Purpose: On Parallel Tracks

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Executive Summary

In both virtual and physical boardrooms up and down the country, business leaders are discussing how to generate not just profit but purpose. The forces driving firms towards greater purpose are powerful: customers, investors, shareholders and employees are all demanding it – and the evidence is mounting that it makes sound business sense. Time and again, purpose has been linked to greater business success.

Leadership on this issue is coming right from the top of the private sector, with a recent survey by the Institute of Directors reporting that 62% of its members now believe that businesses should not exist solely to make money and generate shareholder profits, and that almost half feel that companies should have a stated social purpose to help solve problems in society. Many companies have made great strides in the right direction, most notably on becoming more sustainable. But there is still a long way to go before these efforts convince across the board: when asked in a study by the Centre for Policy Studies what words or phrases they thought of first when thinking about British companies, "profit over people" was voters' leading response.

Purpose is what civil society does best. From the 19million-strong volunteer workforce to the 470,000 social enterprises which have eschewed conventional corporate structures to plug their profits straight back into impact, purpose is the primary watchword for the vast bulk of civil society.

There are numerous examples of fruitful partnerships between business and civil society organisations, from non-profits like Blueprint for Better Business which exists to help businesses become more purposeful, to organisations like Cancer Research UK whose commercial partnerships have created 43 start-ups leveraging more than £1.5billion in inward investment. Yet new research for the Law Family Commission on Civil Society suggests these partnerships are not operating at scale, as comprehensively or as effectively as they could – particularly with small social sector organisations.

Across the range of different ways in which businesses might contribute to the micro and small social sector organisations which make up the vast majority of the sector – through financial, pro bono and in kind donations as well as through employee volunteering schemes – this new research shows that businesses donated services and funds worth £2.4billion in 2019. That is a significant sum but in the context of the private sector's turnover of £3,953billion, it pales substantially – at just 0.06% of the total. It means the average business is contributing around £450 a year to small social sector organisations.

This overall figure of private sector contribution to small social sector organisations also disguises an uneven distribution of these kinds of cross-sector relationships. Based on a long-term survey of 4,000 small social sector organisations, the new research reveals that smaller organisations serving people in rural areas, older people and ethnic minority communities appear to be much less likely to be the recipients of private sector interest than organisations which serve people with learning disabilities, carers and the LGBT community. The same is true for organisations which focus on improving health and wellbeing, reducing social isolation or enhancing the cultural and artistic life of a community, while those which focus on increasing employability, tackling poverty and helping people access basic services are higher up businesses' lists.

This suggests that, despite having increasingly concurrent objectives about building a better world, businesses and civil society appear to be striving for purpose in relative isolation from each other. They are running on parallel tracks, but the junctions at which they intersect are few and far between.

Such a situation makes poor business sense for both sides: civil society is not harnessing the vast potential for impact the private sector can have, and businesses are missing opportunities to tap into civil society's expertise and its deep roots with communities. When businesses and civil society do work together, the benefits can be manifold, with evidence that encouraging employees to volunteer, for example, can result in reductions in absenteeism, increases in productivity at work, lower staff turnover and improved employee wellbeing.

Harnessing this potential, seizing those opportunities and manifesting these benefits will require boosting the scale of engagement between business and civil society, tackling the gaps and improving its effectiveness. To break down these barriers, three questions will need to be answered.

There is a willingness from civil society to work more closely with business, with 35% of charities telling Pro Bono Economics that collaborating more with businesses is one of the post-pandemic changes they want to make in 2021. There is also a strong reason for business to work with civil society, to grasp the benefits a greater focus on purpose can bring – increasing growth, reducing costs, increasing external awareness and employee motivation and, ultimately, balance sheets.

Bringing these two sectors, currently running on parallel tracks, together onto a single journey towards purpose in a meaningful way promises to generate gains not just for organisations in both sectors, but for society as a whole.

Box 1. Bringing business and civil society onto the same track

1. How can a closer relationship between business and civil society be incentivised?

A range of different incentives might be considered to encourage a closer relationship between business and civil society. Competitive instincts might have a role to play, with suggestions made to this Commission including a ranking of the top employers who are working most closely with civil society to achieve their goals. Accounting practices, transparency reporting and investment houses are all powerful levers with the potential to change business behaviours which the Commission will also consider.

2. How can the interfaces between business and civil society be increased?

With three quarters of small social sector organisations reporting that the lack of opportunities to meet businesses is a major barrier to more engagement, collaboration between the infrastructure bodies in the private sector and civil society could unlock significant opportunities for both sectors.

3. How can awareness of best practice be spread?

The Commission has undertaken detailed research and a number of focus groups on the relationship into business and civil society from the perspective of civil society organisations, but has heard less from the private sector. Its next step on this workstream will be to conduct similar research into the perspective of business, to understand the barriers companies face when engaging with civil society. This will have a specific focus on social enterprises, given their unique perspective.

Businesses are striving to have greater social purpose

"...A healthy business, successful over the long term, can only exist if it takes its responsibility to provide good work, an inclusive workplace and a sustainable environment seriously. In fact, a business that will thrive in the future needs to make its responsibility to society and its ability to deliver social aims intrinsic to the way it operates." Amanda Mackenzie, CEO Business in the Community

The concept of purpose in business has been present for centuries. From the creation of employee welfare schemes in the 1800s, to the corporate philanthropy that dominated corporate social responsibility (CSR) through to the 1940s, the private sector has long been concerned about its social impact[1]. Over the last few years, however, the momentum behind purpose in business appears to have reached unprecedented heights.

