments on ethical and environmental issues.
case study 18.7 (continued)

Past and future generations
Links the bank back into its cooperative movement roots. The movement has been going for over 150 years and has always focused on the community in which a business operates.

Business benefits
The Co-operative Bank has seen its customer base grow in both the personal and business banking sectors. In the five years between 1992 and 1996 the bank saw profits before taxation rise from approximately £9m to £54.5m. At the end of 1996 the bank had total assets worth £4.5bn. Satisfaction levels of customers when compared with other banks’ customers in the UK were also positive, with 94% of Co-operative Bank customers satisfied with service compared with other banks at 89%, and this compared with 73% of the Co-operative’s customers being very satisfied with 51% as an average for other banks (Source: MORI Financial Services Survey 1996).

Source: Used with kind permission of the Co-operative Bank from its Ethical Policy and Strength in Numbers documents

See also Activity 18.5.

activity 18.5

Responding to criticism of ethical policy

As an executive for the Co-operative Bank, how would you respond to criticism that your ethical policy was described as a ‘marketing initiative’?

How would you reply to critics who claim that the bank’s initiatives are trivialising ethical debates in business practice?

Feedback
- Write down the reasons why the bank may or may not replace the ethical policy ‘initiative’ next year.
- Can you name other banks with an ethical banking policy? How do they compare to the Co-operative Bank?
- In 1996 the Co-operative Bank stated its ecological mission statement. Think about contemporary issues that might affect the corporate strategy of an organisation involved in the banking sector today.
- Why do you think the bank might have made a risky strategic decision in 1988 when it decided to publish its mission statement?
This chapter has attempted to bring to life some of the principles about the role organisations play in their society(ies) introduced in Chapter 6 by interpreting and applying them through current or recent case studies. A range of different examples has demonstrated that organisations worldwide are questioning and addressing their role in the societies in which they operate. This is being done in a variety of different ways; sometimes through actions that have clear links to corporate philosophies and strategies (the Co-operative Bank, Case study 18.7) and in other examples where the action has a clear business benefit and provides rewards for both parties. Examples of this type of interpretation of the community engagement strategy are with cause-related marketing (Mini cases 18.2–18.4 and the An-drex and Cooperative Bank case studies, 18.3 and 18.4).

Community involvement is today a key component of many organisations’ strategic thinking. Corporate social responsibility and the other terms used to describe this type of activity are boardroom buzzwords. Yet debate still rages (Crook 2005) on its role and purpose, as Chapter 6 explored. Your role as students and practitioners is to understand why organisations get involved with their stakeholder communities and to continue to develop the debate.

# Bibliography


# Websites

Business in the Community: www.bitc.org.uk

Business for Social Responsibility: www.bsr.org

Cause-Related Business Campaign: www.crm.org.uk

CSR Europe: www.csreurope.org

For glossary definitions relevant to this chapter, visit the selected glossary feature on the website at: www.pearsoned.co.uk/tench