



EMPLOYEES AND THE COMMUNITY



Community Programme

How successful companies meet
human resource needs through
community involvement

GrandMet
...adding value

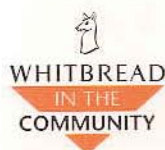
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Foreword

At The Post Office, we employ nearly 200,000 people across the United Kingdom. Their skills and motivation are of vital importance in our business success at a time of great change. We believe that an active community involvement policy can help us to meet some of our critical human resource objectives.

Many leading companies share our belief - but up to now the hard evidence which demonstrates the business benefits has been patchy. So I congratulate the seven companies that joined together to fund this research project. British Airways, BT, Grand Metropolitan, IBM, Kingfisher, NatWest Group and Whitbread are commendably keen to shed light on the links between being a good employer and being an effective corporate citizen.

This study concentrates on staff skills and development, morale and motivation, while also touching on recruitment. It achieves two things. First, it collects and presents the results of existing research showing a real link between community involvement and people's contribution to business performance. Secondly, it recommends practical tools for employers to use in monitoring and evaluating employee development and motivation through community involvement, so as to optimise the latter's contribution to their organisations' strategic human resource objectives.

The companies supporting this study are now implementing its findings as appropriate in their businesses and plan to publish the evidence they collect. That next instalment will gain enormously from being able to draw on others' experience too. So I have no hesitation in warmly commending the study to all employers who seek further business success through unlocking their people's potential.

Bill Cockburn
Chief Executive
The Post Office

June 1995

Summary

Introduction and summation

This report is primarily intended for managers with responsibility for personnel or community affairs - and indeed for anyone else who wants to understand the links between community involvement and the human resource drivers of corporate success. The report is the result of a year-long study, which has

- collected such evidence as is available from companies that there is a positive link and
- devised new ways to manage, monitor and evaluate community involvement so as to identify and then quantify its impact on human resources.

The study concentrated on skills development and staff motivation, while also addressing recruitment. It has found firm evidence from both companies and individual employees that community involvement can have a positive impact on these business issues; however many of the current evaluation techniques lack rigour and the data are often empirical, not confirmed objectively.

So a range of additional techniques to monitor and evaluate are proposed, including:

- a competency matrix to identify specific competencies which can be developed and a scoring system to measure the development gain;
- structured questions for staff attitude surveys, which can contribute to a morale index;
- various methodologies for cost comparison and cost/benefit analysis to evaluate alternatives;
- a matrix and scoring system to identify and evaluate the contribution to addressing strategic human resource objectives.

The report concludes that the contribution from community involvement can be best quantified through balanced business performance measurement that goes beyond the bottom line.

The background to the study (Sections A and B)

Seven companies - **British Airways, BT, Grand Metropolitan, IBM UK, Kingfisher, NatWest Group and Whitbread** - joined together to make this study possible. They and many other leading British companies are concerned to do two things:

- to play their full role, supporting voluntary and community organisations, in addressing pressing issues of common concern in society, and
- to invest in their staff, as the vital element in achieving business success in a highly competitive global economy.

They believe that both companies and community will benefit most in the long run when corporate community involvement programmes and human resources objectives are integrated more closely and focused more sharply on meeting the strategic goals of the business.

The study comes at a time when more flexible work patterns present employees with both greater opportunities and less security. At the same

time, the changing role of government and the voluntary sector is causing companies to examine more broadly how they contribute to a prosperous and stable society in which to do business.

The study has been conducted through a combination of desk research in Britain and the United States, a survey of leading UK companies and pilot testing new evaluation tools in a sample of companies. It has been led by a working party of community affairs and personnel experts.

The hard evidence of the business benefits (Section C)

The scale of corporate community involvement has increased dramatically in recent years. Around one in three large companies now run employee volunteering and secondment schemes; virtually all make charitable donations. Evidence from America suggests that employee community involvement will grow still further.

Evaluation of development assignments - the release of an individual during company time to undertake a community task, structured to develop skills - shows that competence can be improved considerably. One sample showed development gains in time management, collection and analysis of data, and self-motivation/use of individual initiative. In addition, other skills such as communication were able to be exercised in a low commercial risk environment.

Employee volunteering, when supported by the company, also yields business benefits, particularly in communication, team working and influencing skills. Companies in Britain and the United States that run employee involvement programmes report morale and motivation benefits as well.

Less evidence is available on recruitment aspects. There has been impressive growth in the scale of education/business partnerships, but the direct business pay-back has rarely been documented. Evidence among graduates shows a high level of concern about corporate social responsibility issues; so for companies which need high calibre applicants, community involvement offers scope for competitive advantage. Further research is needed, especially on how community involvement can help to build a more diverse and better balanced workforce.

Measuring the development of staff (Section D)

National trends in education and training are leading to new qualifications based on competence in performance to certain standards. NVQs, Investors in People and the Management Charter Institute are some of those initiatives. At the same time within companies, training and development needs of staff are increasingly expressed as a set of generic competencies required of all grades of staff.

Community involvement through the various forms of secondment and volunteering can be structured to develop these competencies. The development gain can be identified through a competency matrix, allowing the effectiveness of community involvement options to be assessed. This study has devised thirteen generic competencies categorised between those related to:

- **personal effectiveness**, essentially an individual's own skills and his/her ability to relate to others - such as adaptability, communication, collaboration, creative thinking and innovation, and influencing skills;

- **management effectiveness**, essentially skills to lead and organise others - such as decisiveness, leadership, project management skills and maximising performance; and
- **business effectiveness**, essentially the factors relating to overall business success - such as customer focus, excellence and continuous improvement, business awareness and technical/professional skills.

The competency matrix allows evaluation of the effectiveness of skills development through community involvement. Then conventional cost/benefit analysis techniques can be used to justify in commercial terms the investment of resources. The cost of community options can be compared with traditional training methods, as follows:

- external 'bought-in' training: the direct cost of course alone;
- internal training: direct cost of course, *plus* indirect costs/share of overhead costs of the whole training programme and HR departments;
- community assignment: normally little or no direct costs, plus indirect cost / share of overhead cost of community affairs department.

Any lost production time, differing between the options, then needs to be added before cost effectiveness is compared.

Skills development through community involvement should not be seen as better than, nor a replacement to, traditional training methods. It is simply an additional tool which is available for use by those people who will benefit. It should be costed and evaluated as rigorously as other training methods.

Identifying the impact on staff motivation (Section E)

Good employee morale, fostered by a sense of involvement in the company, is a necessary but not sufficient condition for business success. Corporate community involvement, especially through employees, is just one way to build a sense of identification with the values and goals of the company and foster team spirit and individual commitment. Other, normally stronger, factors include remuneration, job security, working environment and satisfaction with immediate management.

Morale and motivation can be tracked through staff attitude surveys and explored in detail through techniques such as group discussion. A multi-stage approach is necessary to identify staff attitudes to community involvement. The first stage is monitoring knowledge of the community involvement programme. The second is discovering how important that programme really is for the individual member of staff. An optional third stage is to question how effective the programme is thought to be.

An aggregated weighted index of morale can then be calculated to provide a figure which can be:

- tracked over time, noting variations between surveys,
- compared between sites, and
- bench-marked externally.

Isolating the contribution from community to overall satisfaction remains difficult, given the likelihood of other factors changing at the same time. As with all staff attitude questions, a large measure of judgement is required, informed by valid and statistically reliable data.

Cost/benefit analysis, using parallel indicators such as staff turnover and absenteeism, can be used to demonstrate the business benefits from improved morale and motivation.

Valuing community aspects of staff recruitment (Section F)

Recent growth in education/business partnerships shows continuing concern among employers about the quality of recruits and a belief that community involvement through schools can help. One evaluation measure of such partnerships is a cost comparison with other recruitment options. Another is a value comparison of the company's whole education programme, based on informed judgement, adopting a methodology developed by BP.

Beyond the bottom line (Section G)

Conventional short-term financial indicators have severe limitations, since they are backward looking and do not measure all the critical elements making up sustainable business success. So alternative, more balanced, methods are being developed which better allow the community involvement contribution to be measured. An analytical framework is presented in the report to enable community affairs managers to structure their activity so as to help meet the specific human resources needs of the corporate goal. It offers a strategic business planning process into which community involvement can contribute. To apply it effectively, the company needs:

- a statement of corporate goals;
- a strategic plan to achieve those goals;
- a sub-plan for each of the key business areas - human resources, finance, marketing, etc - setting out what must be achieved if the objectives of the overall plan are to be met;
- a balanced system of measurement to monitor whether these objectives are being met;
- a feed-back loop to review and revise.

The sub-plan relating to human resources will vary according to the precise business needs of the whole organisation, but in summary might typically contain:

- the needs in order to develop the existing work-force, especially career development to yield the required management succession;
- the needs in order to recruit suitably qualified new personnel, for expansion or to fill natural wastage;
- the need for operational improvements, such as lower error rates, higher productivity, fewer labour stoppages and a lower staff turnover rate.

Community affairs managers and personnel departments can use a matrix and a simple scoring system to record the contribution which the elements of the community involvement programme are making to the strategic plan. Involving a large measure of judgement, it nonetheless offers a tool to help structure and manage the programme for human resource benefit.

As companies develop more balanced measuring systems, identifying the wider factors which determine long term business success beyond short-term bottom line profitability, the contribution of community involvement will become increasingly apparent.

Section A: Setting the scene

What are the study's objectives, how did it seek to meet them, and what is the business environment in which it was established ?

Summary

- the first objective of this study is to present the available evidence that community involvement activity has a positive impact on the business in developing, motivating and recruiting staff
- the second objective is to recommend ways of managing and evaluating community involvement, especially relating to employees, in ways that maximise the business benefits
- the study has been conducted through a combination of desk research in Britain and the US, a survey of leading UK companies, and pilot testing of a new evaluation tool
- the background to the study is an increasingly competitive global economy and changes in society and government in Britain; these are causing companies to focus on the skills and attitudes of their staff and the contribution they can make to a more prosperous and stable society

Objectives

Seven companies funded this study to research the current experience of deriving human resource benefits from community involvement and to recommend new ways of monitoring and evaluating them

Companies with active community involvement programmes in the UK increasingly seek human resource benefits as well as the more evident community gains. However the hard evidence to substantiate these is not generally available, with little going beyond anecdote and assertion. Indeed most companies have not developed systems internally to maximise these benefits, still less to monitor and evaluate them.

So seven companies - **British Airways, BT, GrandMet, IBM UK, Kingfisher, NatWest and Whitbread** - joined together to fund a research project to address the issue. The project was carried out by PRIMA Europe, a public and community affairs consultancy, under the auspices of the CCI Research Forum. This Forum brings together companies, academics, consultants, researchers and others interested in evaluating corporate community involvement. It is serviced by Business in the Community.

The formal objectives of the study, agreed at the outset, were:

- to research and establish the experience of companies in obtaining business benefits from the involvement of their employees in community activities, and
- based on these findings, to identify and recommend best practice in managing and evaluating employee involvement activities, including new ideas for practical monitoring systems.

The companies funding the study are motivated partly to obtain direct and practical help in managing and promoting internally their own programmes

and partly to encourage the sector as a whole to increase employee community involvement.

Methodology

The research project included a review of published literature, a survey of sixty companies and testing of new techniques

A working party was formed, chaired by Bryn Smith of Whitbread, consisting of representatives from the seven companies together with David Halley from **Action: Employees in the Community**, David Grayson from **Business in the Community** and Mike Tuffrey from PRIMA Europe who undertook the research. The working party first met in June 1994 and guided the course of the study. In addition a sub-group, chaired by Tim Coleman of GrandMet and mainly consisting of human resource specialists from the funding companies, met separately to work in more detail on human resource development techniques. The **Centre for Corporate Community Relations at Boston College**, Massachusetts, assisted with the US research.

The main elements and stages of the work programme were:

- a. desk research to gather information on current practice and experience from published and unpublished material in the UK and US, including surveys undertaken by the main partnership organisations, and published material outside the community involvement field, looking at work done in the not-for-profit sectors of charities, government and academia, particularly on training, employee motivation and evaluation;
- b. a postal survey of more than 60 leading UK companies, followed up where appropriate by interviews, so as to identify their current practices and experiences to date and their needs and priorities;
- c. identification from the research and survey findings of examples of the best practice and gaps in the available evidence and techniques for evaluation of business benefits;
- d. development of new tools for use by companies to monitor and evaluate;
- e. pilot testing the main new tool developed, the competency matrix, through a sample of staff drawn from the seven companies;
- f. writing up the study findings and conclusions, and publishing them.

The global business environment

The background to the study is a rapidly changing global business environment, demographic changes in the UK and a growing role for business in society

The pace of international economic change is accelerating. International competition and the information technology and communications revolutions are just two pressures on business. Increasingly the business agenda is driven from outside, by customers.

Companies are adopting a number of strategies to adjust and survive which have major implications for staff. These include:

- empowerment, devolved decision-taking and flatter hierarchies;
- more cross-function, cross-division, project team working;
- shorter careers, more frequent changes, flexible work patterns;
- total quality;
- home working, out-sourcing and 'right-sizing';
- re-engineering and re-inventing the corporation.

Competence in terms of skills level, flexibility to adapt to change and commitment are paramount.

Demographic changes in the UK

During the 1980s, concerns grew about a so-called 'demographic time-bomb'. Forward projections of changes in the age structure of the population showed fewer young people entering the labour market and a growing dependency ratio - the proportion of workers having to support society's young and old. This raised the prospect of intense competition for new young workers and a growing burden of taxation on companies and taxation. Subsequent re-analysis has reduced, though not eliminated, these concerns. The main highlights now are:

- the proportion of the population in the main working age groups (20-59) is expected to fall slightly from 53.4% in 1990 to 52.1% in 2010;
- the number of young adults (20-34) will fall by 2.4 million (one fifth), compared to a growth of about 2 million since 1970;
- more people will live beyond 80 years - another 550,000 in 2010, up 26% on present numbers.

In the work-force, the growth in women working (up from 37% as a proportion of the work-force in 1970 to 43% in 1990) is likely to continue. While the number of school leavers is not now expected to decrease greatly, their availability for work depend on trends in education: currently around 75% of the 16-19 age group and 81% of 20-24 are economically active; if Britain matched its international competitors, the proportions in education and training would have to double, reducing the proportion of young people in the work force from 21% in 1990 to 15% by 2010.

Changes in the role of business in society

During the 1970s and 1980s, unemployment increased, social and racial tensions in inner urban areas grew and concern developed about divisions in society and the creation of an 'underclass'. Most leading British companies publicly acknowledged, if they had not before, that they cannot succeed commercially in the long term in a society that is not healthy, prosperous and at peace with itself. Stakeholders wider than shareholders are recognised and incorporated into corporate mission statements.

In response, corporate community involvement programmes have changed. From purely philanthropic donations, companies are seeking a more strategic approach, addressing direct business concerns and involving other stakeholders particularly employees.

In parallel, major changes in the structure of government, especially agencies providing services, have been introduced. Among the main developments are:

- the creation of Training and Enterprise Councils (TECs) and Local Enterprise Companies (LECs) in Scotland;
- schools acquiring greater devolved powers with some 'opting-out' completely;
- autonomy of further education from local control;
- a transformation in the health service, the area probably with the greatest growth of intermediary bodies;
- within 'care in the community', an emphasis on service provision through contracts with the voluntary sector.

This retreat by the state from day-to-day management, although at the price of greater central control, has produced an array of institutions needing the active involvement and support, in a largely voluntary capacity, of people with management and professional skills. Companies are repeatedly exhorted to provide them.

Section B: Making the link

What are the links between a company's human resources needs and its community involvement programme?

Summary

- a range of different secondment and volunteering opportunities exists for employees to get involved with charities, voluntary organisations and other groups serving the wider community
- companies are increasingly integrating community involvement into mainstream business operations to address human resource issues, principally staff development, motivation and recruitment

Introduction

The background to this study is three-fold:

- companies' increasing need for competent, flexible, committed and motivated staff;
- integration of community involvement programmes into the mainstream business, so they meet business objectives;
- a desire to make employees the driving force behind community involvement, seeking competitive advantage through human resources.

The study is structured under three headings:

- **developing staff** - how to improve the skill, knowledge and attitudes of employees, alongside established training and development methods;
- **motivating staff** - what part community involvement can play in wider employee involvement, influencing the attitude of both individuals and teams to their employer and their work tasks;
- **recruiting staff** - how to attract recruits especially in skill shortage areas and how to diversify the work-force composition.

Employee community involvement

A prime objective of community involvement is to benefit charities and other voluntary groups meeting a need in society. Nothing in this report seeks to undermine this or argue that companies should reduce their commitment to that goal. The purpose is to show how, at the same time, community activities can assist staff development, motivation and recruitment. When companies and their staff see how they, as well as the community, can directly benefit, they are more likely to expand their activities.