There is no part of the ecosystem in which business exists that is not increasingly demanding greater purpose. The public are demanding it, with 88% now of the belief that business should play more of a role in issues relating to social responsibility, such as paying their fair share of tax, reaching net zero carbon emissions, and tackling social issues such as homelessness and crime. Consumers are demanding it, with research by Zeno showing that consumers who believe a brand has a strong purpose are four times more likely to purchase from, champion and trust the company in question[2]. Employees are demanding it, with 72% of workers believing purpose should hold more weight than profit[3], and with evidence that a company's purpose is increasingly important to potential recruits in a competitive labour market – about two thirds of millennials take a company's social and environmental commitments into account when deciding where to work[4]. And it's being demanded by shareholders and financiers, with ESG funds forecast to outnumber conventional funds by 2025[5].

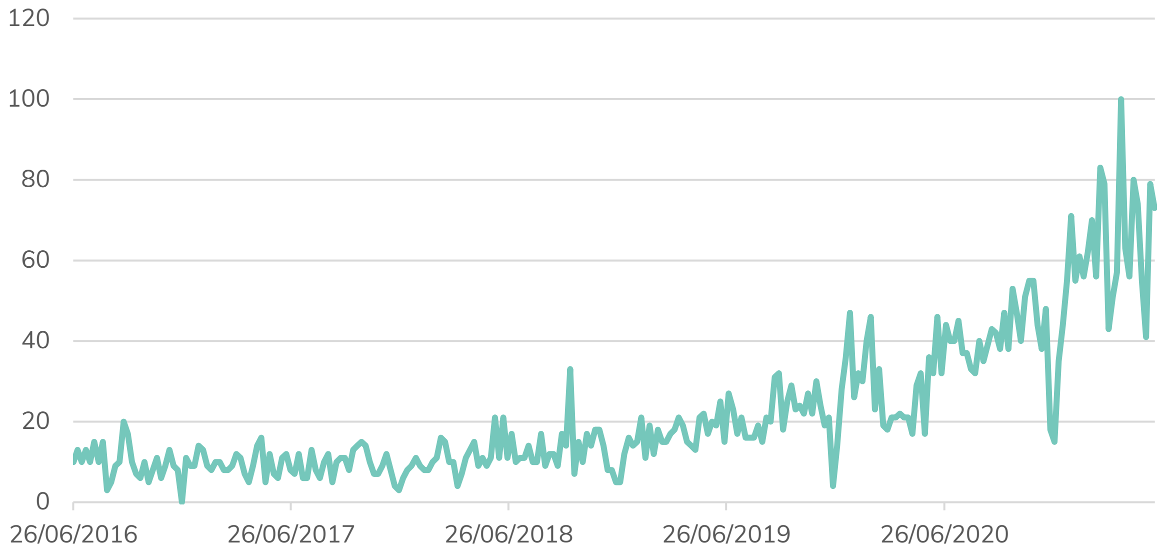
It is also becoming increasingly clear that purpose-driven businesses have superior performance. Research by the Harvard Business Review and EY suggests that businesses which prioritise purpose have an edge on revenue generation over their less-socially responsible competitors. They are also more likely to have expanded geographically or launched new products[6], and organisations with a clear purpose deliver greater stock performance up to 7.6% over those that do not[7]. The financial gains corporate purpose can generate stem from a range of sources, from cost savings due to greater environmental stewardship to greater awareness of shifting external expectations, policy directions and industry standards – which can help businesses better identify risks.

Business leaders' response to this stakeholder demand and financial imperative for greater purpose has manifested in real action across the business community. Three in five business leaders surveyed by The British Academy last year stated that their

[1] Agudelo, Johannsdottir & Davidsdottir, A literature review of the history and evolution of corporate social responsibility
[2] Zeno Group, Unveiling The 2020 Zeno Strength of Purpose Study
[3] McKinsey, Purpose: shifting from why to how
[4] McKinsey, Purpose: shifting from why to how
[5] Financial Times, ESG funds forecast to outnumber conventional funds by 2025
[6] Harvard Business Review and EY, The Business Case for Purpose
[7] Gartenberg, Prat and Serafeim, Corporate Purpose and Financial Performance

company had taken, or were considering, taking steps to become more purposeful. Many of these actions take place under the umbrella of Environmental, Social and Governance (ESG) goals.

Figure 1. Interest in the 'environmental, social and corporate governance' topic as measured by Google Trends (June 2016 to June 2021)



Notes: Numbers represent search interest relative to the highest point on the chart for the given region and time. A value of 100 is the peak popularity for the topic. A value of 50 means that the topic is half as popular.

Progress is being made at different rates against the 'E', 'S' and 'G' in ESG

There have been extraordinary efforts undertaken by the private sector to become more environmentally sustainable, with 96% of the world's largest 250 companies now reporting on their sustainability[8]. The rise of green finance in particular has no end in sight, with a third of global assets under management now subscribed to the net zero pledge. Major financial institutions such as Schroders, Fidelity International, AXA Investment Managers, Blackrock, Invesco, UBS Asset Management and LGIM are committed to cut emissions by 2050[9].

Businesses' environmental drive is not limited to their finances. Action is being undertaken at scale to reduce emissions firm by firm, with focus not only on direct emissions such as fuel for company vehicles and pollution produced by manufacturing processes, but on emissions produced upstream in companies' supply chains and those downstream produced by the consumption of items, such as packaging or electricity usage. High profile commitments have been made across industries. Lego, for example, has promised to invest $150million over 15 years to transform its business so that it uses sustainable materials, meets its energy through 100% renewable sources and reduces its packaging. Similarly, the manufacturer Bosch has committed €50million to support universities and research programmes focused on the environment, energy and mobility,

[8] KMPG, Survey of Sustainability report 2020
[9] Professional Advisor, Fund managers representing $23trn in assets join net zero initiative, Professional Advisor

while Deloitte has pledged to achieve net-zero by 2030, working with its clients and suppliers to commit to using 100% renewable power, make electric transport the new normal and improve energy productivity through its buildings.

