

Local authorities: see the possibilities of private organizational involvement

Paper presented at 7th International Research Conference of the European Research Network On Philanthropy (ERNOP): Interdisciplinary Research on Philanthropy: Connecting the Dots

9-10 July 2015

ESSEC Business School, Cergy Campus, Paris, France.

Lucas Meijs, Rotterdam School of Management / ECSP, Erasmus University Rotterdam

Lotte van Vliet, independent researcher, former advisor Dutch Council for Societal Development

Lonneke Roza, Rotterdam School of Management / ECSP, Erasmus University Rotterdam

Contact lmeys@rsm.nl

Introduction

In many western countries the relations between government, businesses, civil society organizations, and (endowed) foundations are changing. New cross-sector partnerships are formed with all kind of goals. Although in many cases partnerships between governments and private actors such as businesses are aimed at economical goals, these business actors can also play an important role in achieving social goals. Within cross-sector partnerships between government and businesses, this is mainly implemented through Corporate Social Responsibility (CSR). CSR is a broad concept that encompasses shared value oriented actions (Carroll, 1991), corporate philanthropy (Carroll, 1991), corporate citizenship (Zadek, Hojensgard and Raynard, 2001) or Corporate Community Involvement (Van der Voort, Glac and Meijs, 2009). In any case, businesses undertake these actions discretionary; in some cases they set up their own foundation aimed to strengthen social good (also known as corporate foundations; see Schnurbein et al., 2014). Within cross-sector partnerships between government and endowed foundations this is mainly implemented through mutual coordination, although the kind of coordination can differ (see Roza et al, 2014). Understanding that both community involvement by businesses and many (small) endowed foundations have a local focus, one typical area where cross-sector partnerships would be beneficial is the social and welfare policy area of municipalities. In this paper, we explore the role of business - and particular CSR – and the role of (endowed) foundations as described in the welfare policies development of local authorities.

Local Dutch social policy is based upon the Social Support Act 2015 (WMO, 2015). These policies, will devote a good deal of attention to the shift towards a ‘participatory society’: a society in which people rely upon each other through their own associations and who as much as possible look after their social needs and environment themselves or together with their social network, civil society organizations and provide the help and support they need (cf. MvT Wmo 2015). This is presented as opposite to the current situation in which people seem to expect everything from government. As a consequence a shift is taking place away from indirect solidarity organised by the government towards forms of direct solidarity through private civil society and for-profit organisations (cf. RMO 2013a). This requires that local authorities be better equipped to encourage and channel local civic engagement through private philanthropy both in money as in time, with a specific focus on especially volunteering as welfare and care are time consuming activities.

Traditional vehicles for this local philanthropy are welfare organisations, social initiatives, sports and other associations and individual volunteering. Accordingly, a great deal has been, and is still being, written and spoken about these traditional aspects. But there is more direct solidarity and philanthropic energy that can be tapped in the private arena. One example is corporate social responsibility (CSR) and corporate community involvement (CCI), whereby businesses undertake (philanthropic) activities and invest in the (local) community to help specific groups or to further social aims. CSR is about cooperation between businesses and civil society organisations through the deployment of business resources such as knowledge and skills, manpower and funds. In other words, it is about businesses doing something voluntarily to contribute to the (local) community (Hess, et al., 2002; Seitanidi & Ryan, 2007). This can take different forms, such as employee volunteering (manpower), opening up networks (mass) or communication channels (media), physical

donations (means) or sponsoring (money) community events (see Meijs and Van der Voort, 2004). The other example in this article is the (financial) support that can be provided by endowed foundations, especially community foundations. While private foundations (including corporate, family and national foundations) constitute the largest segment of US philanthropy, it are the community foundations that have undergone the most substantial growth since the mid 1980s in the United States (Low, 2004). Community foundations can be distinguished from private foundations based on three characteristics (Carman, 2001; Graddy & Morgan, 2006). First of all community foundations are funded by multiple sources, such as individuals, corporations, other foundations and government agencies, whereas private foundations are created from the wealth of a single donor. Secondly, community foundations are grant-making public charities. Thirdly, community foundations can be defined by their focus on serving specific geographic communities, localities or areas. Furthermore, it is stated that community foundations serve charitable donors, nonprofit organizations, and the community at large (Bartenstein, 1988), as a means of tackling the challenges at a local level (Lowe, 2004). Also in the Netherlands there is a growing movement for creating community foundations leading to about 50 (starting) community foundations in 2015 (based upon the www.lokalefondsen.nl).