Examples of such community involvement activities include:

- **an employee serving on the management committee of a charity** with a health authority contract to provide support services to people with a

Examples of employee
community involvement and
the full menu of options

mental illness: this position will help the individual to exercise skills such as managerial supervision and financial control that can be used back at the work-place;

- **a team of staff volunteering to repaint an old people's day centre over one weekend**, with the employer paying for equipment and materials and making a donation to the centre afterwards to help with running costs: this activity and the employer's support will help to build team spirit and commitment back at work;
- **an employer offering work experience placements, curriculum materials and training in financial management for the head teacher** of a local school which has just taken devolved responsibility for its finances: this is not only good for the school, for the company's local reputation and for the prospects of individual pupils; it will also help to attract a better calibre of school leaver applicants and may reduce their subsequent on-the-job training costs.

Corporate community involvement is a broad concept encompassing cash and in-kind donations, but as these examples indicate, many of the human resource benefits flow directly from involving employees. This report concentrates on those.

The menu of community options available to staff can be categorised as follows:

- **full time, long term secondment**
for example, a one year career break, carrying out a general function in a charity, with continuous employment and a guaranteed return to the employer
- **full time, short-term secondment**
for example, a three month break to undertake a particular task, with continuous employment and a guaranteed return
- **part time project assignment (individual)**
for example, release for 100 hours during working time over three months to undertake a specific project in a community group, often contributing a specific skill
- **part time project assignment (team)**
for example, as with an individual assignment, but with a group of staff doing various elements of a large project, often contributing specific skills
- **work-place community activity**
for example, acting as a guide to a visiting group of school children or supervising a work-experience placement
- **management committee / trustee positions**
a wide variety of non-executive positions such as school governor, TEC director, charity treasurer
- **one-to-one support**
for example, working with individuals such as school children or young ex-offenders, as a personal mentor, advocate or tutor
- **team volunteering ('challenge' events)**
for example, a team of staff working to achieve a specific exercise, such as collecting food and clothes for homeless people or undertaking an environmental project

- **individual volunteering**

for example, any personal voluntary activity in the service of the community, often contributing time although sometimes a specific skill too.

In addition, some companies include community involvement options in the range of end-of-career choices, such as an outplacement in a community group for six months to ease the transition into retirement. These options make for good community and personnel practice but since they do not offer a continuing business benefit to the company, they are not examined further in this study.

Case Study

Halifax Building Society Community Development Circles

One company which has integrated its commitment to the community into mainstream personnel practice is the **Halifax Building Society**. This case study shows how a business training tool was adapted into an employee volunteering initiative, allowing staff to develop their skills, working in teams, while helping community groups.

Community Development Circles consist of teams of staff, drawn from different businesses within the group, meeting mainly in their own time but in office hours if necessary provided the business needs of the unit are not affected, to organise an event or service for a charity, often but not only related to fundraising. Now involving around 500 people, the annual programme grew out of an existing business-only training tool, Development Circles.

The aim of the exercise is:

- to develop individuals in: task planning, team orientation, communication and persuading, presentation, decision-making, self-confidence, innovation and monitoring and evaluation;
- to increase staff involvement in the community affairs programme through projects which make a positive contribution to the local community;
- to increase the Society's profile in the community;
- to develop further integration between businesses. Each individual has to complete a personal skills development form, setting objectives before and assessing afterwards.

Each event is assessed against twenty criteria, using a score between one and five (maximum marks 100) at regional and then national level to find the best projects. The national finals are attended by the Chief Executive and other senior directors.

Business benefits summarised

Business benefits from community involvement include developing specific skills and changing attitudes to work and society

What are the potential business benefits? Based on extensive research among US executives, the New York-based **Conference Board** (1993) summarised the specific skills which can be significantly enhanced by employee community involvement as:

- communication skills - written and verbal;
- organisational and time management skills;
- 'people' skills - caring, listening, negotiating;
- accountability and assessment reporting;

- planning skills, short- and long-term objectives;
- budgeting and allocation skills;
- survival skills - stress management, personal priorities.

It also observed changed attitudes about work and society among volunteer participants. These included:

- increased understanding of co-workers and respect for diversity;
- more innovative approaches to responding to difficulties;
- enhancement of calculated risk-taking;
- heightened appreciation for benefits provided by employers;
- enlarged sense of community and social obligation;
- greater appreciation for contributions from all levels of the organization;
- affirmation of personal capability and worth;
- positive resistance to feelings of isolation and alienation.

A note on terminology

Clarifying different terms relating to involvement, employees and community

It is sometimes confusing that community affairs professionals tend to use the term 'employee involvement' as short-hand for employee community involvement, perhaps because providing corporate support for employees' community activities is one way to get the employee more involved in the company, its values and objectives. However human resource professionals also use the term 'employee involvement' to summarise the range of methods by which employers attempt to find more participative ways of managing their staff.

The potential for confusion over employee / community / involvement is even greater because the term 'community involvement' is gradually being adopted as the common language for the whole range of activities previously known as corporate social responsibility and community affairs/relations. This goes beyond employees to encompass donations, 'destiny' relations with suppliers, cause-related marketing and sometimes even ethical business conduct.

In this study, the term community involvement is used in this latter sense, and qualified as employee community involvement when stressing the secondment and volunteering aspects. The term employee involvement is used to mean staff participation in and commitment to the company.

Section C: The hard evidence

What is the evidence that community involvement has a discernible and positive impact on staff development, motivation and recruitment?

Summary

- the scale of employee community involvement has increased considerably in recent years, with at least one in three major employers offering some form of support
- there is firm evidence that the release of an individual to undertake a community task, if structured to develop skills, can yield business benefits when managed properly
- there is firm evidence that employee volunteering, when supported by the company, yields business benefits
- this evidence is empirical, based on the stated views of employers and employees; there is little objective confirmation of these findings
- there is some evidence that business benefits can be derived from recruiting a diverse and better balanced workforce
- additional research is needed, especially on which skills can be best developed through community involvement and on diversity in the workforce

Introduction

This section summarises the available evidence of business benefits, divided into two parts, those relating to skills and motivation and those relating to recruitment. Detailed data from the various studies quoted are given in Appendix 1.

Part One: skills and motivation

The scale of employee community involvement

At least one in three large UK companies helps employees to get involved; in the USA the figure is nine in ten

Community involvement through employees has grown rapidly in the UK in recent years. According to a survey of large companies (Charities Aid Foundation, 1995), one third now have employee volunteer schemes whereby the company supports its staff to get involved in community activities outside the work-place. However this falls considerably short of practice among large American companies, where nine in ten encourage voluntarism (Conference Board, 1993). (See Appendix 1.1 for more details on the extent of volunteering in the UK and US.)

One area where growth has been particularly rapid is development assignments - short, project-based secondments used to assist community organisations with particular areas of work while developing the skills and experience of secondees. Introduced in 1988 by Action Resource Centre

(now Action: Employees in the Community), more than 1,700 assignments had been completed by the end of March 1995. Action now works each year with over 150 companies and nearly 3,000 employees.

One third of large firms regularly second staff and half have other employee community involvement activities, according to a survey by Action (1989). Based on returns from 128 of the 700 largest UK companies, this level of secondment is in line with that found in the more recent CAF survey.

The scale of this activity indicates a belief among companies that the benefits of such schemes outweigh the costs and difficulties of introducing them. Growth has been fuelled by anecdotal evidence of benefits, usually reports by individuals who have been involved, and by the belief of community affairs and personnel managers that both company and community benefit. Several companies have made efforts to document activity in a way that is statistically reliable and representative. These are reported below. In addition, this research study has surveyed a sample of individual volunteers from the companies supporting this study.

Competence development from community involvement

Research conducted specially for this study shows that personal involvement in the community can develop staff and impact positively on business performance

Can a community involvement activity help to develop an individual's competence? If so, does it contribute to performance in the work place, both by the individual and by the whole unit? As part of testing a new tool to assist in this area (explained in the next section), a sample of 52 individuals from the seven companies supporting the study undertook a self-assessment analysis of their voluntary community involvement activity. This found that:

- of thirteen specified competencies, those most developed were 'softer' people interaction ones like communication, collaboration and influencing;
- 'harder' skills like business awareness and maximising performance received generally lower scores;
- customer focus, a people skill with a hard commercial edge, scored highly;
- three quarters of the sample said their own performance back at work had been enhanced and just over half said the overall performance of their unit was improved too; where corroboration by line management was possible, they generally agreed but the sample size is too small to offer definitive evidence.

(See Appendix 1.2 for further details.)

Development assignments - individual assessment

Development assignments improve skills such as time management but may be more effective in exercising existing skills little used at work

Fairly extensive evaluation of development assignments has been undertaken, mainly in the form of self-assessment exercises completed by the assignees themselves. These are tailored to meet the objectives of each company and so do not follow a consistent format allowing easy consolidation. However during 1991 and 1992, some 63 assignments were undertaken by **Marks & Spencer** staff, 17 by **Nationwide Building Society** and four by various other companies, all using a similar evaluation form. Highlights from this sample of assignments are:

- many skills were *improved* by the assignment, some of them substantially - those most improved included time management, collection and analysis of data and self-motivation/use of individual initiative;
- communication with others was the skill most *used* in the assignments;

- generally skills were *used* more than *improved* - suggesting that development assignments are better at exercising existing skills than at developing new ones; however this should not be overstated, as all the top seven skills used were also the top seven improved;
- there was a positive contribution back at work - organising time, working to tight deadlines and managing people were rated highly; the biggest benefit was in understanding the community.

(See Appendix 1.3 for the detailed findings of the Marks & Spencer / Nationwide assignments.)

Development assignments - an evaluation

Development assignments also broaden peoples' experience and can enhance morale

In 1993 the Home Office supported an evaluation of the impact of development assignments both on the individuals involved and on the community groups (Bain, 1993). Four in ten individuals reported skills development as the main benefit and half said morale improved back at work.

The study was carried out by Bill Bain, a PhD student at Imperial College, University of London, and was based on a sample of 159 secondees and 142 host organisation. 44% of secondees responded, generating a usable sample of 70. Of the secondees, 88% reported that their expectations had been met or exceeded, with the most common expectations being listed as:

- gain new experience/perspective;
- learn about the voluntary sector;
- acquire specific skills;
- use initiative;
- gain confidence.

Questioned about the results of the assignment, 40% cited gaining a specific skill as the main benefit. Furthermore 42% reported a positive impact on their career progression (with 35% only a minimal impact) and 53% an improvement in morale at work (40% no change). Asked about how they now saw their company because of secondment, 27% reported more positive feelings and 6% negative.

Trustee positions on management committees

Being a trustee of a not-for-profit group helps to develop competence especially where the motivation is personal involvement in the group's cause

In November 1993, NatWest Community Relations introduced a new £200 award for charities, available to employees acting as treasurers, school governors and in other trustee positions on management committees. A postal questionnaire was subsequently sent to those who had applied and 722 responses received back, believed to be the largest sample of employee volunteers ever systematically surveyed.

One section of the survey investigated the contribution of their involvement to their personal development. The key findings included:

- eight out of ten respondents reported that their role as a trustee/treasurer had assisted their personal development;
- the competencies most developed were communication, team skills and influencing skills - each by at least six out of ten respondents;
- at least four out of ten respondents said their involvement had helped them develop all the ten competencies listed;

- each of the competences were developed by a significantly larger proportion of those who became involved through personal interest than through being asked because they work for the Bank.

Among the motivations for getting involved, personal development ranked lowly (fourth out of six); volunteers did gain skills but that was not the 'selling point'. Personal interest was the main driving force. Among 'business benefit' motivations, opportunity to network with local community figures and to develop profile in the community ranked higher than personal development. (For detailed findings, see Appendix 1.4)

Employee volunteering - Institute of Management

Volunteering is better at developing general skills than specific management competencies

In 1993, the views of the 3,000 members of the **Institute of Management** were sought through a postal questionnaire (Coe, 1994). The aim was to determine the extent of managers' involvement in their local communities. 857 responded, slanted towards those working in smaller organisations, and around half (49%) said they took part in some form of voluntary activity. The main highlights were:

- the main benefit gained from voluntary activity is the satisfaction of helping others, according to half the respondents, but one third developed existing skills and one in three acquired new skills;
- voluntary activity is a better tool for general staff development than for management development, suggesting that the skills gained are more general.

Managers were also asked how organisations currently encourage participation, and how they should. The single most cited method which they should use is treating voluntary work experience as useful for staff development (63%), but only 34% do so at present. Note: this survey did not identify the extent to which these managers receive support from a corporate volunteer programme, although one in five spends three or more hours per week during working time on voluntary activity. (For detailed findings from the Institute of Management data, see Appendix 1.5.)

Employee volunteering national pilot schemes

When encouraged but not forced by the employer, volunteering is good for morale and internal work relations

As part of the national campaign to promote employee volunteering, three pilot schemes started in late 1991 and early 1992, located in South Wales, Leeds and Leicester. Interim evaluation was conducted in Leeds and Leicester in December 1992, involving questionnaires from 49 employee volunteers and nine employers (Action Resource Centre, 1993). A similar evaluation was carried out in Wales at the end of the project, involving the 12 main participating employers (Matthews, 1994). Final evaluation in Leeds and Leicester, based on a in-depth qualitative study of twelve companies, was underway at time of writing this report.

The main findings of the interim evaluation, based on limited samples, are:

- out of eleven perceived benefits, raising employee morale was ranked by employers fifth in Wales and seventh in Leeds and Leicester;
- in Leeds & Leicester, 40% of employees reported improved relationships with work colleagues, but only 10% a change in their attitude to their employer;
- the main motivations for getting involved related to helping others and using spare time in an enjoyable way; learning new skills and meeting work colleagues ranked lower.

The final evaluation of the Leeds and Leicester schemes will show that employee volunteering:

- improves internal working relations, both between different departments and within work teams;
- develops organisational skills and broadens functional and technical skills (accountancy, information systems, etc) by using them in different and more challenging environments;
- enhances morale, provided the volunteering activity is freely chosen and not 'forced' by the company.

(See Appendix 1.6 for detailed findings of the interim evaluation.)

Allied Dunbar - employee involvement

Improved team working comes when staff help to organise charitable involvement

Allied Dunbar established a Staff Charity Fund in 1975 and staff take it in turns to sit on the governing committee. A survey of 44 members who served on the committee and are still with the company showed:

- 80% reported improved existing skills or acquisition of new ones;
- working in a team, listening and decision-making were most improved;
- new skills acquired were making presentations and report writing.

Employer attitudes to community involvement

Employers say that community involvement yields business benefits

Three recent surveys questioned UK employers about employee community involvement. In 1993, the **Ashridge Management Research Group** contacted 2,000 British companies, the one thousand largest and another 1,000 small and medium sized enterprises selected to be broadly representative of the industrial distribution of UK industry (Wilson, 1994). 348 responded to the survey which examined how and why companies give to charities. In just over 30% of firms, secondment and/or employee volunteering takes place - a similar figure to the one found by CAF but with a larger and more reliable sample size. Among the reasons given by all respondents for business support for charity were:

	Agree	Disagree
Good for staff motivation	42%	24%
A good way of developing staff skills	10%	64%
Must be linked to business operations	34%	39%

In May 1992 MSS Market Research, on behalf of the UK Award for Employee Volunteering (sponsored by **Whitbread** and the **Voluntary Services Unit** of the Home Office) questioned 101 senior directors and managers in major employers. The results showed a strong belief that employee volunteering programmes yield business benefits; specific responses included:

- 71% - improving morale and motivation of employees;
- 65% - offering training opportunities for employees;
- 63% - an ideal form of team building;
- 40% - helping to enhance internal communication;
- 33% - attracting and keeping quality employees.

Also in 1992, **Bain & Co** surveyed 230 companies from a sample of 600 (Per Cent Club, 1992). Only 27% reported that they link their community involvement policy to specific business objectives, although subsequent qualitative work by Bain & Co indicates that the proportion actually making the link is higher. Of those that do, employee related-factors were the most frequently cited objectives. Bain & Co also asked the companies for an

assessment of their programme based on the results achieved. Companies that set objectives linked to staff are more likely to feel their results are "better than expected" than those that do not. (See Appendix 1.7.)

Link between skills development and motivation

Giving staff the opportunity to develop their skills also helps to motivate them

Employers surveyed in 1994 by the **CBI** reported a link between skills acquisition by staff and their motivation (CBI, 1994a). As part of a review of national vocational qualifications, questionnaires were sent to 3,000 member firms; 600 replied, including more than 200 small firms. The second most powerful benefit cited from using NVQs was improved employee morale and motivation, reported by 47% of larger firms; smaller firms ranked it third. Employers also found that commitment to the concept of lifelong learning and continuous personal development resulted not only in better motivated staff but also helped receptiveness to change in the workplace.