The governance strand of ESG has also received considerable thought in the past few years. Leadership from government has been significant here, with better corporate governance in the private sector a key objective of the May government. This has produced greater disclosure of CEO pay ratios and corporate gender pay gaps, as well as a major debate about the role of employees on boards and stronger voting powers for shareholders on executive renumeration packages. Changes to the UK Corporate Governance code in 2018 also now charge boards with establishing their company's purpose, values and strategy – meaning that action on this issue requires organisational leadership.

Somewhat in contrast, the social element of ESG often exists in the shadow of the 'E' in ESG and is less well defined than the 'G'. Incorporating organisational policies on human rights, diversity and inclusion, workplace health and safety, data protection, product quality, community and industrial relations, the 'S' pillar of ESG is broad. What a business does or says on social impact varies dramatically depending on the context: a retail business importing clothing from abroad might focus heavily on the working conditions in its supply chain, while a construction firm might have a greater focus on increasing the pipeline of women in its workforce, for example. Large businesses might concentrate on centralised programmes and initiatives, with dedicated CSR teams, while leaders of small businesses might prioritise personal action within communities, such as a the 80% of members of the Federation of Small Businesses which volunteered or contributed to a community project or cause over the 3-years to 2019[10].

This variety makes progress on social impact challenging to measure and advance as a result. A 2019 survey by BNP Paribas revealed that 46% of investors find the 'S' in ESG to be the most difficult to analyse and embed in investment strategies[11]. Yet undertaking progress on creating social value is clearly essential to purposeful businesses.

Box 2. Case Study: Huddersfield Live

Two Huddersfield businesses, recruitment agency Stafflex Ltd and local pub The Star Inn founded Huddersfield Live as a not-for-profit events company to develop and support public events in the town for the benefit of the community.

These events involve truly cross-sectoral partnerships. In June 2021, for example, the not-for-profit organised a marquee in the town centre hosted local musicians and authors for entertainment, a workshop run by a local craft company to encourage knitting and interesting in the area's craft heritage, as well as providing space for people to volunteer with charity "Give…a few Words" to spread cheer to care home residents and other individuals experiencing loneliness.

[10] Federation of Small Businesses, Small Business, Big Heart: Bringing communities together
[11] BNP Paribas, Securities Services ESG Global Survey 2019

The existing business and civil society relationship

"Too often, the discussion around businesses' relationship with civil society suggests it is a one-way street. But in reality, the relationships goes two ways. From accessing local insight to exchanging expertise, civil society plays a critical role in the success of our business. In our case it means we have engaged employees, well delivered investment schemes, expert services, and well developed and effectively implemented strategies"
– Heidi Mottram, CEO Northumbrian Water Group

Civil society has enormous potential to be able to support the business community in its ongoing journey to have more social purpose – across all strands of the ESG agenda.

Large parts of civil society have been demonstrating leadership on the climate crisis for decades longer than the business community, for example. Through – in part – the work of civil society's consistent awareness raising, investors have begun to move away from inherently risky firms that are not operating environmentally friendly business models. Aviva Investors, for example, cites the work of the Zoological Society of London as a source of vital intelligence that over half of tropical timber and pulp companies do not commit to protecting diversity[12] – guiding the asset manager away from these unsustainable firms[13]. Civil society is also working with 230 local authorities to progress local climate emergency action plans, creating real action towards decarbonisation across towns and boroughs. From protecting biodiversity through to reducing plastic waste, significant expertise on achieving one of business' key aims lies within civil society.

Box 3. Case Study: WWF Climate Savers programme

The World Wide Fund for Nature's Climate Business Network supports businesses from around the world in aligning themselves with the effort to limit global warming to 1.5°C and achieving net-zero carbon emissions by 2050. This might mean cutting emissions in their operations and supply chains, or using their voices to drive climate policy. By leveraging their expertise in climate and other environmental issues, WWF provide business partners with access to resources and networks to help them become recognised as sector leaders in climate action.

Companies taking the most ambitious action on climate change gain the honour of being named WWF Climate Savers – a development of the long-standing WWF Climate Savers programme. To receive this status, members of the network must have demonstrated leadership in acting on and disclosing climate targets, and they benefit from being entitled to use the Climate Savers logo. Existing Climate Savers include companies such as HP, Sony and The Coca-Cola Company.

Working with civil society on shared environmental ambitions makes good business sense as, despite the major efforts the private sector has undertaken in this space recently, there is still a healthy dose of scepticism among the public about these

[12] Zoological Society of London, Companies failing to protect millions of hectares of tropical forests
[13] Law Family Commission on Civil Society, The 'dugnad' spirit: valuing the invaluable

endeavours. Only a fifth of consumers trust brands' sustainability claims[14]. In contrast, charity chief executives are a third more likely to be trusted to tell the truth than business leaders[15].

But it is perhaps on progressing the 'S' in ESG where civil society holds the greatest potential to support businesses towards having greater purpose. The creation of social value is at the core of what civil society does: through its volunteering efforts, its benefits to the economy and to the country's fiscal situation as well as direct employment, charitable activity is estimated to generate between £180-200billion in GVA, worth roughly 10% of GDP[16]. Whether companies are looking to improve the sustainability and ethical make up of their supply chains or to boost employee wellbeing, to upskill the next generation of workers or ensure their worksites have the support of the community, to improve the diversity of their boards or to improve the perception of their brands, there are social sector organisations which are experts in doing so.

Both businesses and civil society organisations frequently report that working in close partnerships on areas of mutual interest has significant benefits for both sides. The partnership between a leading autism charity and a global law firm, for example, allowed the law firm to learn about autism in detail and to develop a service specialising in providing legal advice to and representation for people with autism and their carers. In turn, the charity received advocacy for its beneficiaries on a pro bono basis – a collaboration worth millions of pounds to both sides over its 20 year existence. Similarly, the relationship between small youth empowerment organisation 2020 Change and its corporate partners has benefits for brands which can access focus groups with young people from the black community to gather their thoughts on products and marketing materials. Meanwhile, 2020 Change's beneficiaries benefit by gaining placements and employment within these firms. When the relationship is operating at its best, it's clear that social value can be generated in spades.