In this article we explore opportunities of local authorities to develop policies that incorporate collaboration with (endowed or community) foundations and companies and their CSR/CCI policies to achieve the Social Support Act objectives of local authorities. How aware are local authorities of the (potential) contribution that (endowed or community) foundations and business can make and of business's efforts in relation to CSR? This perspective has received too little attention in the thinking about the participatory, inclusive society, a development that is apparent in many western welfare countries. In this paper we aim to describe the stance of local authorities in relation to private actors in their Social Support policy, and what options are open to local authorities for tapping into their potential in the years ahead. We start with contextualizing CSR in relation to (local) governments, followed by a short description of the potential added value of (endowed or community) foundations. Afterwards, we shortly explain our methodology, whereafter we present our results. We finalize the paper with a discussion of the implications.

The potential of corporate social responsibility

The potential of CSR is apparent for business as they benefit in terms of HRM, Marketing and even the bottom line (for a review see Aguinis & Glavas, 2012). Michael Porter and Mark Kramer (2006), argue that businesses need to look at the social issues which impede or promote their shared 'competitive context' as part of the regional 'competitive advantage'. In practical terms, according to the authors this means that if companies have a need for technically trained staff, their contribution to the local social context may be different from when they are looking for health care workers. Or, even more practically, if shopkeepers are experiencing nuisance from gangs of youngsters hanging around, contributing to a youth centre is not just a good thing to do as a form of CSR, but is also a genuine investment with a return both now (the nuisance reduces which means their potential sales increase) and in the future (those young people will hopefully become good customers in the future). Looking at the interdependence between business and social issues in the community, therefore, can ultimately deliver mutual benefits.

As (local) governments and civil society organisations increasingly see the potential of the contributions of companies in the civil society sphere, they promote CSR in several ways, for example by encouraging corporate volunteering. Corporate volunteering is the most implemented CSR practice in Western Europe and North America (Pajo and Lee, 2011). For example, ABN AMRO Bank (financial services) has set up the ABN AMRO Foundation and encourages its employees to volunteer for people in disadvantaged situations. Other examples of companies with well-developed corporate volunteering policies are Nuon, ING, IBM, Rabobank, Nationale Nederlanden, Alliander, Ricoh, KPMG and Vebego. But it is not only large, international or multinational corporations which engage in CSR: smaller, locally operating organisations (SME's) also donate time, money, resources or media attention to good causes. Examples are donations to local sports clubs, fundraising events or simply allowing employees to leave early from work to volunteer at local organisations. Promoting these relationships between (local) business, local volunteer organizations and municipalities was one of the central planks of the four-year volunteering and volunteering-policy promotion project)¹ and the Dutch committee on volunteering policy. At local level, this policy often translates into the creation of 'community brokers', 'community exchanges / markets' (a concept developed in collaboration of a former corporate foundation), and subsidising specific mediators or brokers. Many of these ideas are based upon the local British 'Business in the community' approach (www.bitc.org.uk). /

The example of facilitating CSR illustrates the great potential of developing the inclusive or participatory society. It is a way of enabling businesses to have a social impact, that also has added value in relation to the Social Support Act. Moreover, it holds the potential to strengthen the capacity of civil society organisations, particular in the current policy trends of decreasing government funding. For example, clients of care organisations potentially will experience a better service if employee volunteers are able to give them extra attention, engage in enjoyable activities or help them feel less lonely (Samuel et al., under review). Or disadvantaged young people can be put in touch with a company through a CSR initiative and may find that there is an opening for an internship or work experience place. The (additional) ideas and private energy that companies can deliver through CSR can thus contribute to public social objectives which can be in line with what local authorities wish to realise in the context of the Social Support Act 2015.

The potential of endowed and community foundations

In addition to the potential added value of businesses and in particular CSR initiatives in relation to the Social Support Act, (endowed) foundations can also be identified as a valuable actor in cross-sector partnerships with local authorities. Of course, foundations are institutionally separate from government and are structurally separate from public agencies (Anheier, 2001, p.3). However, this does not mean they cannot cooperate with each other. On the contrary, cooperation between endowed foundations, community foundations and the government can offer fertile opportunities. This cooperation can be seen in line with coproduction of municipal services (Brudney & England, 1983), an emerging concept in the 1980s - in response to the decreased fiscal capability of the government and increase in service needs - which envisioned direct citizen involvement in the design and the delivery of city services with professional service agents. Coproduction can take three broad forms:

¹ In force between 2002 – 2005

individual, group and collective. Cooperation between endowed foundation, community foundations and the government would fall within collective coproduction, which can be defined as the coproductive activities that result in collective goods whose benefits may be enjoyed by the entire community (Brudney & England, 1983). Programs that emanate from collective coproduction may be based on donations to the treasury of the municipality.