American evidence on volunteering

American employers also say that employee volunteering yields business benefits

In 1992, the **Conference Board** surveyed 2,500 executives in 1,800 US corporations (with 454 responding) about their volunteer programmes, and then followed this up with detailed reports on 30 companies (Conference Board, 1993). The key findings include:

- volunteer programmes help companies attract and retain the people they need, and help build skills and attitudes that foster organizational commitment, company loyalty and job satisfaction;
- for example, 91% said volunteering improves employee moral and 75% said it is one way that the company keeps valued employees;
- volunteer programmes contribute to competitive advantage both through cost savings in production, human resources and public and community relations, and through value added to a service or product as part of the total social responsibility package;
- for example, 74% said volunteering seems to lead to increased productivity of employees.

Asked whether "volunteering provides training for employees", the companies responded:

Strongly agree	51%
Somewhat agree	35%
Disagree	5%.

(See Appendix 1.8 for detailed findings.)

Additional American research

American employees also report benefits in the workplace from community activity

General Mills, an international processed food and restaurant company with 125,000 employees, has researched its Volunteer Connection Programme (Points of Light Foundation). 515 employees in five locations completed questionnaires and were asked, inter alia, about benefits they receive.

The survey found that the main benefit employees received was a better understanding of the community. Skills development does take place, but fewer people develop those related directly to work compared to other skills. In detail the benefits employees received from volunteering were:

Understand community better	88%
Learned new, non-work related skills	65%

Learned new leadership skills	56%
Opportunity to improve work skills	36%

The influence of community service volunteer work on job satisfaction and organisational commitment was researched in 1989 for a doctorate dissertation (Stebbins, 1990). The methodology was a random sample of employees of Pacific Northwest Bell in Oregon. 1,000 were sent a postal questionnaire, with 65% responding. After statistical analysis a significant relationship was found to exist between community service activity and perceptions of satisfaction and commitment. This was strongest for company-sponsored activity.

Another study sought to determine, inter alia, if employees who volunteer their time off the job differ in their job performance as perceived by their employers (Morton, 1980). The sample consisted of 156 supervisors from five different organizations, four firms and a college. Although job performance could not be predicted according to whether or not an employee was engaged in voluntary activity off the job, volunteers tended to be more sociable, more ascendant, more original in thought and more vigorous than non-volunteers.

Various studies have examined the relationship between altruistic or helping behaviours and health or hardiness. The benefits include stress reduction, self esteem, socialization and optimistic outlooks. This connection with overall health implies a business benefit through reduced sickness, absenteeism and enhanced performance at work. In one survey of 3,000 volunteers, over 90% said that regular volunteering had produced feelings that alleviated stress-related physical symptoms (Institute for the Advancement of Health, 1989).

Conclusions on skills development and employee motivation

From their own experiences, staff and employers report benefits for the business

Many companies contacted by this study offered evidence of an anecdotal nature, but the evidence cited above goes beyond that, by virtue of sample size, reliability and representativeness. From the above, it can be seen:

- those individuals who undertake community activity with support from their company generally report some gain in their skills levels;
- the extent of that gain appears to vary according to the precise community involvement option used; available evidence would appear to show that the development assignment model yields stronger development gain than general volunteering;
- volunteering shows some skills gain, but often in competencies not directly related to work requirements;
- some evidence points to the impact of volunteering on motivation; certainly companies' senior management says it believes that skills can be enhanced and motivation improved.

It can also be seen that:

- evidence is not strong enough to say reliably which skills can be best developed from which involvement activity - except that knowledge of the community improves under all options;
- management generally may believe it 'works' for the individual but there is little evaluation evidence so far available from line management directly to confirm this, still less that there has been a direct impact on business performance.

Part two: recruitment

Education links

Many employers are involved in schools links and report that these yield business benefits

An education system that better prepares young people for their working lives is of collective benefit to employers. In recent years, bodies such as the CBI, government and indeed the schools themselves have repeatedly urged companies to develop closer links with schools. There has been a marked increase in such links. 92% of secondary schools and 56% of primary schools now have some link with business (IMS, 1994).

The CBI reports that 57% of a sample of their member companies increased support to secondary schools over the previous three years (CBI, 1994b) and about half expected growth over the next. Professor Robert Bennett of London School of Economics conducted the survey in 1993 from among 247 CBI member companies known to be involved, along with a sample of education business partnerships and TECs/LECs. The response rate from the companies was 43% (107).

Why have companies been prepared to devote time and effort to building education links? The CBI has suggested that companies have three business objectives from education links:

- reduced recruitment costs;
- reduced training costs;
- enhanced standing in the community.

What do employers themselves say? The CBI survey cited a wide range of stated goals for education link activity, the most frequently cited being benefit to education and the nation generally, such as:

- improving economic and industrial understanding (99%);
- increasing teachers expertise in relation to business (96%);
- increasing nation's skills levels (93%).

Goals cited that have a direct and immediate link to business include:

- improving community relations (98%);
- staff development (78%);
- commercial gain (63%);
- increasing employee morale (57%).

Attractiveness to potential recruits

A company's standing in the community affects its attractiveness to potential recruits such as graduates

In 1994, MORI found that 88% of the general public agree with the statement that "a company that supports society and the community is probably a good company to work for" (2,022 interviews with adults across Britain at 149 sampling points in August 1994). The trend in recent years has been upwards - in 1991 and 1992, the response to the same question was 84%.

On this *prima facie* evidence, one may presume that, other things being equal, a company with a better reputation for community support will enjoy a higher level of applications. For businesses where the calibre of staff is critical to business performance, that has a direct business impact. This is accentuated when there is competition between companies for workers in certain skill categories.

One such category is graduates. Despite the recent expansion in higher education, some firms find that recruiting the right sort of graduates is still very competitive. The **Association of Graduate Recruiters** regularly surveys its 500 employer members. In 1990, 58% of industrial employers reported a

recruitment shortfall. Then the recession took hold and by 1994 that had dropped to 20%. However this still represents one in five employers. In 1994, jobs most in demand were (proportion reporting shortfalls):

- scientific/technical/engineering 10.6%
- management trainee 6.4%
- buying/marketing/selling 4.6%
- IT/computing 3.9%

The Association's members are predicting an increase in the demand for graduate recruits over the next three years.

But does community involvement matter to graduates? In 1993, 699 students from 23 countries, mainly university business studies graduates, were questioned about their attitudes to potential employers (Prince of Wales Business Leaders Forum, 1993). The most important factor was found to be career growth potential, the second was the company's good reputation. This was ahead of factors such as pay or fringe benefits. Questioned about reputation, being a good corporate citizen ranked third, behind being a provider of quality services but ahead of financial or profit factors. (See Appendix 1.9 for full details.)

Diversity in the workforce

Positively seeking to recruit older staff can yield higher profits and lower staffing costs

In the US, employers have been concerned for many years about the need to recruit a diverse workforce, with a better balance between black and white people, men and women, young and old. In the UK, a similar concern is growing, but there remains little objective evidence of the business benefits that can flow. The one exception is the older workforce, where a pilot scheme by a leading retailer shows significant gains.

Older people suffer discrimination in the labour market. The over-fifties are usually the first to go when redundancies are made and often the last to be hired when recruitment is needed. Long term unemployment is concentrated in this age group. Yet the social consequences of this enforced inactivity are severe, especially for a group of the population who are in better health and living longer than ever before. The loss of talent and experience to industry is also considerable.

High staff turnover in retailing is especially widespread and one of the reasons is its reliance on school leavers. In 1990 **B&Q**, the chain of DIY stores part of the **Kingfisher Group**, was experiencing average annual turnover of nearly one in two.

In exploring options to tackle this problem, the company decided to open a store staffed completely by older workers as an experiment to assess whether the company should expand its recruitment of older workers in all its stores. This store in north west England opened in October 1989, B&Q having set four objectives for the initiative:

- to ease recruitment difficulties;
- to lower labour turnover;
- to improve product knowledge among sales staff;
- to improve customer care standards generally.

The company chose Macclesfield as the location because of the high density of older people and comparatively low level of unemployment. It wished to minimise any criticism from the host community of its failure to hire young and family-aged people. In the event, nationally 7,000 people applied for the 55 jobs and all the employees, except the manager, were over 50 (no older manager was available to relocate).

An evaluation of the store after a year showed it to be remarkably successful, ahead of five comparable stores similar in terms of the customer base and sales turnover level (Hogarth and Barth, 1991). The average age of staff in Macclesfield was 57; in the comparator stores it was 27.

The results show remarkable gains by the Macclesfield store in below average staff turnover and absenteeism, higher profitability and lower stock leakage (pilferage, damaged goods, etc). Compared to the average performance of the other stores:

- labour turnover was nearly six times better;
- profitability 18% higher;
- labour productivity and staff costs and wages virtually identical;
- absenteeism one third lower;
- annual stock leakage lower by more than half.

Conclusions about recruitment

Companies say, again for the most part only on empirical evidence, that community involvement helps to recruit calibre staff; efforts to diversify the workforce can also yield benefits

So we have seen that some companies target schools links as a way to achieve a better calibre of young recruit and so gain competitive advantage. Other companies report that a good community involvement track record is a helpful factor, at the margin, in attracting a bigger pool of potential graduate recruits, so increasing the chances of engaging high calibre individuals. No evidence more reliable than anecdote has been obtained from companies to demonstrate this, but the student survey shows *they* are concerned. At the margin, other things being equal, they are more likely to choose socially responsible companies.

At the other end of the age range, there is evidence that tackling a social problem, ageism, can yield business benefits too. Efforts to diversify the workforce in other areas may also prove profitable.

Action points

- companies should evaluate their employee community involvement activity more rigorously, following the principles set out in later sections, and publish the findings
- Action: Employees in the Community, both through its own activities and through the Campaign Leadership Team, should encourage companies to adopt where possible a similar format for evaluation, to allow greater data analysis
- Action: Employees in the Community should identify the types of community project that best develop different skills
- new research is needed to go beyond the perceptions of benefit, whether by individuals or observed by line manager, with rigorous before and after testing and use of computer-based attitude assessment techniques
- new research should concentrate on the impact of and benefits from company-supported volunteering, education links and diversity in the workforce

Section D: Developing staff

How can involvement in community activity be managed to have a discernible and positive impact on an individual's personal development?

Summary

- national trends in education and training are leading to new qualifications based on competence in performance to certain standards
- within companies, training and development needs of staff are increasingly expressed as a set of generic competencies required of all grades of staff
- community involvement through the various forms of secondment and volunteering can be structured to develop these
- the development gain is best identified through a competency matrix, allowing the effectiveness of community involvement options to be assessed
- the cost of community options for staff development should be evaluated in comparison with conventional routes
- cost/benefit analysis allows companies to justify in commercial terms the investment of resources in managing the community programme

National changes in education and training

Recent profound changes in the UK system of education and training stress the need for standards of competence in the performance of tasks

As we have seen, successful companies acknowledge that the skills, knowledge and energies of the people working for them are critical to their performance. Throughout the 1980s, the competence of the UK work-force became of increasing national concern. In 1989 the **CBI** published *Towards a Skills Revolution* which proposed the setting of National Targets as a means by which the UK could improve its education and training performance. Employers criticised not only the standard and extent of education and training, but the whole system of qualifications, which has traditionally tested what people know, not what they can do.

Education and training in the UK has recently undergone profound change. Elements of these changes include:

- new educational and training initiatives are helping to achieve the Targets;
- individuals are being encouraged to adopt personal responsibility and make a commitment to their own development;
- education and training is seen as a lifelong process, not something that stops after school and college or after vocational and professional qualifications are gained;
- the emphasis is on standards of competence which can be acquired and assessed on the job and through performing tasks, rather than through simple tests of knowledge.

One of the most important of the new initiatives is National Vocational Qualifications (NVQs) (SVQs in Scotland). An NVQ is a statement of competence which incorporates specified standards in the ability to perform a range of work-related activities. The focus is on performance to a standard: skills, knowledge and understanding are relevant only in so far as they are applied to performance. By the end of 1994, 650,000 NVQs had been awarded. Two thirds of large CBI member firms and nearly half of smaller ones are now using them, although the take-up among all employers is still very low - estimated at little more than 5% in January 1994 by the Institute of Manpower Studies.

Another important initiative increasingly adopted by companies is *Investors in People*, launched in 1991, which aims to develop a national standard with four elements:

- commitment from management to develop all employees in order to achieve business objectives;
- regular planning and review of the training and development needs of all employees;
- action to train and develop individuals on recruitment and throughout employment;
- evaluation of the company's investment in training and development to assess achievement and to improve future effectiveness.

The Management Charter Initiative, formed in 1988, is another recent innovation. It sets National Standards for managers and supervisors. These are standards of performance employers should expect of 'competent' managers at different stages of their careers. The Standard consists of 'units of competence' which make up the four 'key roles' of management, defined as managing operations, finance, people and information.

This clear focus on competence has led to calls for a definition of core skills which are essential for competence in any job. For example, GNVQs (General National Vocational Qualifications) require mandatory core skills in communication, application of number and information technology. These may be extended to include personal skills, problem solving and even modern languages.

Meeting the development demand in companies

To meet the need for competent staff, companies are increasingly looking beyond simple skills training

In parallel, companies are defining core competencies which all grades of staff must acquire. While basic and specific skills are still necessary, training and development specialists, and human resource departments as a whole, are providing a wider curriculum, including broader categories of knowledge and attitudinal competencies too. The management of human resources is more closely linked to the goals and strategies of companies' business, with strategic plans for human resources as an integral part of their overall corporate plans.

To meet these demands for development, the range of tools available for use by individuals and teams is expanding. They include:

- in-house courses, tailored for different staff grades and on various subjects;
- generic external courses;
- workshops and seminars;
- community placements of the type classified in Section B above;
- distance learning techniques, through a combination of books, videos and computer-based training;
- job rotation, offering different work experiences;
- job shadowing;
- out-of-doors activities;
- coaching and mentoring.

The challenge for community affairs managers is how to meet their companies' staff development needs in ways which also benefit the community. The equivalent challenge for line managers and personnel specialists is to adapt their traditional methods also to meet the community relations objectives of the company.

Case Study

TSB Business Challenge Programme

TSB is one company whose human resources department has combined traditional and community options to help managers meet the challenges of a tough business climate.

To help middle management understand the intricacies and demands of managing a branch/unit, they join a nine-month programme combining traditional three-day residential courses and one-day workshops with a 100 hour business related assignment for a community group. The benefits the TSB seeks from the assignments are:

- learning from a live situation;
- exposure to different organisational structures and management systems;
- responsibility for all stages of project planning and implementation;
- improving company knowledge of, and direct contribution to, the local community;
- increased confidence and motivation of the individual.

Evaluation of results of the programme comprises:

- a Personal Development Plan, prepared in advance;
- this forms the basis of a Personal Learning Agreement in which each participant 'contracts' with line management the objectives and expected outcomes which can then be monitored;
- participants also maintain a Personal Learning Log to record significant learning events and the contribution made to job performance;
- finally, at three one-day Action Learning Sets with trained facilitators, participants discuss and review how they can apply and integrate their learning back at work; these days usually concentrate on issues arising from the community assignment.

However simply using the community as a medium for training and development will not in itself achieve the task of meeting the business's human resources objectives. The community activity must be structured and managed to yield the desired benefits. Critical to this are identifying and then evaluating the competencies which are to be developed.

Linking competencies to involvement options

GrandMet matches its core competencies with community involvement options through a matrix

Companies which advance the 'business case' rationale for their community affairs programme have started to identify these benefits. One such is **Grand Metropolitan** which has classified its own internal employee community involvement menu in terms of a matrix of the skills each opportunity helps to develop.

Individual businesses within the group are encouraged to identify employee development opportunities through education and community involvement. To assist them the menu of opportunities is matched on a matrix against the skills that can be developed. Staff are encouraged to assess for themselves

the benefits they gain; for example, volunteers complete a questionnaire and submit a report to line managers. However, so as not to remove the voluntary aspect of community involvement, it is not introduced into annual appraisal except by request from the individual.

Grand Metropolitan Development Matrix

See table on next page

Defining generic competencies

Thirteen generic competencies are here defined and matched with the community involvement options to create a competency matrix

Building on the concept of a matrix to match community activities with competence development, this study has devised and pilot tested a simple tool which individuals and their line managers can use to record the benefits derived from a community activity (see exhibit overleaf). The heart of the approach is judging the extent to which a competency has been developed through an activity in the community.

The menu of community activity options is as previously set out in Section B above. A list of generic competencies has been developed from the very varied range used in companies today. The trend in recent years has been to define a limited general list of skills, knowledge, abilities and attitudes which can apply across the whole grading hierarchy. Inevitably, even with a simple list, individual companies use different definitions and terminology. The systems used in the seven companies supporting this study were examined and additional ones obtained from other leading companies.