Box 4. Case Study: Mental Health & Money Advice Partnership

"Financial and mental wellbeing go hand in hand," says Lloyds Bank in introducing its partnership with Mental Health UK, a group of four mental health charities from around the country. Together, the two groups have launched a range of support programmes and online tools for people experiencing mental health issues – centred on the symbiotic relationship between personal and economic well-being.

Since the partnership's founding in 2017, more than 1 million people accessed information through its dedicated Mental Health & Money Advice website; 69,000 people have found support through Bloom, a UK wide programme focusing on young people's mental health resilience; and 1,900 Lloyd's colleagues have trained as Mental Health Advocates, raising awareness, challenging stigma in the workplace, and driving change at a grassroots level.

[14] Compare Ethics, Knowledge is Power
[15] Ipsos MORI, Veracity Index 2020
[16] Law Family Commission on Civil Society, Civil Action

Civil society and businesses interact with each other in a variety of ways

The relationship between civil society and businesses can manifest in as many ways as there are organisations – but there are three main methods for links to be formed. Civil society can be an enabler and a service provider for businesses. Businesses, in turn, can be an enabler and a service provider for civil society. Both sectors benefit from such transactional relationships, sometimes through financial means – directly or indirectly – and sometimes through the greater progression of their purpose. In addition, and even more crucially, businesses and civil society can work in true partnership with each other in collaborative ways.

Figure 2. Ways in which business and civil society interact

Civil society support for business

- **Direct provision of services,** such as consulting on improving workforce diversity or providing debt advice to customers in crisis
- **Direct provision of insight**, such as on the needs of local communities and customers and views of employees
- **Indirect provision of services and insight,** such as the publication of freely available research and tools for use within businesses
- **Strengthening the social fabric business relies upon,** such as enhancing the skills of the local labour market

Collaboration

- **Action in shared forums**, such as within neighbourhood forums, schools or on policy dialogues on issues of shared interest
- **Formal partnerships** on projects of joint interest

Business support for civil society

- **Financial** donations and grants
- **In-kind support**, such as donations of stock, free access to space such as event venus, or to facilities such as equipment or vehicles
- **Pro bono support**, including practical work or advice by people with specific skills such as solicitors, accountants or electricians
- **Employer supported volunteering,** either through formal schemes or the provision of volunteering days

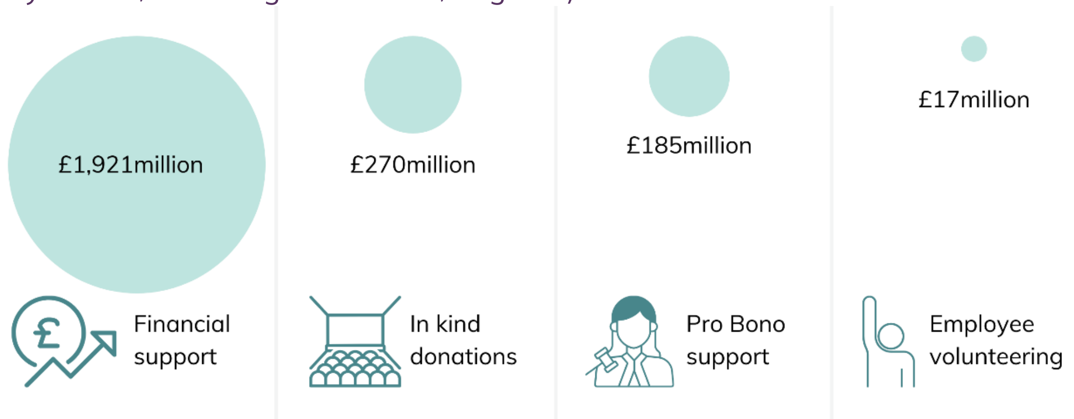
However, taking a closer look at just one strand of these interactions, new evidence produced for the Law Family Commission on Civil Society suggests that the relationship between the two sectors is, in reality, quite thin. In ‘Going the Extra Mile: How businesses work with the local social sector’, Professor Tony Chapman of Durham University takes an in depth dive into the relationship between businesses and local social organisations, as reported by 4,000 leaders of social sector organisations.

The value of direct business support to local social sector organisations

Direct business support to small social sector organisations is operating on a very small scale

Studying the range of support kinds provided by businesses to the local social sector – charities, community groups and social enterprises with an annual income of under £25million – shows that businesses in England contribute around £2.4billion worth of support each year to these kinds of organisations. £1.9billion of that support is financial support in the form of grants and donations, while firms also provide £270million-worth of in-kind support, £185million-worth of pro bono support and £17million-worth of support through employee volunteering[17].

Figure 3. The value of direct business support to small social sector organisations (proxy values, mid-range estimates, England)



This is just a fraction of what businesses have the potential to provide, equalling just 0.061% of private sector turnover in England. To put that in context, the average pro rata contribution per business across the nation is just £456 each. That is a negligible sum to many businesses: the average small business misplaces about £355 on average from its petty cash each year[18].

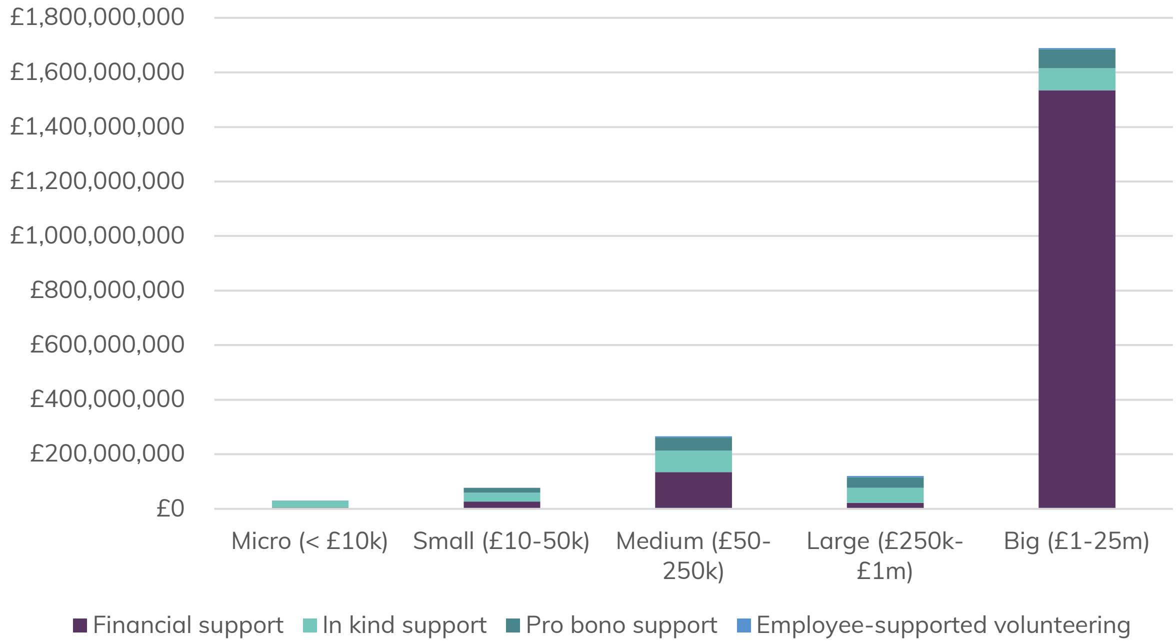
The contribution businesses make to local social sector organisations is spread unevenly

Initiating and maintaining relationships between business and social sector organisations requires investment to be made by both sides, which can create challenges. This is likely to be one of the key reasons that larger social sector organisations are more likely to have a direct relationship with businesses in one of these forms – supported also by evidence from NCVO that direct financial contributions from the private sector to charities number around £2.7billion, with a bias towards very large charities[19]. As small sector organisations increase in size, their support from businesses is also more likely to take financial form, as organisations bringing functions like HR in

[17] This is based on social sector organisations' reporting of employer volunteer support days and may therefore underestimate the true value of paid volunteering leave
[18] Argos Retail Group, 2015
[19] NCVO, Civil Society Almanac

house can have less need for this service on a pro bono basis, and those able to invest in their own facilities can have reduced need for event space or meeting rooms.

Figure 4. Value of business support by social sector organisation size (£m)