Using the definition of a competency as:

the set of behaviour patterns that the individual needs to bring to a position in order to perform its tasks and functions effectively

the following list of generic competencies was devised, categorised between competencies related to:

- **personal effectiveness**, essentially an individual's own skills and his/her ability to relate to others;
- **management effectiveness**, essentially skills to lead and organise others; and
- **business effectiveness**, essentially the factors relating to overall business success, including specific skills not included elsewhere.

The full definition of the thirteen competencies is as follows:

personal effectiveness

adaptability - maintain effectiveness in different surroundings and with different tasks, responsibilities and people;

Grand Metropolitan Development Matrix

Opportunities → Skills ↓	Mentoring and advocacy	Tutoring	Non- executive directorships	Individual development assignments	Challenge volunteering	Generic volunteering	Transitional secondment
Entrepreneurial flair			■				■
Ability to innovate			■	■			■
Change management			■	■			■
Diversity	■	■	■	■	■	■	
Influencing skills	■	■	■	■			■
Problem solving	■	■	■	■	■	■	■
Negotiating skills		■	■	■			
Risk taking			■	■		■	■
Team skills		■	■		■	■	
Interpersonal skills	■	■	■	■	■	■	■
Decision making			■	■			■
Action orientation			■	■	■	■	
Analytical ability			■	■	■		■

communication - communicate clearly and concisely with a wide range of people and listen actively;
collaboration - work openly, sensitively and in cooperation with others, whatever their backgrounds or status, to achieve common goals and overcome problems together;
creative thinking and innovation - analyse main elements of a problem, evaluate all relevant options, propose solutions, identify new opportunities and welcome initiatives from others;
influencing skills - influence and persuade others, resolve conflicts and negotiate agreed solutions;

management effectiveness

decisiveness - exercise judgement and be ready to make decisions even though they may be difficult or unpopular, having identified the problem, gathered information and assessed the risks;
leadership - take responsibility for a task, give direction, provide structure and give responsibilities to others;
project management skills - set priorities, define targets, plan work so results are achieved on time and within budget;
maximising performance - set individual performance goals, coach and counsel, provide training and development, evaluate performance;

business effectiveness

customer focus - see issues through the eyes of the customer, meeting his/her individual needs;
excellence and continuous improvement - carry out tasks to the highest standard possible and continually improve on previous performance;
business awareness - understand the context in which an organisation operates, the mission/vision and external constraints;
technical / professional skills - have wide and detailed technical knowledge relevant to the task in hand, such as marketing, finance, project management, process improvement, IT consultancy, quality improvement and management consultancy.

The resulting matrix should be:

- used directly by companies without their own internal system;
- adapted to yield information compatible with an internal system and integrated with appraisal where appropriate; or
- simply used as a model in preparing a company-specific matrix.

It offers a way of thinking about community assignments, essentially to realise that there are staff developmental benefits that can be obtained, in addition to community and other personal objectives, if required. It also provides a tool to help individuals and line managers to identify the developmental gain.

Measuring the development gain

The development gain is assessed by the individual and where possible objectively corroborated

There are two ways of measuring the skills gain from a community involvement activity. The first and simplest is to score on scale 0 to 6 the degree to which a particular competency was developed, where:

0 = not at all
 6 = competency fully developed.

This is done after the community activity has been completed and requires the individual to self-assess the difference. It can be corroborated by the line manager or other objective observer. Indeed the technique lends itself to '360 degree' feedback, in which all the stakeholders in a person's performance can comment, including peers, subordinates and even internal and external customers. The scores so generated can be totalled and expressed as a

percentage of the maximum possible rating when all desired competencies have been fully developed.

The second method of measuring is a 'before and after' approach. The individual and line manager (or others) make a judgement about the level of competence at the outset; then afterwards, they make a second judgement. The difference in scores is the gain. This can be shown as a gain ratio, showing the extent to which the gap between present and desired level of competence has been closed, yielding a figure between 0 and 100:

$$\frac{\text{Post-task score} - \text{pre-task score}}{\text{Possible score} - \text{pre-task score}} \times 100\%$$

The advantage of this pre-task assessment approach is that it helps participants to focus on what the activity is trying to achieve. It also gives a more accurate measure, less coloured by any sub-conscious desire to show success.

If a group of staff is undertaking similar tasks, scores under either approach can be aggregated, with the average gain ratio representing how effective the programme was in developing skills.

A further variant is to repeat the assessment three or six months later. This allows a check on whether, after the test of time, skills were enhanced and if so, whether they proved useful back at work.

To introduce a greater degree of objectivity, instead of relying simply on self-assessment or the opinion of an observer, an objective test can be applied. Easiest to test is someone's ability to undertake a specific practical task or the acquisition of knowledge. Changes in attitudes are notoriously difficult to test, but various psychometric tests, usually computer based, are available, often used to screen applicants for jobs. A 'before and after' test will highlight changes which, if all other factors remain constant, can be ascribed to the community activity.

Practicalities preclude testing everyone. And indeed for many voluntary activities, this is not appropriate anyway. The rule of thumb is the greater the degree of investment of company resources, the more appropriate and desirable is a system of monitoring and evaluation. A short-term secondment in company time, specifically to develop a skill, warrants a higher level of evaluation than volunteering in the employee's own time. However even volunteering can be evaluated; for example, if the company is providing (say) matched fundraising, a paid volunteer coordinator and time off for the volunteer committee to meet, then a sample check, done annually, would be warranted to provide evidence that scarce resources should still be allocated to this activity. Provided the purpose of the evaluation is fully explained to the employees and the results shared with them, there should be little negative reaction.

Evaluating different competencies

Community involvement can sometimes develop competencies which conventional training options find hard

Trainers normally draw a distinction between knowledge, skills, and attitudes; the latter are observable through behaviour, but driven by values. Some companies have found that community activity is particularly effective at changing attitudes, but does not normally impart new knowledge, except about the community itself (although even that can still yield a business benefit, for example among sales staff interacting with a diversity of customers).

As Section C above on hard evidence shows, community activity is good at developing skills through exercise and use, especially where practice makes

perfect. It normally offers a low risk environment for business, where mistakes will not have a commercial impact.

Where community activity offers unique attraction as a training and development tool is in changing attitudes - challenging at a deeper level. Although more difficult, changed attitudes can be measured by asking 'before and after' questions, seeking views on range of topics, as recommended above. However, to establish firmly a link back at work and hence a business benefit, the effect of changed attitude on behaviour can be monitored. This is best done through the normal appraisal mechanisms.

Link to business objectives

To provide a return on investment of resources in community involvement, any development gain by an individual employee must contribute to ultimate commercial success

The competency matrix provides a basic tool to evaluate the development benefits which individuals and groups of staff can gain. But these do not necessarily constitute a benefit to the business unless they contribute to meeting the development needs of the whole organisation, linked through to ultimate commercial objectives. To achieve that, community activities must be integrated into normal human resource management procedures. A methodology to achieve this is proposed in the final section of this report.

Some companies achieve the link to corporate goals by integrating community activity into the individual's normal appraisal. Others are concerned about the effect on the voluntary nature of community service. Research undertaken for this study has shown that the majority of companies which seek development gains do not insist that community activity is included, although an individual can ask for evidence from the activity to be used for performance appraisal, especially where no suitable work activity can be judged. This reluctance to dilute the voluntary aspect is most pronounced where appraisal is strongly linked to rewards, either career progression or remuneration. Again, the greater the voluntary nature of the activity and the less the investment of company resources, the less 'intrusive' the company can be.

Company support for employee community involvement

Companies, and in particular, human resource departments and line managers, have a critical role in supporting employee community involvement

The nature of support a company offers staff to get involved will vary according to circumstance, but since the company benefits from employees' voluntary endeavours, some level of investment is justified, once a cost/benefit analysis has been calculated (see below). The **Volunteer Centre UK** (1992) has summarised the company's role as:

- supporting and recognising volunteers to foster a climate in the company which values voluntary activity;
- matching employee volunteers with community needs;
- developing company projects.

Human resource departments in particular have a critical role to play, especially in secondments and development assignments, to ensure that:

- salary and other employment costs are met while the employee is absent from work (although this is only included in a cost/benefit analysis if extra cost is incurred in providing cover);
- selection is properly carried out (community activity is not suitable for everyone nor can it meet everyone's needs);
- appraisal, monitoring and evaluation is undertaken;
- proper arrangements are made for the return.

Line managers also have a critical role to play in encouraging (or at least not blocking) an employee to adopt a community route to development. Lack of support can take the form of not giving reasonable time away from work, not

suggesting that option in annual appraisal or simply being discouraging. Line managers must:

- identify the business needs of their units;
- include community options on the menu of training and development activities for individuals to undertake in meeting these business needs;
- ensure adequate and equivalent evaluation is built into all options;
- work with the individual in assessing performance;
- monitor the impact on the business performance of the whole unit.

Calculating and comparing costs

The cost of the community route to staff development should be calculated fairly and must stand comparison with other routes

So far this study has highlighted the benefits which can be gained by the individual. Most companies start training evaluation from that point - does it work? They then go on to assess whether it is worth it - does it represent value for money? So community affairs managers need to demonstrate that community options on the training and development menu are cost effective, both absolutely and in comparison to alternative development routes.

Elements of the cost of training include:

- the direct costs of delivering the specific training 'event';
- incidental costs like travel and subsistence;
- the indirect or overhead costs of developing and managing a training programme;
- evaluation;
- lost production due to absence from work, often costed at the salary rates for lost productive time.

Specific items which need to be costed include personnel costs, whether staff or consultants, overheads like offices and telephones, training facilities such as conference centres, and equipment and materials, including projectors, computers, workbooks and hand-outs. Costing analysis can be complicated by the marginal cost consequences to a production unit's budget - sometimes internal training courses are 'free' at that level, since the (considerable) costs are charged to a central staff development budget.

If lost production time is equal whichever training option is adopted, then the cost effectiveness of the various alternatives can be simply compared as follows:

- external 'bought-in' training - direct cost of course alone;
- internal training - direct cost of course, plus indirect costs/share of overhead costs of the whole training programme and HR departments;
- community assignment - normally little or no direct costs, plus indirect cost / share of overhead cost of community affairs department.

If lost time at work is not equivalent, then this cost needs to be factored into the calculation. (See Appendix 2.1 for full details on valuing community involvement activity.) This can be as simple as taking the relevant share of the annual salary plus on-costs. For comparative purposes, looking at the marginal costs, then only the actual additional costs likely to be incurred should be included; for example, colleagues may work harder or longer to 'cover' someone absent on a community assignment as their personal, but indirect, charitable contribution.

Cost/benefit analysis

For full comparison, cost/benefit analysis should be performed, where commercial benefit can be attributed

The above analysis is based on cost comparison only; the absolute cost effectiveness of a training option depends on a cost/benefit analysis, linking specific costs with benefits arising directly. Do the benefits outweigh the cost

of training? In theory, this is straight-forward to calculate: assume an individual is unable to perform a task effectively, undertakes training and then can carry out the task competently; the immediate costs can be compared to the long term benefit, provided the benefits can be isolated and expressed in monetary terms.

Examples of benefits capable of being calculated include:

- increased productivity;
- higher sales;
- improved quality and lower error rates;
- reduced staff turnover, absenteeism or labour disputes.

When the training outcome is not so clear, for example an improved general management skill, an alternative approach is needed, based on estimating the value added. Training academics have proposed methods to do this, for example based on salary. This involves assigning an individual's salary cost between the various competencies required to perform the whole job. If a training event improves one of ten required competencies from (say) 50% level to 75%, the value added is 25% of one tenth of the salary.

Clearly these various methods require assumptions to be made and are still dependent on judgement. However, assigning a monetary value allows the judgement to be quantified and, using consistent assumptions, alternatives to be fairly compared. Once the benefits have been determined in monetary form and the cost calculated, then a return on the training investment can be determined, using conventional investment appraisal techniques, such as net present value or internal rate of return.

This theory of training evaluation is easier to set forth than to undertake! (For those who wish to think through evaluation of training and development from first principles, Appendix 2.2 provides further information.) Benefits are diffuse, are only realised over time and cannot always be costed. However this applies as much to traditional training methods as to community options. Indeed conventional training itself is often inadequately assessed. It is simply widely accepted that training is a 'good thing'. The Training Agency estimated in 1989 that only 15% of organisations try to evaluate the benefits of training and fewer than 3% attempt cost/benefit analysis (The *Training in Britain* survey). The Industrial Society also reports a similar level, estimating that only 10% to 15% of employers go beyond simple evaluation through end-of-course 'happy sheets'. So one must be careful not to expect a higher standard of justification for community options than the rest of the training menu.

Link to national qualifications

The competency matrix can be linked to the system of National Vocational Qualifications

This section started by summarising recent changes in national education and training. As the government and the agencies established to promote and deliver better training performance increasingly highlight the importance of an 'individual commitment' to training and of having a 'lifetime learning' mentality, individuals are likely to take greater personal ownership of their capabilities and be keen to have them assessed. The competency matrix approach lends itself to integration with new qualifications like NVQs.

Already, for example, the **RSA** offers both a Certificate and an Advanced Diploma in the organisation of community groups, aimed at volunteers and paid staff involved in managing or organising groups based in the community. These are being developed into the NVQ format; currently the Certificate is roughly equivalent to NVQ Level 3 and the Diploma roughly at Level 4. The Diploma is based on nine units of competence, such as event organisation, financial management, human resource management,

administration and external relations; these are then subdivided into a total of 50 separate elements of competence.

Another example of how service in the community is being integrated into the national framework for training and accreditation is the National School Associates Programme. Already 22 centres have been established to assess individuals who do voluntary work in education. The target for the end of 1995 is 40 centres servicing 1,200 adults. Based at **Brunel University** and funded by the **Employment Department** and the **Paul Hamlyn Foundation**, the School Associates Programme offers:

- employers, a structured staff training programme, with accreditation;
- individuals, a route to new skills with accreditation through three routes: registered school associate status, a standard developed for this programme, and an RSA Certificate of School Associate Work;
- both individuals and employers, a way to achieve units and elements of existing NVQs, so meeting core competencies.

Conclusions

By implementing techniques recommended in this section, companies can identify benefits and justify the costs of staff development through community involvement

Anecdotal evidence collected by this study from companies shows that community involvement is normally a low cost option for staff development, but because the benefits are rarely evaluated properly, its cost-effectiveness is not apparent. The key to unlocking greater take-up is demonstrating that it is effective, that it works. Once line managers and training departments are convinced of that, practical obstacles, such as absence from work, can usually be overcome.

The list of generic competencies and the menu of community options brought together in the competency matrix offers a basic tool to identify staff development gain. The techniques recommended above for cost/benefit analysis will provide the evidence to justify investment of company resources. However this route is not suitable for everyone and should not be seen as replacing traditional methods. It is simply an effective addition to the range of tools that companies possess to build a world-class work-force.

Action points

- companies should use the development matrix and other evaluation tools to test for themselves the effectiveness of community options and then compare this with their established training methods
- the results should be written up and published as a work-book for use by others
- NCVQ, RSA, School Associates Programme and other interested agencies should make further progress in devising NVQ units and elements of competence appropriate for community activities which employees undertake
- companies themselves should make these available to staff and provide full support for employee community involvement

Section E: Motivating staff

How can involvement in community activity be managed to have a discernible and positive impact on the morale and motivation of individuals and teams?

Summary

- good employee morale, fostered by a sense of involvement in the company, is a necessary but not sufficient condition for business success
- corporate community involvement programmes help to build a sense of identification with the values and goals of the company, along with team spirit and individual commitment
- morale and motivation can be tracked through staff attitude surveys and explored in detail through techniques such as group discussion
- a multi-stage approach to the measurement of employee attitudes is necessary to identify the contribution community involvement makes to total staff satisfaction
- cost/benefit analysis, using parallel indicators such as staff turnover and absenteeism, can demonstrate business benefits from community involvement

Introduction

Most companies believe that good morale and motivation contribute to business success

Today's changing business needs, such as for customer focus, continual improvement and total quality management, are demanding changes in management: from one that directs and controls to one which empowers and motivates people to work to the best of their ability.

Research for the **Department of Employment** (Marchington et al., 1992) concluded that employee involvement as part of a broader corporate philosophy of treating employees as a resource may prove to be a source of competitive advantage in the long run, but found it too problematic to make any precise evaluation of its relationship with overall corporate performance.

Nonetheless, many businesses work on the intuitive assumption that getting employees "involved" is the key to morale and motivation. If that can be achieved, business benefits, like reduced absenteeism, higher staff retention rates and greater productivity, should flow.

Wider employee involvement

A sense of employee involvement is fostered by a range of measures of which concern for community issues is only one

In 1994 the government published a survey of different types of employee involvement: *The Competitive Edge: employee involvement in Britain* (HMSO, 1994a). It defines employee involvement as any means of informing or consulting employees about, or associating them with, one or more of the aspects of the running of an organisation.