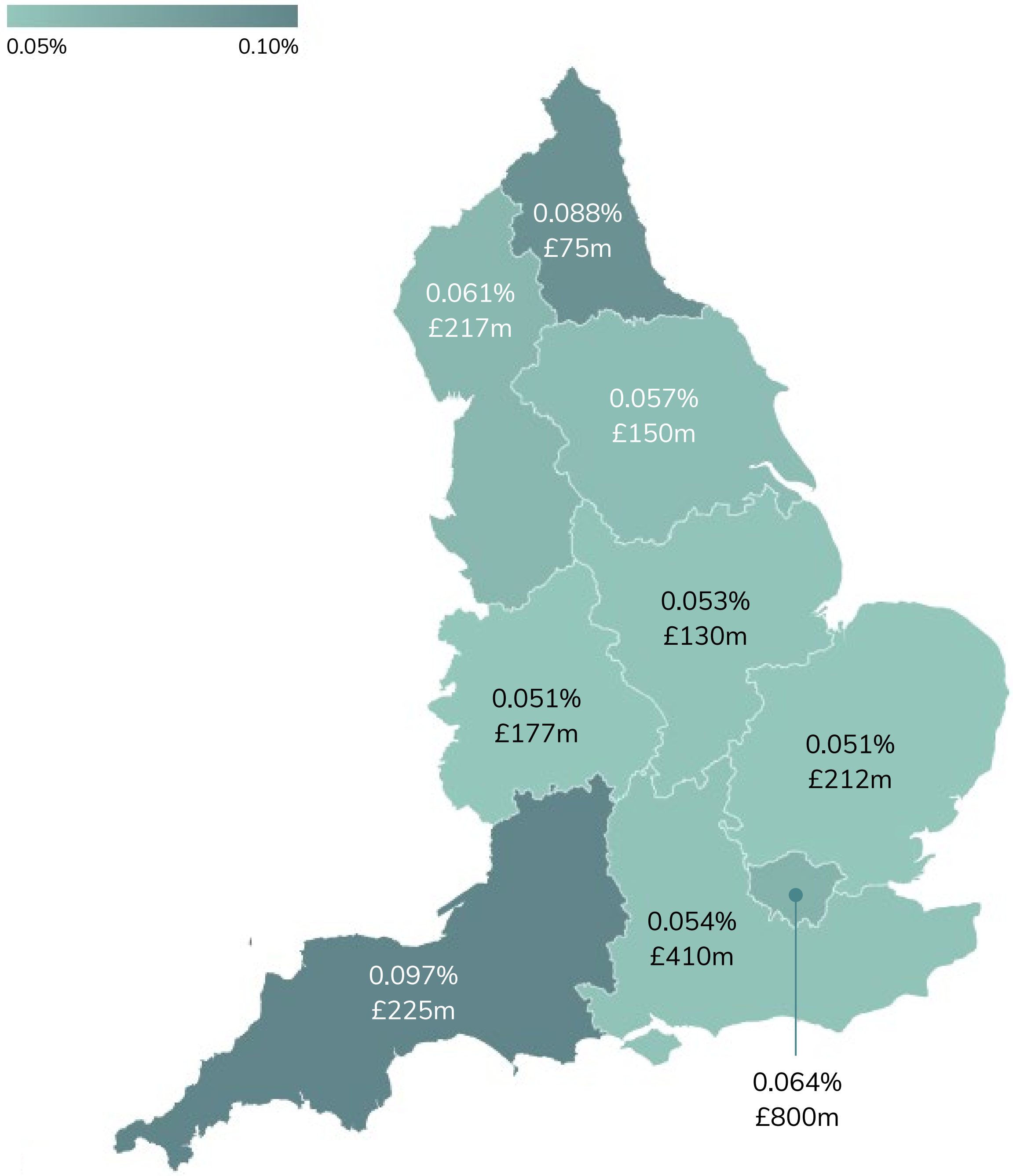


There are other differences in the supply of support from businesses to social sector organisations that might be of greater concern. Personal preference often drives the choice of causes businesses support, while alignment with corporate objectives is another. This leads to some gaps: social sector organisations are less likely to receive support from business if they work with people of a particular ethnic or racial origin, older people or people in rural areas. They are also less likely to receive support if they focus on issues perceived as 'softer' or more social such as health and wellbeing, social isolation, or the cultural life of a community. Social sector organisations which are more likely to receive support from businesses include those working with narrower beneficiary groups – including people with disabilities, carers and people with concerns about gender or sexuality – and those focusing on more 'concrete' economic issues such as employability, poverty and deprivation.

Businesses in different regions also appear to demonstrate somewhat variable levels of generosity towards small charities, community groups and social enterprises. In absolute terms, London and the South East provide a greater value of support to local social sector organisations, with businesses in London providing £800million of support and those in the South East providing £410million of support. However, in proportional terms, businesses in the North East and the South West are significantly more generous in terms of their time, their resources and their finances.

Importantly, it does seem as if – across all regions – businesses are most likely to support local social sector organisations in the most deprived areas within each region. But they are more likely to provide financial and non-financial help to organisations in urban areas than those operating in rural ones.

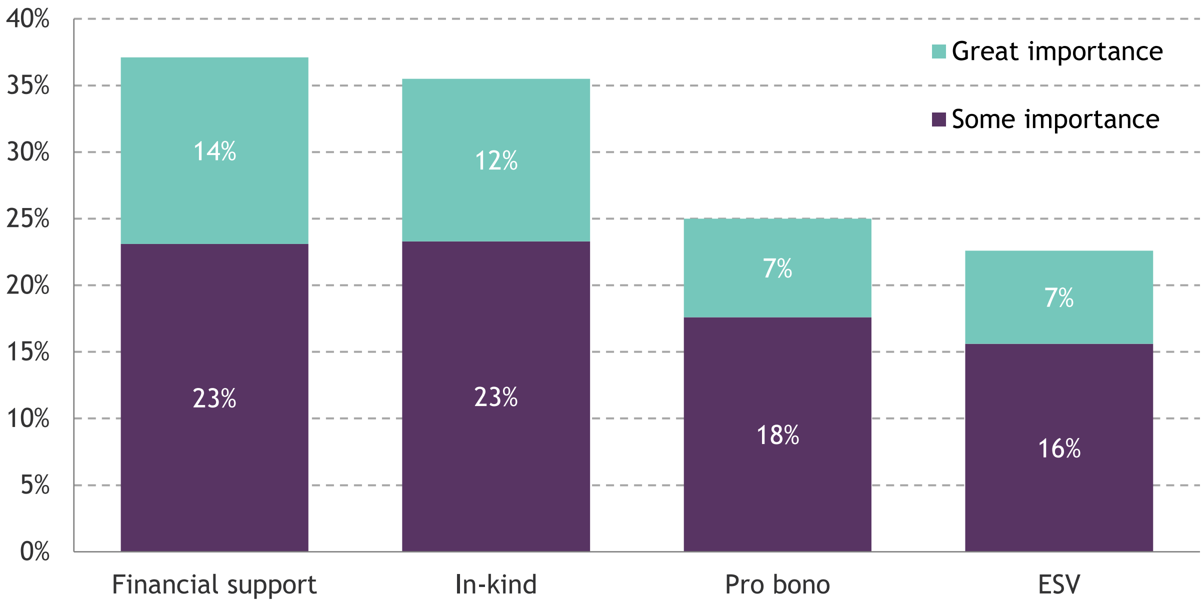
Figure 5. Value of business support by region, by percentage of private sector turnover allocated to the local social sector



The support that business provides to local social sector organisations is highly valued but doesn't operate as effectively as it could

Despite the relatively slim and occasionally patchy offering of direct support from business to local social sector organisations, the support that is provided is highly valued. And there is evidence that appreciation of the variety of support businesses offer is also on the rise: since 2014, the proportion of social sector organisations stating that in-kind support is important to them has doubled.

Figure 6. How important is support from private sector businesses?

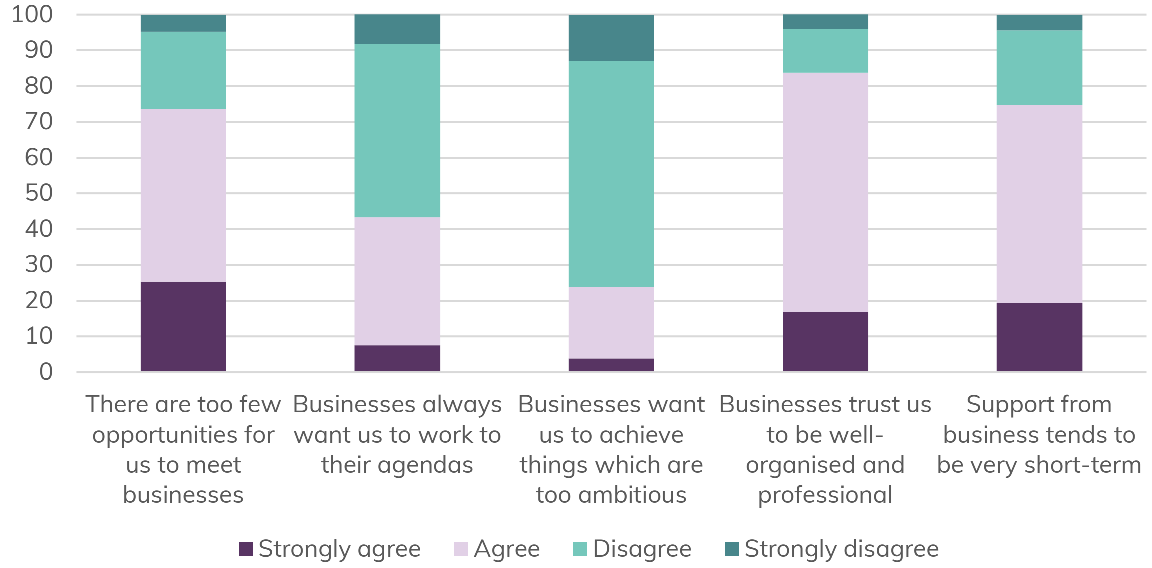


Of those social sector organisations that felt they had sufficiently close existing relationships with business to make comment, 84% said that businesses trusted them to be well organised and professional, and 52% said that businesses helped them to raise their profile. Only 24% said that businesses wanted them to achieve things that were too ambitious, potentially indicating a fair amount of alignment and understanding between the two sectors.

Once again, size and geography of the organisations involved played a role in the likelihood of them feeling positive about the interactions that they have. Social sector organisations are more likely to have positive relationships with businesses if they are larger or working across the country, rather than at the level of just one local authority. A number of factors are at play here, including the relative scale of resource required to facilitate reporting and managing relationships, the greater likelihood of donations being financial and – theoretically – simpler, the balance of negotiating power, and a greater ability to engage in real partnership working. But overall, the sentiment is positive.

But there are also challenges, no matter the resources of the organisations involved. At a practical level, 43% of local social sector organisations already working closely with the private sector report that businesses always want them to work to their agenda, while only a third reported that the businesses they collaborate with make a big effort to understand what they do. A large proportion of local social sector organisations were also concerned at the short-term nature of the support they receive from business, indicating that it is not reaching the level of long-term partnership which is likely to be most beneficial for both parties.

Figure 7. Perceptions of the quality of relationships with business (England and Wales)



Notes: Percentages refer to social sector organisations which are in a position to comment, TSTS 2019

And the issue of trust is a significant one for both sides: civil society organisations, for example, are often concerned that some businesses which approach them are doing so as part of a PR strategy rather than a genuine commitment to purpose, or that helping businesses which have not to date demonstrated much commitment to purpose exposes them to reputational risk. This can lead to missed opportunities.

Box 5. Case Study: Community Campus 87

Community Campus 87 is a third sector organisation which provides affordable housing, emotional and practical support as well as training opportunities to 200 people that are homeless or at risk of homelessness in Tees Valley each week. They buy up dilapidated housing and do it up to provide housing for homeless young people, training the young people involved to do up the housing in order to provide them with routes to employment and stability, as well as a home at the same time.

A range of local businesses contribute to the programme – donating a little to achieve a lot. The organisation receives tools donated by B&Q, food from local supermarkets and sometimes surplus from the local KFC. They also receive donations of computer equipment from businesses, tablets, PCs, laptops and phones – and pro bono help from professional organisations too. During the pandemic, pro bono professional support has been a real boost for them – from companies such as Grainger PLC in Newcastle which helped them fix issues with their wifi in their stock of houses, as well as providing design work.

Bringing business and civil society onto the same track

"Firms still want to collaborate with civil society, but on their own terms. In doing so, many businesses have replaced trust in civil society organisations' expertise, and knowledge of where they can have the most impact, with outcomes that best support the company and its brand." – Marte Borhaug, Global Head of Sustainable Outcomes, Aviva Investors

This new study looks at just one of the three types of interaction between business and civil society set out in figure 2, and work with civil society is just one piece of the private sector's efforts to act on purpose. But it is clearly an area with a lot of opportunity to do more, with the potential to improve both the sustainability of civil society organisations and convincingly boost businesses' social impact.

One of the challenges facing businesses is that the public is not persuaded of the private sector's commitment to purpose. Younger generations are particularly doubtful that companies' efforts are sincere: fewer than half of Gen Zs and millennials perceive business as a force for good in society, while 70% of the group believe that businesses focus solely on their own agendas rather than considering wider society[20].

Wider trends in trust in business reinforce this: the UK public's trust in the private sector has hardly improved since the financial crisis in 2008. The most recent Edelman Trust Barometer put trust in businesses in January 2020 at 47%[21]; in 2009 it was at 45%[22]. Business' response to the pandemic has bumped that trust up to 51% as of February 2021, but there is doubt about how permanent that boost is and it already shows evidence of a decline – having already reduced since the crisis' peak.

There is a strong argument to be made that, working in partnership with civil society, businesses can both create more social impact than operating in isolation, make a more convincing case to the public that their efforts are genuine, and better garner the benefits of being a purposeful business. Trust in charities is, after all, higher than in public companies[23] and the perception of charities as a force for good is overwhelmingly positive, with over 8 in 10 adults thinking that charities and community groups play an important role in society[24]. This is higher still for younger age groups.