Opportunities for involvement comprise:

- sharing information, including team briefing, publications, videos and electronic news systems;
- consultation, including staff suggestion schemes, staff attitude surveys, works committees and health and safety committees;
- financial participation, including profit-related pay and profit sharing, employee share option schemes and save-as-you-earn share schemes;
- commitment to quality through continuous improvement, team work, total quality management, quality circles, self-managed project groups and employee award schemes;
- development of the individual, through staff appraisal, employee development programmes and initiatives like Investors in People;
- beyond the work-place, including community and environmental projects.

Significantly, the last of these opportunities identified by the government report was outside the immediate company environment, in the community. The title, *The Competitive Edge*, shows the concept is conceived in business benefit terms, summarised as:

- improved performance and productivity;
- improved quality and customer care;
- a more cooperative atmosphere in the work-place;
- reduced staff turnover;
- reduced time lost through absenteeism and disputes;
- added value through drawing on the skills and knowledge of all employees.

Elements of staff satisfaction

The attitude of employees is determined by a range of factors such as pay, recognition and personal identification with corporate goals

Many companies regularly assess staff attitudes. A survey by the **Industrial Society** in 1994 found high levels of satisfaction with the results from staff surveys; on average leading employers conduct them every one and a half years (Industrial Society, 1994). The range of topics covered is wide, including general attitudes and satisfaction and specific issues such as health and safety, quality, training needs and equal opportunities.

One example is **Rank Xerox** which has developed a Satisfaction Index from research conducted in the United States about motivation and satisfaction drivers. This is computed from responses to 19 questions included in staff surveys. Another example is **Whitbread** which has ten core questions about 'quality of worklife'. These are included in staff surveys conducted by the separate operating divisions and enable the company to track satisfaction and monitor the group 'culture'.

The elements of employee satisfaction which determine attitudes at work are numerous and include:

- remuneration;
- job security;
- working environment, location, space, amenities;
- awareness of requirements of job;
- appraisal and target setting
- satisfaction with immediate management;
- satisfaction with effort to communicate with employees;
- recognition and reward schemes;
- opportunities for training and retraining;
- career development opportunities;
- morale in the immediate team;
- sense of involvement;
- identification with corporate mission, goals, values vision and strategy.

Staff satisfaction - the community contribution

The corporate community involvement programme is one way to build a commonality of interest between employer and employee

At first sight, it is on the last of these elements that community involvement policies can yield a business benefit. Staff may ask themselves the question "Does the company share the same values as I do? - good education for my children, a clean and healthy environment, outstanding arts and leisure facilities, etc." **BT**, for example, conducts an annual staff survey, **CARE - Communications and Attitude Research for Employees**. In the section 'Your Company', it tests the extent of agreement with the statement "BT cares about the community". The assumption is that a high (or growing) positive response shows a commonality of interest between employee and employer.

Beyond corporate values, community involvement can build some of the other elements of staff motivation and satisfaction. For example, the development options considered in the previous section help with satisfaction on opportunities for training. Likewise, morale in the work team and satisfaction with immediate management can be enhanced through a team 'challenge' volunteering event.

Training academics have long debated the various elements making up human motivation. For anyone seeking a deeper understanding, a summary of the main theories is included in Appendix 2.3. It is, of course, impossible to reduce something as individualistic as human behaviour into a simple theory, still less one that is reliably predictive. However, in thinking about what motivates people and studying the works of academics, one can conclude:

- there is a range of factors, not just money or discipline, which maximises motivation and performance;
- given the inevitable demands of the work-place, it is not always possible to find opportunities for the 'softer' motivating factors, like creativity, self-management, team-working, nor to demonstrate that the business shares some of the values of individual staff, such as concern for the least fortunate and for environmental protection;
- so community involvement generally and the use of the menu of opportunities for employee involvement in particular, can provide managers with additional 'tools' to build a well motivated and productive work-force.

Measuring motivation from community activity

A multi-stage approach is needed to identify the impact of community involvement on staff, testing their knowledge of it and their views on its importance and effectiveness

The backbone of a systematic attempt to track such staff satisfaction is a formal survey, usually a regular written questionnaire. Other techniques can be used to supplement this, such as semi-structured interviews, group discussions and focus groups.

Despite the widespread use of surveys found by the Industrial Society, the majority of the sixty largest companies contacted by this study do not include questions about the community programme. Examples of survey questions on employee attitudes to community involvement are provided in Appendix 2.4, drawn from **American Express**, **British Airways**, **IBM UK**, **NatWest**, **Royal Mail** and **Whitbread** and giving both the wording and the results. In themselves they do not demonstrate that those companies have a well motivated work-force because of the community activity, still less that this yields a direct business benefits; but they do show how some companies are collecting the evidence which, when tracked over time, compared with bench-marks and correlated with other aspects of the motivation equation, allows them to make informed judgements about the impact of their community activity on employee morale.

Even those companies that already include questions on community involvement in regular staff attitude surveys are often restricted to one or

perhaps two questions in the main staff survey. Most cannot afford a regular full length survey just on community issues. So questions tend to concentrate on the extent of knowledge about the community programme.

This level, stage one in what needs to be a multi-stage approach, is a good start, since if staff do not know about the programme and its various elements, it is unlikely to be helping to motivate them. A model question to ascertain the level of basic knowledge is as follows:

Are you aware that the company supports the community:

*- directly through charitable donations **YES / NO***

*- and by helping staff to get involved in their own time as volunteers and sometimes in company time too? **YES / NO***

But knowledge alone is not enough: staff may know full well about the programme, but it is simply not important to them personally. So a second stage is needed to establish the link through to motivation. A two stage, knowledge / importance, approach is all most companies will be able to include in a general staff attitude survey.

However, where possible, a third stage can be added. Having established that staff know about the programme and that it is personally important to them, the final question to ask is how effective it is. For many staff, this will be a difficult question to answer because of lack of direct experience. For those who do know and value the ideas behind programme, their views on whether it is working well will influence their attitude to the company.

A comprehensive three stage example is as follows:

Stage one: How much do you know about the following activities which the company is involved in? (nothing, a little, to some extent, a good deal)

- *helping to create new small business and supporting existing ones*
- *linking up with schools and colleges*
- *sponsoring arts and cultural activities*
- *supporting local environmental projects*
- *donating money to charitable projects*
- *matching out of company money the fundraising efforts of staff*
- *publicising opportunities for volunteering)*

Stage two: How important is it for you that the company is involved in each of these activities? (a good deal, to some extent, a little, hardly at all)

Stage three: How well is each of the activities achieving its objectives in helping to meet community needs? (a good deal, to some extent, a little, hardly at all)

If a full-length survey can be undertaken, then many more questions can be asked, going into greater detail about motivation and gathering information useful for the management of the programme. Appendix 2.4 offers additional guidance on conducting surveys and provides a further selection of model questions to serve as stimulus to ideas.

The responses to these questions, at whichever level of sophistication is chosen, can be analysed between different grades of staff and between separate sites, operational units and group companies. For each, an aggregated index, weighted as appropriate, can be calculated and stated as a percentage of maximum possible scores. This provides a figure which can be:

- tracked over time, noting variations between surveys,
- compared between sites, and
- bench-marked externally.

Linking elements of morale and motivation

Having ascertained staff attitudes to community involvement, its contribution to overall morale must be judged

In seeking a link between better motivation through improved staff satisfaction and business performance, the problem is not so much in demonstrating a correlation, at least in general terms, but in separating out which aspects are responsible. Companies with good general personnel policies are likely to score higher on community aspects anyway.

So additional questions in the employee attitude survey are needed to identify the component parts of overall satisfaction and the importance placed on them. Framing suitable questions is a difficult task and help should normally be sought from survey experts. They may recommend using sets of matched pairs of questions to distinguish between relative choices; these require computer analysis to process the answers. Focus groups are another technique to gain greater insight.

Companies which have already developed a satisfaction index or identified the core elements of culture and values will find this process easiest. The community element of these can be weighted according to its perceived importance, and a judgement then made as to the contribution of the community to overall satisfaction. It will remain a matter for judgement since assessing personal opinions is inevitably an inexact science. The more rigorous the data the more reliable, and convincing, will be the judgement.

It is often easiest to identify the impact of the community programme, not objectively but in relation to other events, for example 'before and after' comparisons and contrasts between otherwise similar operating units. Clearly other elements must be held more or less constant or otherwise isolated. The smaller the scale and the more specific is the example, the more likely a link will be identified.

The cost/benefit equation

Business benefits from improved morale, like lower absenteeism, can be compared to the cost of the community programme

Once the community contribution to morale has been separately identified and tracked, a direct connection with business benefit needs to be established. This can be achieved by tracking morale through a range of parallel business indicators. These include:

- **staff turnover and wastage** - simply defined as the number of employees leaving an organisation over a given period, often expressed as a proportion of the total work-force; this can be further analysed by department, by grade or position on career structure and between involuntary (death, retirement, redundancy) and voluntary;
- **absenteeism** - number of working days lost as a proportion of total possible working days; again analysed in various ways, between departments, grades, seasonally and by cause;
- **productivity levels** - precise measure depends on nature of work, whether manufacturing, retail, service, etc;
- **recruitment statistics** - measured in terms of numbers of job applications; in larger organisations include internal applications;
- **others** - for example, the level of customer complaints may be found to have a staff angle.

With these statistics, there is normally no right or wrong absolute level; instead they can be used for target-setting and comparing trends over time and between similar companies to give an indication of low morale and where it is located.

If isolating the benefit side of the cost/benefit equation is difficult, the cost aspect is much more straightforward. Those relating to staff time away from work were covered in the previous section on staff development. Costs relating to volunteering tend to be restricted to:

- the salary of a central coordinator;
- matched funding, whether money for money raised or money for time offered;
- some in-kind donations of facilities or services;
- internal publicity and recognition schemes.

Wider than employees, companies in Britain have made much progress towards accurately costing the other elements of their community programmes. General guidance has been published, for example by the Per Cent Club, and this is examined in detail in Appendix 2.1

Limitations

High levels of employee satisfaction do not guarantee business success; community involvement is only one factor making up employee morale

It is important not to overstate the importance of morale and motivation to business performance nor the possible contribution to morale from the community aspects. Employee satisfaction can be considered a necessary but not sufficient condition for business success. Low morale will hinder personal and organisational productivity. High morale cannot guarantee success if other factors are not functioning. Furthermore a 'plateau effect' operates - beyond a point, improved morale will generally not lead to greater business performance, certainly not proportionately more.

Community involvement will not thrive, and the developmental and motivational benefits will not flow, if the culture of the organisation is hostile. For example, stressing community involvement will not overcome aggressive personnel policies which devalue the individual. As part of a consistent approach, it can contribute.

Conclusions

The techniques set out in this section allow companies to make an informed judgement of impact on staff and on business performance

So most companies with good personnel statistics on factors such as absenteeism and productivity and regular comprehensive staff attitude surveys should be able to undertake analysis, setting out an intuitive argument backed up by key statistics, to show:

- (trends in) the impact of community activity on morale;
- the cost of that community activity and a comparison of costs relating to other elements of satisfaction;
- some tentative conclusions of the impact on business performance as related to personnel statistics.

This will remain an imprecise exercise, but then so is evaluating the other elements of staff morale and motivation. The important thing is to be clear about the assumptions made and apply them consistently.

Action points

- further attitudinal survey work is needed on how importantly employees rate not just support for volunteering but also corporate social responsibility as a whole
- a suitable vehicle might be the annual MORI omnibus survey, provided selected findings can be published more widely that just the companies participating and paying for the survey
- companies should follow the evaluation tools set out above, perhaps over a two or three year period, and publish the findings as a work-book for use by others

Section F: Recruiting Staff

How can involvement in the community be managed to have a discernible and positive impact on the recruitment of staff?

Summary

- growth in the number of education business partnerships shows continuing concern among employers about the quality of recruits
- one evaluation measure of such partnerships is a cost comparison with other recruitment methods
- another is a value comparison of the company's whole education programme, following a methodology developed by BP
- recruitment of a diverse workforce to serve a diverse customer profile is an important but under-researched aspect of addressing recruitment needs through community involvement

Introduction

Even without the worries about demographic trends which surfaced during the 1980s, the search for competitive advantage means companies always need to attract high quality recruits. As discussed above in Section C, growth in education business partnerships has been partly driven by competition for quality school leavers, particularly in industries traditionally very reliant on them, such as retail.

Education links form the part of the community programme most developed to address recruitment needs. Examples of activities include work experience, curriculum materials, training for teachers, governors and managers, mentoring and careers advice. This section concentrates on two evaluation tools for education programmes; the first is a cost analysis of alternative recruitment methods for school leavers; the second, developed by **BP**, looks at the total value of the programme.

Cost comparisons

Education links can cut the cost of hiring school leavers and improve their calibre

In 1991 the **Swedish Employers' Confederation** published a study about the cost effectiveness of school contacts, conducted by the Institute of Personnel Administration and Budgeting at Stockholm University. In it, a detailed comparison between the cost of companies' schools links programmes and their recent recruitment exercises using conventional procedures was made. The cost per recruit was lower, sometimes very significantly, when taken on through the partnership links. The most significant cost differences were found to be the extra training costs for recruits with no prior knowledge of company and their higher leaving rates.

For example, a manufacturing company with 700 employees saved SKr57,300 per new employee in the first year (£5,000 at January 1995 rates), by running a work experience programme for lower secondary school children and a vocational training scheme at upper secondary school level. A small carpentry shop with 70-80 employees saved SKr70,000 per recruit (£6,000 at

January 1995 rates). This example is quoted below in detail to set out the methodology of the calculations made.

Cost savings in recruitment:

Carpentry shop with 70-80 employees, with a work experience programme and with management promoting good student and school contacts.

Cost of traditional staff hiring

	<i>SKr000s</i>
Advertising costs	20
Telephone interviews: 70 applicants / 12 hours	3
Interviews with 10 selected applicants	2
Wage costs of 5 new employees who failed on job and left	81
Supervision of the five (736 hours x 20% x SKr 110)	16
<i>Result: three employees stay on</i>	----
Total cost for three recruits	122
On-the-job training: 50% x annual wage cost	297
Supervision costs	50

Total hiring cost	469
<i>Hiring cost per new employee: SKr 156,000</i>	====

Cost of staff hiring through student and school contacts

Management's student and school contacts (160 hours)	48
Work experience programme (lower secondary school) including supervision, food and clothes	25
Administrative costs for work experience programme	7
<i>Result: more students apply to woodwork programme in upper secondary school. Of these, company hires four per year.</i>	----
Total cost for four recruits	80
On-the-job training: 25% x annual wage cost	198
Supervision costs	66

Total hiring cost	344
<i>Hiring costs per new employee: SKr 86,000</i>	====

SAVING: SKr 70,000 per new employee

Value comparison

The value of education links both to the company and to the school can be assessed, to identify the most beneficial elements for each

BP has developed a matrix to compare the value of its various educational projects, adapted from a standard business tool used to assess alternative business options (Smithers and Marsden, 1992). The starting point is that educational activities have two aims, to benefit business and to benefit education. Each project in the whole education programme achieves a different mix of benefits; the aim, when plotted on the matrix, is to be in the top right hand quadrant, maximising benefits to business and to education. Projects in other quadrants can then be examined to see if variations can achieve a better yield. (See Exhibit)

So a project in (say) the bottom right-hand quadrant (high education, low business) could be adapted to yield more business benefits. A project in the bottom left hand quadrant (low for both yields) might be scrapped and the resources devoted to expanding a better yielding project. The cost of the

Exhibit: BP value assessment of school links

BP's School Link scheme has been running in the UK for nearly a quarter of a century. It encourages BP employees to become directly involved with schools close to their sites. More than 20 sites and 300 schools are now taking part. Schools participating in the scheme appoint link teachers who liaise directly with a named BP link officer for each school. BP works with schools in this way to meet local needs. Each particular link can mean something different but it can lead to work experience for pupils, secondments of teachers, BP staff teaching in schools, the supply of materials and equipment, and specific joint projects. The benefits are mutual, for example, an engineer having to think out carefully how to put across process engineering to third year pupils may find his future explanations to BP training operatives are that much clearer because he has learned to strip out the jargon.