[20] Deloitte, The Deloitte Global 2021 Millennial and Gen Z Survey
[21] Edelman, Trust Barometer 2021
[22] Edelman, Trust Barometer 2009
[23] Charity Commission, Regulating in the public interest – the relationship between Charity, charities and the general public
[24] Law Family Commission on Civil Society, In the Public Eye – Snapshot of public attitudes towards civil society

Box 6. Case Study: Mars Wrigley UK

Through Mars in the UK, the company has a number of partnerships with charities, including:

- **Maltesers and maternal mental health:** In partnership with Comic Relief, Maltesers has been working to increase the awareness on and normalising of conversations about maternal mental health. They donated £225,000 to Comic Relief for work on the topic, and helped launch a hub on the issue on Comic Relief's website
- **Skittles Pride:** Each year, Skittles drops the rainbow from its packaging for Pride and donates the profits to LGBTQ+ charity Switchboard. It also puts significant resource from its marketing and media team into the awareness raising campaign for the charity, which Switchboard describes as "invaluable". In 2021, the financial support and media awareness donated was worth £2million
- **Covid response:** Mars Wrigley UK donated £4million worth of financial and in kind support, including £500,000 directly to the National Emergencies Trust, food for 10,000 cats and dogs in animal shelters, and 3million meals through production donations and financial contributions to the Trussell Trust

But its partnership working with civil society doesn't stop in the UK. Internationally, it works with civil society organisations with a particular focus on ensuring its supply chain is ethical.

- **Women's empowerment in Cocoa-growing communities:** Mars and CARE have a long-term partnership, working in West African cocoa-growing communities to strengthen women's social and economic empowerment. This was recently expanded to feature a $10million investment over the next five years to empower 60,000 people in cocoa-growing communities. With an emphasis on Village Savings and Loans Associations – community-based savings groups – Mars and CARE have reached 24,112 members (75% women). With 850 groups formed across 88 communities, farming households have saved $2.9million to date.
- **Farmers' incomes:** Together with partners including Oxfam, Mars founded the Farmer Income Lab,, a collaborative "think-do tank" to find and fund what works in increasing farmer incomes.
- **Sustainable agriculture:** Together with Danone and others, Mars co-founded the Livelihoods Fund for Family Farming in 2015, which has begun investing over €120million to develop sustainable agriculture on more than 200,000 farms around the world. The goal of the fund is to improve incomes for smallholder farmers, as well as tackle food security and restore ecosystems. This has recently been expanded to include a new carbon fund
- **Sustainable fishing:** Mars has established a Sustainable Fish Sourcing Goal, which they are achieving as part of a long-term partnership on with WWF on fish sustainability. This has recently been renewed to 2025
- **Marketing**: Through partnering with UNWomen's Unstereotype Alliance, Mars has worked to remove gender bias and negative stereotypes in its advertising

Harnessing the potential that businesses and civil society have together, seizing the opportunities and manifesting benefits for both sectors and society as a whole will require tackling the three barriers identified by this latest research.

- The scale of engagement between business and civil society will need to be increased
- The gaps where this is lower interaction in certain regions and sectors will need to be diminished
- The effectiveness of the partnership will need to be enhanced.

To break down these barriers, three questions will need to be answered.

1. How can a closer relationship between business and civil society be incentivised?

A range of different incentives might be considered to encourage a closer relationship between business and civil society. Lessons may particularly be learned from other campaigns which have made significant progress in changing business behaviour.

The campaign for closing the gender paygap within businesses, for example, demonstrates well the importance of transparency, accounting and reporting as a method of driving business behaviour. The campaign for women on boards and the acceleration of the environmental agenda also evidence the vital role that investors and accounting can play as levers for change.

Suggestions have also been made to the Commission about how inter-business competition might be harnessed to create positive reasons for closer relationships between business and civil society. Rankings of the top employers demonstrating engagement with civil society could help create a ‘race to the top’, for example.

2. How can the interfaces between business and civil society be increased?

With three quarters of small social sector organisations reporting that the lack of opportunities to meet businesses is a major barrier to more engagement, collaboration between the infrastructure bodies in the private sector and civil society could unlock significant opportunities for both sectors.

The private sector has particularly strong organising infrastructure which could play a role in facilitating this. The CBI alone has 150 Trade Associations in its membership, and their sector-focus may help to match businesses and civil society organisations with similar interests. Many business organisations also have strong geographic networks, with the British Chambers of Commerce numbering 53 local forums for example – a network which might help facilitate collaboration within specific communities.

The Commission will explore the potential for forums to bring business and civil society together, with ideas submitted to date ranging from “speed dating” or “showcase”-style sessions, to partnership campaigns focused on a specific cause, rallying – for example – businesses interested in education together with civil society organisations that have particular expertise in it.

3. How can awareness of best practice be spread?

The Commission has undertaken detailed research and a number of focus groups on the relationship into business and civil society from the perspective of civil society organisations, but has heard less from the private sector. Its next step on this workstream will be to conduct similar research into the perspective of business, to understand the barriers companies face when engaging with civil society. This will have a specific focus on social enterprises, given their unique perspective.

Conclusion

From pub landlords running social enterprises to boost community events and neighbourliness in their town centres, to multi-national businesses donating tens of millions of pounds in financial and in kind support to international civil society organisations and large national charities – there are a multitude of examples of businesses and civil society working in partnership.

When business and civil society work together well, everyone wins. Business can benefit reputationally by working with trusted organisations, can access communities and stakeholders it wouldn't otherwise, and can make significant strides in advancing it purpose agenda – with all the rewards that brings to workforces and balance sheets alike. Civil society can benefit from the transfer of resources – whether financial or otherwise – and from advancing its purpose agenda too, often on a much greater scale that it could reach alone. And, of course, society benefits in turn.

With all these shared benefits on offer, it is remarkable that this latest evidence suggests the relationship between business and small social sector organisations which make up so much of civil society is operating at a much smaller scale, less comprehensively and less effectively than it could.

To better harness the potential of this partnership, to seize the opportunities on offer and manifest these benefits, the scale of engagement between business and civil society needs to be boosted. The gaps in the relationship must be tackled, and the engagement itself should be improved.

The Commission will now turn to answering the big questions about these barriers: how to incentivise a closer relationship between business and civil society, how the interface between business and civil society can be increased, and how awareness of best practice can be spread.

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