Benefit to BP

Ranking	Objective	School Links	
		Rating	Product
4	contributes to the motivation and development of staff	3	12
1	creates opportunity to understand, influence and learn from education	2	2
2	helps recruitment in short or long term	4	8
5	earns goodwill	5	25
3	gives access to resources: expertise, facilities	2	6
Benefit to BP Score		53	

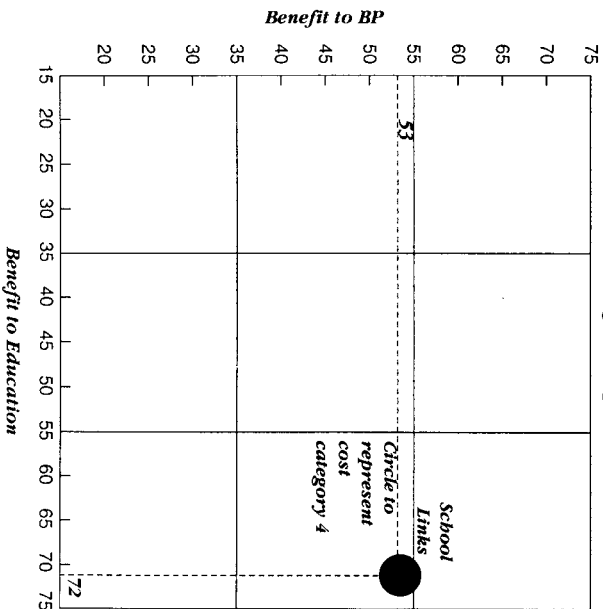
Budget Forecast

Item	Forecast in £1000	Cost Category
School Links	56	4

Benefit to Education

Ranking	Objective	School Links	
		Rating	Product
3	contributes to the motivation and development of staff and students	5	15
4	creates opportunity to understand, influence and learn from BP	5	20
2	helps students make informed career choices	4	8
1	earns goodwill	5	5
5	gives access to resources: money, expertise, materials, facilities	5	25
Benefit to Education Score		72	

Positioning the Programme



projects (low, medium, high) can be graphically represented, showing at a glance where to concentrate.

As a graphical tool it is very helpful, but the validity depends on the scoring mechanism, yielding the figure which can then be plotted on the graph. This is done through a 'value assessment' technique, giving a numerical answer to two questions:

- what are the company and its education partners seeking to achieve?
- how well does a particular activity meet these objectives?

Placing a ranking on the answers to the first and a rating on the second, then multiplying the two, yields a product which is the perceived value. Doing the exercise separately for business and for education objectives yields two statistics which can be plotted. BP has found that the scoring is best done in a group session with people, from the company and from education, knowledgeable about the objectives and the benefits.

BP lists the benefits (with each one have four sub-objectives amplifying the overall objective) as:

- contributes to motivation and development of staff;
- creates opportunity to understand, influence and learn from education;
- helps recruitment in short and long term;
- earns goodwill;
- gives access to resources.

For each activity, these objectives can then be ranked, 5 to the most important, 1 to the least. Then the impact of the activity in meeting the objective can be assessed, with a score 5 for considerable impact and 1 for little or no. Inevitably the marking is based on subjective judgement and the end product has little objective validity as a single score. The technique comes into its own by allowing comparisons between options marked by the same methodology.

This technique can be extended to do 'what if' calculations: by assessing the potential impact if certain actions are taken, the projects can be re-evaluated, plotted again on the chart and the movement (change in benefit to business and education) easily seen.

Indeed BP says the techniques can be adapted to compare, for example, different elements of a company's whole community involvement programme - arts sponsorship, education, environment, donations, etc. Potentially it can be used to bench-mark with other companies too. The drawback of the process is the length of time it takes and the number of people involved; this suggests that its main use will be for infrequent fundamental reviews.

Conclusions - towards a balanced work-force

Community involvement can help to recruit a more diverse and better balanced workforce

This study has concentrated on how attention to community involvement can help with recruitment, particularly among young and older workers. However, recruitment goes beyond age issues to other groups of (potential) workers. For example, in UK there is a growing debate about the place of women in the workforce. **Business in the Community** has a campaign, **Opportunity 2000**, to address this issue. Likewise, the **Employers' Forum on Disability** concentrates on the needs of people with a disability.

There is much less of a debate in the UK about the place of other groups within society which have frequently endured discrimination, for example on grounds of race. By contrast in the US, diversity is of growing importance

as an issue and community involvement activity increasingly forms part of the response of companies as they seek measures to address the question.

It was outside the scope of this study to examine these issues in detail. However anecdotal evidence suggests that community involvement options can help in recruiting a more balanced work-force, then developing it and motivating it, better to meet the needs of a diverse customer profile in a diverse society.

Action points

- companies should conduct cost/benefit analyses of parts or all of their education links activities and publish the findings
- the business benefits of diversity in the workplace merit full exploration and evaluation
- the use of community involvement in meeting the total resource needs, including downsizing and career transfers as well as recruitment, also merits further study

Section G: Beyond the bottom line

How can involvement in the community be shown to have a discernible and positive impact on a company's long term success?

Summary

- conventional short-term financial indicators offer only limited methods to measure all the critical elements making for sustainable business success
- alternative, more balanced, methods are being developed; these allow the contribution from community involvement to be identified better and measured
- this study proposes an analytical framework to enable community affairs managers to structure their activity so as to address the specific human resources needs of their companies
- fuller proof of the contribution of community involvement will be possible when companies adopt more balanced measuring systems generally

Introduction

The phrase 'bottom line' refers to the bottom line of the profit and loss account, a deceptively simple measure of business success. The factors which determine the profit reported in one year's accounts are complex indeed - and are the subject of an increasingly interesting debate striking to the heart of what makes for a sustainably successful business.

The financial performance of companies and the conventional methods of financial reporting are and will remain critical parts of the framework of stewardship within which all companies operate. There is, however, increasing acceptance that financial reporting alone is not enough to measure whether a company is successfully meeting its overall goals and sub-objectives within them.

Current techniques are seen as:

- too financially orientated;
- too historical;
- lacking predictive powers;
- focused on inputs, not outputs;
- having a tendency to reinforce wrong behaviour.

This final section of the report first considers the evidence that community involvement can contribute to bottom-line profit and then examines additional, more balanced, measures of business success. It proposes an analytical tool and framework to allow community affairs managers to link their programmes more closely with the human resources needs of their companies.

Community involvement and financial performance

Despite weakness of financial measures, one recent study in America has sought to demonstrate a positive impact on productivity and return on investments and assets from employee morale and community involvement

Numerous attempts have been made, largely in the United States, to prove a causal relationship between corporate social responsibility in its widest sense and the company's financial performance. Most such studies have involved taking a sample of large companies and seeking to link a financial measure, normally share price, with an indicator of 'responsibility', such as public attitudes, pollution incidents or a judgement-based index or rating.

These attempts have been largely unsatisfactory: even where a correlation is found to exist, the causality is not clear. Are the companies successful because of their social responsibility activities or responsible because they can afford to be? One recent study, by Professor **David Lewin** of the Anderson Graduate School of Management at UCLA and **Jack Sabater**, formerly of **IBM**, has gone further than most in isolating out business success as a driver of social responsibility, while still not proving a direct causal relationship (Lewin and Sabater, 1995).

In this study, employee morale is defined as a measure of *internal* employee involvement in decision-making and company community involvement as a form of *external* involvement. Based on research originally conducted for IBM but since expanded, they sought to establish a link between these two types of involvement and a company's performance as a business, using measures like return on investment, return on assets and productivity. Still to be published, this research also examines the link between internal employee morale and external community involvement, and whether together they have an influence on business performance.

Based on detailed statistical analysis of two years' data from 156 companies, they have concluded that community involvement is positively associated with business performance; employee morale is positively associated with business performance; and the interaction of the two, external and internal involvement, is even more strongly associated.

Lewin / Sabater study

The stages of the (fairly complicated) data analysis, with the main findings, are as follows:

- they cite various studies which show that morale is positively correlated with business performance, something which, according to surveys, executives also strongly believe ;
- from analysis, they find a statistically significant positive correlation between community involvement and return on investment, return on assets and productivity; this correlation is 'curvilinear', ie moving from a low to a medium community involvement score yields a bigger return than moving from a medium to high one;
- there is a statistically significant positive correlation between employee morale and the three measures of business performance; again this is curvilinear;
- community involvement and employee morale positively and significantly influence a company's business performance, even after the effects of business performance are 'netted out', although less strongly (this test was to remove the effect of superior business performance driving employee morale and community involvement, not the other way round);

- looking at changes in business performance between 1989 and 1991, they find that changes in community involvement and employee morale during the period were statistically significant, again after netting out;
- looking at changes between 1989 and 1991, community involvement and employee morale are better able to 'predict' business performance than the other way round, and better together than separately.

The total sample comprises 156 American companies on whom data were obtainable for 1989 and 1991, drawn from a 10% random sample of US business units. The employee morale index used for statistical analysis was constructed from responses by employees. The company community involvement measure was an index calculated from responses to questions, including corporate donations, support for employee community involvement and voluntarism and the presence of a specific process for determining corporate community involvement programmes.

These indexes and the financial performance information were then subjected to statistical analysis, including correlation coefficients, ordinary least squares regression equations and simultaneous regression equations.

This approach is a helpful contribution to our understanding, but it addresses the issue at a macro level, taking the business as a whole and in general terms. Still necessary is a micro approach, from the bottom up, allowing one to see how specific elements of a community affairs programme can impact employee aspects directly.

Additional performance measures

Additional techniques to measure business performance include total quality, balanced business scorecard, bench-marking and non-financial indicators

In response to the perceived deficiencies in conventional financial measures outlined above, a remarkable flowering of literature has grown up, proposing additional methodologies. They draw from the simple truth that overall company success depends on the performance of the various component aspects of its operation, including:

- supply of resources - such as finance, human, physical/natural;
- demand factors - such as customer satisfaction and the economy;
- operational factors - such as production, personnel, marketing, purchasing.

These additional performance methodologies tend to recognise the need for:

- strategy, led from the top, with clear corporate goals as part of a strategic business plan
- a balanced system of measurement of success in meeting the goals, covering the various component elements outlined above;
- a feed-back loop, reviewing the monitored data and revising the objectives and measures as is appropriate.

The best known examples of more balanced performance measurement systems are summarised below.

Total quality

The pursuit of total quality - also known as customer focused organisational excellence - has been taken up by many organisations in their quest for competitive advantage. The techniques are now well developed and appear to yield beneficial results, when fully adopted.

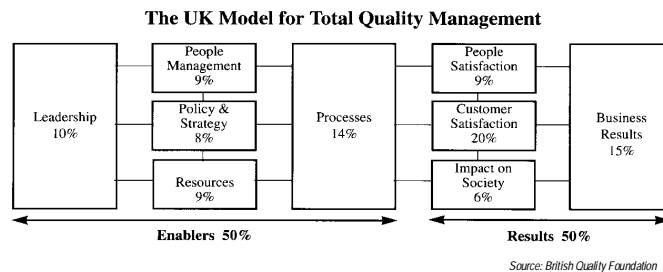
Models have now been devised to assess the whole performance of a company. These allow comparison between companies and have been developed into award schemes to recognise best practice examples. The main

examples are the **Malcolm Baldrige National Quality Award** in USA, which started in 1987, the **European Quality Award** (from 1992) and the **UK Quality Award** (from 1994) which is itself based on the European model.

The premise of the UK award, as set out by the British Quality Foundation (1994), is as follows:

- customer satisfaction, employee satisfaction and 'impact on society' are achieved through
- leadership, which drives an organisation's
- policy and strategy, people management, resources and processes;
- this leads ultimately to excellence in business results.

These elements, nine in all, can be displayed pictorially:



The nine elements are weighted and categorised between:

- **enablers** - a process or 'how' factor, assessed by excellence in approach and degree of deployment, and
- **results** - concerned with what is achieved, assessed in terms of excellence of result and scope.

Companies initially carry out a self assessment. Then short-listed entrants for the national awards are visited over several days by five or six trained assessors who use a process of consensus to arrive at a team score based on the weighting factors for each of the nine elements, as shown above. (In 1995 the award scheme was extended to include a category for the public and voluntary service sector - the British Quality Foundation can provide further information on the award and on self-assessment.)

The principles behind this methodology of quality assessment, disaggregating the various component factors, looking at enablers and results, assigning weights, making a judgement and producing an end score, have been applied in other measurement systems; they offer a way of assessing the impact of the various component parts of a community involvement programme on the human resource drivers of business success.

Balanced business scorecard

Another broadly-based tool to monitor business progress is the Balanced Business Scorecard. This has been adopted by several leading companies including **NatWest**, **Apple** and **Brown & Root**. Devised in 1990 by Robert Kaplan and David Norton (Kaplan and Norton, 1992 and 1993), it starts from the supposition that running a business, just like flying an aircraft, requires the pilot to monitor many aspects of the flight - fuel, airspeed, altitude, direction, destination, etc. Reliance on just one would be fatal.

So it proposes four perspectives from which to view the company and suggests that appropriate measures be adopted to monitor performance:

- **customers:** how do customers see the company - quality, delivery times, price, customer satisfaction;
- **internal:** what must the company excel at to grow and prosper - tender success rates, re-work rates, safety incidents;
- **innovation and learning:** how can the organisation continue to improve and create value - new product launches, staff attitudes, employee suggestions;
- **financial:** how does a company look to shareholders - cash flow, return on capital employed.

The Scorecard is not simply a monitoring tool, looking backwards, but a strategic forward planning instrument. By deciding what factors are important and measuring them, it focuses everyone in the organisation on meeting the overall strategic goal. Breaking down the elements of business success like this allows community affairs managers to identify how their activities can contribute along the line, and not just be a burden to the bottom line.

Bench-marking

Bench-marking is increasingly proving to be a useful tool to enable performance to be judged by making comparisons where no objective measure is available. Business Intelligence (1993) has identified the various components of comparison:

- **internal** - compare with historical data or between separate units of a company
- **competitive** - compare with competitors, trying to pick as the bench-mark those perceived to be the better performers.

Indicators chosen for comparison can be:

- **strategic**, such as productivity, innovation, growth potential
- **operating**, such as marketing costs and mix, research and development
- **micro**, such as delivery performance, claims handling.

Individual measures

Finally, companies are using a wide array of largely non-financial measures as performance indicators. The Institute of Chartered Accountants in Scotland (1993) has identified a long list of such measures as part of its research to provide a 'total picture' of performance measurement. It also recommends a framework for measurement, divided between the business planning process and business operations.

As far as indicators are concerned, the ICAS recommends concentrating only on those few which address a critical issue in meeting the strategic plan. The following list of measures relating to employees will help personnel and community affairs managers to select measures which can track the business impact of community involvement:

Recruitment:

- applications / number of vacancies
- acceptances / job offers
- recruiting cost / number of recruits
- recruiting costs / recruits retained
- number of trainees offered permanent positions / number of trainees
- external funding of education & training / number of recruits
- the above statistics for people from under-represented or disadvantaged groups.

Staff development:

- number of trainees offered permanent positions / number of trainees
- internal training expenditure per head
- trainee days per head
- applications for training positions / number of vacancies
- production per head
- value of production (£) / training spend
- management positions held by people from under represented or disadvantaged groups.

Staff satisfaction:

- employee morale index
- staff turnover
- average length of service of staff
- days lost through absenteeism / total potential working days
- days lost through strikes / total potential working days
- number of accidents per annum
- number of grievances or industrial tribunals / total staff
- take-up of recreational or social facilities
- involvement in optional schemes - improvement suggestions.

Strategic business planning and human resources

More balanced measures set strategic objectives and monitor their achievement

The approach outlined above - strategy / balanced measurement / feed-back loop - offers a strategic business planning process into which community involvement can contribute. The separate stages are:

- a statement of corporate goals;
- a strategic plan to achieve those goals;
- a sub-plan for each of the key business areas - human resources, finance, marketing, etc - setting out what must be achieved if the objectives of the overall plan are to be met;
- a balanced system of measurement to monitor whether these objectives are being met;
- a feed-back loop to review and revise.

The sub-plan relating to human resources is the relevant one for this study. Each plan will vary according to the precise business needs of the whole organisation, but in summary might typically contain:

- the needs in order to develop the existing work-force, especially career development to yield the required management succession;
- the needs in order to recruit suitably qualified new personnel, for expansion or to fill natural wastage;
- the need for operational improvements, such as lower error rates, higher productivity, few labour stoppages and a lower (than desired) staff turnover rate.

The contribution to human resource objectives - an analytical framework

Once there is a clear statement of the human resource strategy, the community involvement contribution can be identified and assessed on a matrix

Given this clear statement of the human resources needs of the organisation, community affairs, personnel and line managers are then able to consider the impact from community activities, looking at each element - volunteering, secondment, matching donations to staff fundraising, etc; the impact can be current or potential, if and when better managed. Some activities will impact several needs: as seen already, the volunteer programme can contribute, in varying degrees, to team spirit, individual morale and skills development.

Exhibit: matrix linking community activity with the strategic plan for human resources

Extracts from the human resources strategic plan: Key benefits sought				
Main needs	Development	Recruitment	Operational issues	Score
sub-needs	a competencies b c d	16-19 Grads 50+ women	Turnover Absenteeism Morale	
Community activity				
Volunteering: individuals teams				
Secondment: development assignment full-time secondments				
Education links: work experience mentoring				
Donations: matched fundraising matched volunteering in-kind resources				
Corporate reputation: internal external				
Total score				

This approach of linking community initiatives and human resource needs can be displayed diagrammatically in a matrix format (see exhibit). With community activities set out on the same piece of paper as human resource needs, all those involved can start to see if a contribution is being made - or could be, if managed better. For many companies, a simple tick or cross on the matrix will suffice to identify whether a contribution is being made. However others may wish to extend the framework with a scoring system to provide a quantitative measure of contribution.

Case study

Thresher ***The human resources strategy***

Thresher is the drinks retailing division of Whitbread. Its strategic planning process involves a ten year mission, a three to five year vision and a one to four year business plan. Within this overall framework, each function contributes its own vision. Human resources has devised its own 'people vision' which is supported by ten strategic drivers (or levers) of human resource activity. These include elements such as:

- developing a high quality employer image;
- offering excellent training and development;
- recruiting and retaining the best people;
- encouraging effective communication and consultation.

For each strategic driver, a proposition statement sets the standard to be achieved and explains why it is important. In the human resources strategic plan, a set of actions is proposed, with timescales and output measures, to address each of the business issues raised by the strategic drivers.

The company's various community initiatives, such as countering crime, working with schools and encouraging volunteering, form part of the proposed actions and their business impact is thus identified.

Measuring the impact

The matrix is used to score the impact of community involvement, so quantifying its contribution to business needs in the human resources field

Having been through this deliberative process of stating the human resource objectives and identifying the ways in which community involvement can help, the matrix can be used to record the impact, using a simple score on a scale 0 to 4. This involves making an informed judgement about the *quality* of the results achieved and their *extent*. For example, how much did a set of development assignments contribute to skills development and how many were undertaken.

Where that is hard to judge, regard should be had to the *process* and *procedure* followed; if these are systematic and business-like, it is more likely the end product will be too. Continuing the development assignment example, suppose their impact had not been evaluated; then signs of a business-like process might include business objectives being set in advance, management in a way which has previously proved effective and all of them following this approach.

In summary, scoring should be based on consideration of:

- the quality of the output or results achieved;
- the extent of the output;
- the quality of procedures adopted;
- the extent to which these procedures are applied.

An elaborate system of scoring each of these components separately could be devised, but it is unlikely that internal systems are sufficiently rigorous to sustain it. Instead regard should be had to a range of performance indicators. Examples might include:

- collating a sample of development matrices for competencies;
- tracking staff knowledge and approval of the community involvement programme from the attitudes survey;
- monitoring trends in personnel statistics like staff turnover, with the listing of available measures to chose from as set out above.

The scores can then be assigned as follows:

0 = no impact on meeting human resources needs at all:

1 = small impact, anecdotal evidence of positive results in some areas;

2 = modest impact, consistent positive trends in several areas, some soundly-based systematic approaches consistently applied;

3 = considerable impact, consistent positive trends for several years in many areas, soundly-based systematic approaches applied in most areas yielding some quantifiable data;

4 = very great impact: strongly positive trends over several years, all relevant areas addressed, procedures systematically and fully applied and yielding reliable quantifiable data.

If a target is set, perhaps from a bench-marking exercise, and then performance monitored, these indicators will provide some objective and quantifiable component on which to base a subjective judgement.

Towards meeting strategic corporate objectives

This analytical framework can be extended to prove a single indicator of the contribution from community activities; it can also be applied to other strategic corporate objectives such as reputation and marketing

So far this model has been applied simply to link community involvement with human resources. As a further refinement, the various elements of the human resources plan can be weighted according to the degree to which they contribute to meeting the overall corporate goals. This yields a total index figure for the contribution of the community affairs programme through the personnel function to meeting overall corporate goals. On its own the resulting figure has limited value, but, provided a consistent methodology is adopted, it can be used:

- to track changes over time;
- to compare contribution with other business units or operating companies in one group;
- to bench-mark with other companies.

Potentially, this analytical framework can be adapted and applied to the other elements of the strategic corporate plan, such as reputation, marketing, purchasing from suppliers, etc. Combined together these would yield a total index of the contribution of community affairs to business success. Indeed ultimately, this approach lends itself to comparing one company's community involvement programme with others, with suitable outside assessment perhaps through an annual awards scheme along the lines of the Quality Foundation model summarised above.

Indeed a group of major American companies has established the Corporate Citizen Measurement Study in part to develop five or six tested standardised measures of the impact of corporate citizenship programmes. It is expected to report its findings by early 1996.

This trend towards measurement helps to clarify objectives and set priorities, to think about the impact and the ways of maximising it; in short, it improves management decision-making. That alone contributes to business benefit, even if the precise extent cannot be fully quantified.

Conclusion

And so to return to the question posed at the start of this section:

How can involvement in the community be shown to have a discernible and positive impact on a company's long term success?

This section has attempted to answer it by asking the broader question - what really does determine bottom-line benefit? It suggests that we need to find the wider factors which determine long term business success, beyond short-term bottom line profitability, make sure community involvement is firmly integrated into the business, measure what we can and keep a beady eye on the rest.

So, yes, on the evidence to date, community affairs does have some impact on bottom line, because it has an impact on at least one of the determinant factors, human resources. Once business has gone further in identifying the total picture of what really makes for sustainable success, we can go further in demonstrating it.

In the meantime, community involvement should be managed in a business-like manner with the aim of yielding business benefits and with evaluation of such elements as are possible. If the process is sound, then the output is more likely to be that desired, even if it is not possible always to demonstrate it directly.

Action points

- companies should follow the methodology proposed to focus community involvement on human resources needs as recommended in this section and publish the findings in the form of a work-book for use by others
- companies with balanced business measuring systems already in place should adapt those to allow input from the community involvement programme, and again publish the findings
- academics and other interested bodies, such as the Tomorrow's Company Inquiry, should ensure that their measuring systems are balanced enough to cover the community involvement aspects

Appendices

- 1 Detailed evidence
- 2 Professional and technical background
- 3 References
- 4 Bibliography: further reading and other resource materials
- 5 Companies and organisations contacted

Appendix 1

Detailed evidence

1.1 Extent of employee volunteering in the UK and US

In the UK, the Office of Population Census & Surveys included questions about voluntary service in its 1992 General Household Survey, which uses a sample of 19,000 adults in 10,000 households. (HMSO, 1994b) This defined voluntary work as unpaid work (except for expenses) done through a group or on behalf of an organisation of some kind, but not for a trade union or political party. It excludes activities carried out by members of clubs and self-help groups which are not always seen as voluntary work. The time period was the previous twelve months.

Based on this definition, the main findings were:

- nearly three in ten employees volunteer;
- women volunteer more than men;
- part-time workers volunteer more than those who work full time;
- higher socio-economic groupings volunteer more than lower.

In the UK around one in three large companies have employee volunteering programmes, according to a Charities Aid Foundation study (1995). The contrast with the US is stark. The Conference Board survey (of 454 companies) showed that 91% encourage staff to become involved in community activity.

Charities Aid Foundation survey of corporately supported employee volunteering programmes

Of companies with a scheme:
 60% provide financial support
 70% offer matched fundraising
 44% give time off work
 65% grant access to equipment and facilities
 40% provide information about volunteering opportunities
 23% offer training to enable staff to take part, eg as school governors
 21% have a paid member of staff to run the employee volunteering scheme

The sample is not representative of all UK business. 650 companies with a record of contributing according to EXTEL were approached; of these 163 responded.

Source: CAF, 1995

Conference Board survey of corporate volunteer programs

Companies with a program support volunteering by:

Recognition through articles, awards, commendations etc	91%
Publicity on community volunteer opportunities	87%
Encouraging executives to serve on boards of directors	86%
Company-sponsored projects involving more than one volunteer	83%
Endorsement of volunteer programs by CEO	72%
Release time during work day	68%
Loaned personnel for specific projects	68%
Community involvement fund	63%
Survey employees about volunteer interest	60%
Policy statement about volunteer activities and personnel records	35%
Retiree volunteer program	26%
Clearing house/ skills bank	22%

n=454

Source: Conference Board, 1993

General Household Survey

Proportion of those at work who volunteer (%):

	Total	Men	Women
All at work	27	24	31
full-time	25	24	26
part-time	35	28	37

n = 10,184

Proportion of whole population who volunteer (including unemployed and economically inactive) (%):

	Total	Men	Women
Total	24	21	27
Professional	40	40	41
Employers and managers	33	31	38
Intermediate non-managers	35	32	37
Junior non-manual	26	18	27
Skilled manual	16	14	24
Semi-skilled manual and personal service	17	13	19
Unskilled manual	24	21	27

n = 18,179

Source: HMSO, 1994

1.2 Competence development from community involvement

The competency matrix devised for this study was used by a sample from the seven participating companies. The aim was both to gather evidence of competence development from community involvement and to pilot test the form itself. A total of 52 individuals made a self-assessment of the extent to which thirteen generic competencies had developed during their community activity, all but six of which took place predominantly in the individuals' own time.

Competencies relating to personal effectiveness were most developed; their average score was 3.9 on a scale 0 = not developed at all to 6 = fully developed, equivalent to 65% of total possible development; in comparison, the average for both management effectiveness and business effectiveness was 57%.

The full results are:

	score	%	rank
<i>personal effectiveness</i>			
adaptability	62	.....	5=
communication	68	.....	2=
collaboration	72	.....	1
creative thinking & innovation	58	.....	7=
influencing skills	68	.....	2=
<i>management effectiveness</i>			
decisiveness	58	.....	7=
leadership	62	.....	5=
project management skills	55	.....	9=
maximising performance	48	.....	13
<i>business effectiveness</i>			
customer focus	63	.....	4
excellence & continuous improvement	55	.....	9=
business awareness	52	.....	12
technical / professional skills	55	.....	9=

The respondents were asked whether their own performance back at work had been enhanced from the development in competencies gained during their community activity; 78% said it had. They were also asked whether the overall performance of their company or unit (in terms of meeting its business objectives) had been enhanced as a result; 56% said it had.

The sample comprised:

Managerial	39%
Clerical/administrative/support	43%
Manual	2%
Other (mainly technical/scientific)	16%

1.3 Marks & Spencer and Nationwide Building Society - development assignments

Assignees were asked three basic questions with answers on a scale 1 = not at all; 2 = to some degree; 3 = a great deal

Which of the following skills did you use during your project?

Communication with others	2.89
Managing your own time	2.86
Using independent initiative/self-motivation	2.69
Completing a project on time	2.63
Collecting and analysing information	2.62
Developing own ideas*	2.46
Flexibility in handling different situations	2.43
Writing reports	2.20
Decision-making	2.17
Exercising creativity	2.15
Motivating others**	2.14
Negotiating**	1.91
Managing conflict**	1.26
Mean score	2.34

n=84, except *=41, **=43

Which of the following skills do you feel were improved by working on the project?

Managing your own time	2.56
Developing own ideas*	2.46
Collecting and analysing information	2.40
Using independent initiative/self-motivation	2.39
Completing a project on time	2.37
Communication with others	2.37
Flexibility in handling different situations	2.26
Decision-making	2.15
Exercising creativity	2.12
Writing reports	2.08
Motivating others**	1.98
Negotiating**	1.93
Managing conflict**	1.30
Mean score	2.18

n=84, except *=41, **=43

From your secondment, how could you contribute most to your job on your return?

Understanding the community	2.55
Organising time	2.48
Working to tight deadlines	2.43
Managing people	2.24
Attention to detail	2.17
Analysing information	2.12
Mean score	2.33

n=84

Source: unpublished data from Action: Employees in the Community

1.4 National Westminster Bank volunteers

Please indicate how strongly you agree with the statement "My role as a trustee/treasurer has assisted my personal development":

Strongly agree / agree	84%
Neither agree nor disagree	11%
Disagree / strongly disagree	3%

From the following list of competences, which do you feel you have been able to develop as a result of your involvement as a trustee/treasurer? (split by reason for getting involved)

% responding	Total	Personal decision	Bank asked
Communication	88	90	82
Team skills	76	81	65
Influencing skills	68	71	63
Problem solving	52	58	44
Adaptability	51	58	41
Leadership	49	58	34
Decisiveness	48	54	41
Information gathering	45	52	35
Collaboration	45	48	39
Implementation	44	51	34

n= 722 431 291

Those who were asked to become involved because they worked for the Bank (40% of the respondents) were then questioned on their reasons for accepting:

% responding	
Opportunity to network with local community figures	55
Area of personal interest	45
Help develop profile in community	43
Assist personal development	36
Right thing to do	35
Opportunity to network with potential customers	23

All respondents were asked to what extent their involvement enabled them to meet the expectations held prior to taking up the post:

% responding	
To a large extent	69
Somewhat	25
Hardly met	1
Not at all	-
Don't know/Not answered	4

The sample was composed:

Managerial	55%
Appointed	20%
Clerical	25%

and 40% derived from London and the south east regions.

Source: previously unpublished data from NatWest

1.5 Institute of Management members as volunteers

Benefits gained from taking part in voluntary activity:

% responding	
Satisfaction of helping others	48
Satisfaction of sharing my expertise	33
Developing existing skills	32
More social contacts	30
Sense of social responsibility	27
Acquisition of new skills	27
Furthering a particular cause	26
Enhanced personal standing in community	19
More business contacts	15
Greater responsibility	10

n=414

Main benefits to the organisation of involvement in voluntary work, according to managers:

% responding	
Public relations	69
Staff development	68
Management development	48
Staff morale	33
Breaks down barriers	30
Business contacts	25

Time contributed per week to voluntary activities in hours:

% responding		
	outside working time	during working time
under 2	39	80
3 - 5	36	14
6 - 8	12	3
over 8	13	4

Characteristics of the sample: three quarters are male and 70% over 45; a third describe themselves as in senior management, while nearly 40% are at director or chief executive level; overall, a third of respondents work for organisations with fewer than 100 employees.

Source: Coe, 1994

1.6 Employee volunteering pilot schemes in South Wales, Leeds and Leicester

Employers - "employee volunteering is important to companies because ..."

(5 = strongly agree, 1 = strongly disagree)

	Wales	Leeds and Leicester
Raises company profile locally	4.7	4.0
Improves community relations	4.0	3.9
Improves company image	3.3	4.0
Increases impact of involvement	3.0	3.3
Raises employee morale	2.3	3.5
Cost effective involvement	2.3	-
Improves internal communications across departments	2.0	4.1
Provides skill development opportunities for staff	2.0	3.1
Improves internal communication up/down hierarchy	2.0	3.5
Provides a platform for networking with other companies	1.7	4.0
Helps attract and retain better employees	1.3	2.2
	n=12	n=49

Employees - "I became involved with employee volunteering because ..."

	Wales	Leeds and Leicester
Good way of helping other people	4.8	73%
Enjoyable	4.3	67%
Good way of using spare time	4.0	18%
Improve image of employers	3.8	18%
Meet other work colleagues	3.6	18%
Opportunity to learn new skills	3.4	9%
Persuaded by a work colleague	3.3	24%
Had right sort of skills	3.1	9%
Charity is of personal interest	2.8	24%
Persuaded by boss	1.6	0%

Wales: 5 strongly agree, 4 slightly agree, 3 neither agree nor disagree, 2 slightly disagree, 1 strongly disagree
Leeds & Leicester: percentage saying that was one of their reasons

Sample:

Leeds (after 18 months) 987 volunteer days of work and Leicester (after 26 months) 615 volunteer days of work - 49 volunteers and 9 companies
Cynon Valley (after 24 months) 350 volunteer days of work

1.7 Bain & Co for the 1992 Per Cent Club annual report

Business objectives from involvement programmes

% ranking first or second

'Caring' employer	67%
Invest in future work-force	34%
Develop staff	17%

n=92

Companies identifying "better than expected" results

% response

Staff objectives most important	49%
Other objectives most important	25%

n=99

Sample taken from 500 largest companies operating in UK, 50 largest financial companies and 50 large divisions or subsidiaries. Numbers responding 230.

Source: Per Cent Club, 1992

1.8 US Conference Board study - Corporate Volunteer Programs: Benefits to Business

To what extent do you agree with the statements about the benefits your company receives from employee volunteer programs?

(A = strongly agree; B = somewhat agree; C = disagree/no response)

% responding	A	B	C
<i>Indirect community benefits:</i>			
Helps to create 'healthier' communities	91	3	6
Improves company's public image	86	9	6
Enhances impact of monetary contributions	79	13	9
Working with community/government easier	42	43	15
<i>Employee benefits:</i>			
Builds team-work skills	65	28	7
Improves morale	60	31	9
Attracts better employees	54	36	11
Provides training	51	35	14
One way to keep valued employees	28	49	23
<i>Bottom-line benefits:</i>			
A way to implement corporate strategic goals	30	47	23
Seems to lead to increased productivity of employees	21	53	26
Has a positive impact on company productivity	13	50	38

n=454

Source: Conference Board, 1993

1.9 Prince of Wales Business Leaders Forum survey of business studies graduates

What are the most important factors in considering a future employer?

(ranking)

Career growth potential	1
Good corporate reputation	2
Starting salary	3
Fringe benefits	4
Record of high yield for shareholders	5
Good sports and social facilities	6

Which perceptions of a company will be most important for its corporate reputation as we approach the year 2,000?

(ranking)

Provider of quality services	1
Expanding into new markets	2
Good corporate citizen, caring about the community and the environment	3
Financially sound	4
Generous benefactor, contributing to charity	5
Good at spotting short-term opportunities for high profits	6

Around 700 individuals were questioned, average age 21, drawn 40% from Europe, 20% from USA

Source: PWBLF, 1993

Appendix 2

Professional and technical background

The purpose of the following section is to assist human resource and community involvement specialists to adapt existing methods or develop their own methods, working from first principles.

2.1 Valuing Community Involvement

The value of community involvement in terms of human resources benefits to the business is the subject of this report. However its value goes far beyond simple cost to the company; for example, the value to the community groups and the individuals they serve can only be guessed.

The aim is to arrive at a figure which fully reflects the extent of community involvement activities, based on a fair estimation of cost to the company. The fact that some estimation needs to be made should not deter, rather should encourage a systematic and rational approach.

The first task is to decide what items are to be valued and then to settle the basis for valuing them. The main categories, and the valuation methods, are:

Cash payments and donations: the full amount paid, including any element for the community group to publicise its activities;

Sponsorships: the test is the nature of the beneficiaries - sports sponsorship of a Special Olympics for disabled people would count, as would most arts sponsorship; but if part of a sponsorship is purely for commercial gain with no community benefit and can be separately identified, it should be excluded;

Full- and part-time secondments, including development assignments: gross salaries or wages plus employer's NIC plus any other employee benefit cost (eg car), calculated on a time basis;

Professional and technical advice and expertise: the direct cost, as for secondments, plus an element for overheads, therefore *not* at normal client charge-out rates;

Staff engaged full- or part-time in managing community activities, making donations, etc: their direct employment costs, time apportioned if necessary, as for secondments; the cost of publicity - usually to enhance corporate reputation - should not be included, unless it is genuinely to solicit applications from community groups;

Employee volunteering: as there is normally no direct cost to the company, this should not normally be included, but the cost of staff paid by the company (full- or part-time) to organise volunteering activities should be; if paid time off is taken for community activities and it can be readily quantified, then include it, costed as for secondment;

Gifts in-kind: the stock cost for products (*not* sales price); the cost (if new) or written down value (if second hand) for assets or equipment such as office computers; where assets are lent, count only the reduction in value during the period of loan, eg depreciation;

Use of accommodation: if for the longer term, eg office space, count the equivalent rental costs as a estimate of lost income; if short term, eg hire of a meeting room, take only direct additional costs, such as refreshments offered;

In-house facilities, eg printing: direct additional costs incurred, eg paper, ink;

Capital investment (eg loans to community projects): value the difference between commercial market interest rates and the actual rate charged; where the capital is not to be repaid, take the full amount invested.

It can be seen that, in general terms, the basis is the full direct cost incurred, rather than the actual marginal cost of each individual or activity. Where any charge is made for any of the above services, it should be deducted to arrive at a net cost figure. Alternative valuation methods, such as the real benefit to the community group or the cost if the service had been bought on the open market, are useful in assessing the effectiveness of the community affairs programme, but not for the purpose of recording the extent or volume of activity.

Having decided what to value and the basis of valuation, the next task is to collect the relevant data. This must be done in a regular, accurate, and systematic way. There are two main alternatives:

- through existing financial reporting mechanisms, eg monthly accounting packages from subsidiaries to head office, or
- a separate system via a network of community affairs contacts.

Each has pros and cons. The danger of trying to use both is that neither is relied upon. Whatever system is used - and it is a major practical problem in most companies - the key is to do it regularly, monthly or quarterly, not just annually. By the time annual statistics are needed, it is too late to iron out deficiencies in the system and memories are not long enough to reconstruct data. Only collect information that is really going to be used - otherwise word gets round that it is a useless exercise. Keep it simple.

Reference: Per Cent Club

2.2 Training cycle and evaluation

The various stages in the training 'cycle' can be defined as:

1. organisational need - from the corporate plan
2. training objectives - how to meet the organisations' needs?
3. individual training objectives - what is the performance 'gap' that can be filled by training?
4. training design - decide on formal or informal training, prepare a training specification, decide to make or buy training, chose a supplier
5. training delivery
6. training outcomes - is the training effective in meeting individual's needs?
7. organisational benefits - is the training effective in meeting organisation's needs?

There needs to be interaction - monitoring, review and revision - between stages 3 and 6 (the individual) and stages 2 and 7 (the organisation). Then, as the organisation benefits from training, the definition of organisational need will change. (Adapted from National Training Awards.)

Training academics debate the right levels at which to tackle evaluation. For example, a four level approach is widely used, based on work by Kirkpatrick (Bee, 1994):

- reaction level, which measures what participants think or feel about the training, a simple reaction to the event or activity;
- immediate level, which measures what they learned;
- intermediate, which measures the effect on job performance, how the training is applied;
- ultimate, which measures the effect on organisational performance.

Other academics add a fifth level, to look at economic effects of training - a form of cost/benefit analysis. Still others, notably the Industrial Society (1994) argue the need to start earlier, looking at the business need and converting that into a development objective. Only if the organisation has a developmental need will a training event be undertaken.

Whatever the merits of the various approaches, community affairs managers and personnel specialists will be better able to evaluate their own community involvement activities if they think through the purposes and methods of evaluation from first principles. Possible evaluation techniques at different levels have advantages and disadvantages (Bee, 1994) as follows:

Reaction level - measured normally by some form of self-completion questionnaire:

- this suffers from the limitation that what an individual thinks about the training is not always objectively so;
- it needs to be supplemented by asking others, eg line manager, and by following up later, eg did you really gain the skills you thought you had gained, did you use them and did they contribute to an improved performance?

Immediate level - measure:

- whether the individual has reached a pre-set standard or competence (ie measure at the end of training only) or
- the gain in learning (ie before and after measures).

Intermediate level - measure the effect on job performance - ie have the knowledge, skills or attitude gained been transferred back to the work-place:

- this can either assess behaviour in the work-place arising from the training or measure the results achieved;
- it can be undertaken either through self-assessment, by the line manager or by an external/independent assessor.

Ultimate level assessment - measure the effects on organisational performance:

- this is hardest because of the lack sometimes of appropriate measures and the intervention of non-training related factors, such as improvements in economic growth generally, and of the rest of the operational unit;
- the solution is to limit what is evaluated to something practical.

Cost/benefit - measures include:

- has the training been delivered at least cost to achieve the objectives? This is normally a question of comparing the costs of various alternatives.
- Do the benefits outweigh the costs? This can be straightforward when training can be shown to produce a quantifiable benefits, such as an increase in sales or a reduction in labour costs, eg lower absenteeism or staff turnover. Provided that future year benefits, suitably discounted, resulting directly from the training can be estimated, this allows the initial cost to be compared to total benefit.
- An alternative and in some ways simpler approach is to measure value added, based on salary costs at various levels of competence. But this requires a measure of competence before and after.

2.3 Theories of motivation

Maslow developed a theory about the hierarchy of needs: physiological, safety and security, affiliation or acceptance, esteem and self-actualisation. Humans are driven by unsatisfied needs, so when lower needs are satisfied, higher needs become more important.

Herzberg formulated a two factor theory: maintenance factors like salary, working conditions, and job security, which have power only to cause dissatisfaction; and motivating factors, such as achievement, recognition, responsibility and growth, which have the power to create satisfaction.

Argyris argued that most people are motivated to act with responsibility and be self-reliant and independent, but too often at work immature behaviour is required. Managers will motivate people when they aim at the full personal development of the individual.

McGregor developed a Theory X and Theory Y classification of expectations about the way people behave. Theory X people are fundamentally lazy and indifferent to the needs of the organisation, so require incentives and external discipline. Theory Y people are self-motivated, care about the organisation, value praise and work best when given responsibility.

McClelland looked at the way people think in various cultures and sections of society and grouped the responses into three categories representing an identifiable human motive or need: need for affiliation, for power and for achievement.

Vroom devised a theory based on expectancy, later adapted by **Porter** and **Lawler**, among others, which is based around individual motivation and says that individuals look for both extrinsic rewards, such as pay, bonuses, time off, and intrinsic rewards from carrying out the job itself, such as satisfaction in a task well done.

2.4 Conducting surveys

Formal staff surveys were described in the main section as the backbone of systematic attempts to measure employee satisfaction. The principal method of data collection is self-completion questionnaires. These are low cost, quick, place least demand on those completing them and can be easily analysed if designed properly. But if there is not a 100% response, questions about the reliability of data arise. They are also limited in length and cannot probe for more complex responses. So sometimes this method is supplemented by:

- interviews: either face-to-face one-to-one, telephone one-to-one or group; these are more costly, take longer, require skilled interviewers and can be difficult to analyse;
- observation, directly, on a sample basis or through simulations: these tend to be costly and are time-consuming; observation itself may affect results;
- desk or secondary research, using data collected for other purposes.

Because of these difficulties, specialists are often engaged, skilled in correct sampling techniques and unambiguous wording of questions. However anyone commissioning a survey must be clear what a survey is trying to achieve and, critically, whether information gathered will be acted upon and how. That determined, the scope of the survey can be limited as appropriate.

Before proceeding, those commissioning a survey must ask themselves:

- does it measure what we want it to and are aiming to find out? This is known as internal validity.
- can the findings be applied beyond group involved in the study ie sampling? This is known as external validity.
- can the results be repeated or just a one-off? This is known as reliability.

Case Studies

American Express

AmEx includes statements about social responsibility in its regular UK staff survey; it tests the level of agreement with questions such as: (percentage responses)

The company is living up to its social responsibilities

	1991	1993	change
favourable.....	52.....	55.....	+3

The company considers the impact on the community of its actions

	1992	1993	change
favourable.....	27.....	30.....	+3
unfavourable.....	18.....	18.....	-

The company encourages good citizenship

	1992	1993	change
favourable... ..	42.....	35.....	-8
unfavourable.....	18.....	15.....	-3

The company contributes to overall welfare of the community

	1992	1993	change
favourable.....	56.....	48.....	-8
unfavourable.....	10.....	13.....	+3

Royal Mail

Royal Mail, a very people intensive business, conducts a survey every six months, each one covering half the non-managerial work-force and all the managers. Initially this included a question about whether Royal Mail's Community Action programme (a commitment to support employees' own activities in the community) has supported respondents in their voluntary/community work and/or encouraged them to get more involved:

(percentage response)

	1993		Spring 1994	
	yes	no	yes	no
Managers.....	26.....	63.....	38.....	47.....
Non-managers.....	14.....	47.....	17.....	35.....

The question has now been reformulated to ask more directly whether they agree or disagree with the statement "I believe that Royal Mail supports employees in their community activities":

(percentage response)

	Autumn 1994		
	agree	disagree	don't know
Managers.....	74.....	16.....	10.....
Non-managers..	53.....	28.....	18.....

NatWest Group

The retail sector of NatWest Group regularly tracks employee perceptions and understanding of community issues. These include questions about:

- awareness of the community programme - up from 35% in 1993 to 48% in 1994;

- support for the concept of staff involvement and of differing options within that, such as fund raising (72% assent) and school governors (90% assent);
- agreement/disagreement with the statement "a programme of community-related projects will not help NatWest in achieving its business aims" (88% disagreement);
- whether working on a community initiative helps personal development (93%) and is good for their careers (60%).

British Airways

British Airways has a comprehensive employee survey. The 1993 survey questioned nearly 23,000 people on 17 topics. This includes favourable/unfavourable responses to the statement: *BA is performing well in meeting its corporate goals of being a good neighbour, concerned for the community and the environment.* In 1993, this received a 45% favourable response, up 8 points on 1991. British Airways also asks respondents whether they would participate in its 'Good Neighbour' goal during and/or outside work.

Example questions

IBM UK

In 1991, as part of a world-wide study, IBM surveyed the attitudes of the general public, opinion leaders and employees at two sites in the UK. Questions covered:

- general views on corporate social responsibility;
- the performance of various companies;
- knowledge of IBM's programme and its effectiveness;
- employee involvement and attitudes to corporate support for personal activity.

A detailed comparison between target audiences and locations allowed IBM to pin-point areas of under-performance. Among the detailed questions were:

How would you rate the performance of IBM on:

- *being a good employer*
- *being honest and reasonable*
- *supporting higher education*
- *protecting the environment*
- *giving to local and national charities*
- *helping the disabled*
- *encouraging employees to be involved in community activities*
- *contributing to environmental improvement programmes*
- *supporting primary and secondary education*

How important is it that large companies take responsibility and provide assistance in keeping their employers informed about what community support or assistance is available from IBM?

And how would you rate IBM on this?

Whitbread

Whitbread has conducted three surveys over the last few years. The first, in March 1992, questioned some 2,000 managers about a range of issues including environment and community. Questions included:

- *are you aware of the 'Whitbread in the Community' programme?*
- *which of the following community activities did you know Whitbread was involved in? (eight options)? And which of them do you think it is important for Whitbread to be involved in?*

References

- if the company were to give help to members of staff in organising community activities, how interested would you be in actively working in the community?
- how much do you agree or disagree (that) the company should spend more time and effort supporting local community activities?

The second, in April 1992, was of 144 senior managers. Questions included:

- to what extent does Whitbread get a business advantage from its £2m spend on the community and employee time)?
- do you think the company should spend more money in this way, about the same or less?
- should spend on the community get a great deal/fair amount of business advantage?
- do you think the company should encourage Whitbread staff employees to spend more time working with the community, about the same, or less?

The third, in January/February 1989, was a comprehensive survey of some 17,000 staff. This posed questions about:

- awareness of the programme as a whole
- knowledge of specific community activities
- extent of agreement that "it is good that Whitbread devotes resources to the community programme"

Additional model questions:

Has the company encouraged you personally to get involved in your local community? YES / NO

Are you personally involved in any of the company's community involvement activities? YES / NO

Would you be prepared to get more involved by (list of relevant options)?

In addition to helping meet social needs, community involvement can also help individual members of staff and also the company. In your opinion, does the company's policy of community involvement help to (a good deal, to some extent, a little, hardly at all)

- improve its reputation among customers
- improve standing in the local community
- improve the company as a place for staff to work
- for individual members of staff to develop new skills
- offer a chance to widen career opportunities
- achieve in a general sense the company's business aims

Part of the company's mission is (insert relevant words - eg "to play a constructive role in the communities in which our facilities are established"). Do you think the company is achieving this? (a good deal, to some extent, a little, hardly at all)

Do you think the company takes its responsibilities to the community more seriously than most other leading companies, less so or about the same?

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Appendix 5

Companies and organisations contacted

Abbey National
Action: Employees in the Community
AddVenture Network, Inc.
Allied Dunbar
American Express
Andersen Consulting
Ashridge Management Research Group
Audit Commission
Bain & Co
Bank of England
Barclays Bank
BAT Industries
Body Shop
Boots
BP
British Airways
British Gas
British Quality Foundation
British Railways Board
Bruce Naughton Wade
BT
Business in the Community
Business in the Community Wales
Cable & Wireless
Centre for Corporate Community Relations at Boston College
Centre for Education and Industry, University of Warwick
Civil Service College, Sunningdale
Comeback
Community Development Foundation
Community Service Volunteers
Conference Board
Corporate Citizenship Measurement Project
Courage
Cranfield University / British Quality Foundation -
education and training special interest group
Department of Employment
Department of Environment Area Regeneration Unit
Digital
East Midlands Electricity
Esso
Evaluation Society
Glaxo Wellcome
Grand Metropolitan
Greenly's
Grubb Institute
Guinness
Halifax Building Society
Healthy Companies
HSBC Holdings
IBM UK
ICI
IMI
Institute for Employment Research, University of Warwick
Institute of Management Information Centre
Institute of Manpower Studies
Institute of Personnel Development
Investors in People
Kelloggs
Kingfisher
Levi Strauss Europe
Littlewoods
Lloyds Bank
London Enterprise Agency

London School of Economics - Centre for Voluntary
Organisation
Management Charter Initiative
Marks & Spencer
McKinsey & Co
Midland Bank
MORI
National Audit Office
National Council for Vocational Qualifications
National Grid Co
National Westminster Bank
Nationwide
News International
NFC
Northern Foods
Open University - Voluntary Sector Research
Pearson
Policy Studies Institute
Port of London Authority
Portsmouth Business School
Procter & Gamble
Prudential
Reed Elsevier
Royal Bank of Scotland
Royal Mail
RSA Inquiry
RTZ
Sainsbury's
Scottish & Newcastle
Seagram Distillers
Sedgwick
Shell UK
SmithKline Beecham
Standard Life
Tate & Lyle
Tesco
THORN EMI
Tioxide
Unilever
United Biscuits
Volunteer Centre UK
WH Smith
Whitbread