Methodology

In this research, we take a qualitative research approach, in which we draw upon content analysis of publicly available policy reports. The question is how far Dutch local authorities take these potential private actors into account when formulating their Social Support Act policy. To gain an insight into this, we drew a sample from the available Social Support Act policy plans of 35 Dutch municipalities (See VNG, 2014). The municipalities concerned are Alkmaar; Almelo; Almere; Amersfoort; Amsterdam; Apeldoorn; Arnhem; Breda; Delft; Den Haag; Deventer; Dordrecht; Ede; Eindhoven; Emmen; Enschede; Gouda; Groningen; Haarlemmermeer; Heerlen; Helmond; Hengelo; Leeuwarden; Leiden; Lelystad; Maastricht; Nijmegen; Peel en Maas; Sittard-Geleen; Schiedam; Rotterdam; Utrecht; Zaanstad; Zoetermeer; Zwolle. In the period from July to mid-August 2014, the local authority websites were searched for the most recent Social Support Act policy plans, Wmo memorandum or social memorandum. To explore the role of CSR (business) and endowed / community foundations in the policy of local authorities, we began by scanning the policy plans for business-related terms such as businesses, business community (involvement), entrepreneurs, corporate (social) responsibility. The documents were scanned for the occurrence of items such as *busines** and *entrepren**. Next, a search has been carried out to explore the role of (endowed) foundations in the policy of local authorities, by scanning the 35 policy plans for related terms such as endowed foundations, foundations and fundraising. The documents were scanned for occurrence of items such as *endow**, *foundation** and *fund**. For both searches, the passages in which the search terms were found were subsequently widely viewed within its particular context.

In the following section we present our findings, illustrated by direct exemplary quotes from the Dutch Social Support Act policy plans. All quotes are taken from the Dutch document and translated by an official interpreter and checked by the authors. First we present the findings directed towards the role of business and CSR, followed by the findings concerning the role of (endowed) foundations within the policy of local authorities.

Results

Strikingly, in some of the Dutch Social Policy Act policy plans we examined, the business-related terms do not occur at all (six local authorities, 17% of the total). Some or all of the business-related terms do occur in the majority of plans (29 local authorities, 83% of total), however, often almost exclusively (in the case of business community/entrepreneurs) in the form of inclusion in a simple summary of social actors who carry or take responsibility for social cohesion or a liveable city.

Our aim is to ensure that our city has a solid basis, including the social provisions or safety net of the Wmo, without which the higher levels cannot

function properly. That is a shared responsibility of citizens, businesses, civil-society organisations and public authorities. – Municipality of Dordrecht

A number of municipalities go a step further and use more active formulations to talk about their role vis-à-vis the business community, for example in terms of cooperation and promoting, facilitating or encouraging corporate social responsibility.

Commitment from communities and entrepreneurs demands commitment from our organisation. Entrepreneurs want to see attention for the creation of a sustainable relationship, both operationally and in terms of policy, and are already seeing that the available capacity is under pressure, particularly in relation to the tasks we face together. We therefore facilitate a process that makes these movements possible by setting aside sufficient resources for this. – Municipality of Peel en Maas

Precisely how a more active attitude to the business community should be given form in practice, however, is left rather vague in many of the plans. Local authorities seem to be aware of the possibilities that business can offer in progressing towards a ‘participation society’, but have not yet given this tangible form, or at least not (yet) in the documents concerned specifically with Social Support Act policy.

At the same time we are looking for opportunities to mobilise business to become more active in the community and to invest in services, projects and neighbourhood activities. This will also enable welfare work to focus more on the groups in the city with the greatest need. [...] The local authority has in place several programmes to encourage civil-society organisations and the business community to support and facilitate civil society. – Municipality of Enschede

The city also believes this programme offers an opportunity for businesses in the city which are keen to shoulder their social responsibility. They could for example make an active contribution to the development of vulnerable neighbourhoods or enter into partnerships with resident initiatives, voluntary organisations and sports clubs. The city wishes to actively invite and facilitate this participation, based on the principle that it not only delivers something for the business itself, but also for others and for the city. – City of Amsterdam

Several of the documents we viewed in our study contain more references to the role that business can play in the further development of an active and committed local community, or else put forward specific proposals.

We are developing projects for businesses and organisations aimed at interesting their older employees in voluntary work. – Municipality of Amersfoort

Businesses are becoming ever more involved in their local community, and showing an interest in corporate social responsibility and sustainability. We are already seeing good examples of this, such as the development of neighbourhood meeting places, the offering of paid workplaces to people with disabilities and the development of an HR policy that accommodates informal care. Over the coming policy planning period, we are looking to involve the business community in an even more targeted way in our Wmo policy. – Municipality of Groningen

Within a few years businesses, voluntary organisations and other local welfare and other institutions have become united in a network. That network is driven by true 'networkers' who have access to both the non-profit and profit sectors. They are professionals. Among other things this has created a virtual meeting place, where supply and demand for voluntary work can be brought together. But it will also be a place where the various organisations are able to project their own profiles. – Municipality of Zoetermeer

Extreme strikingly, even compared to the business-related findings, are the findings of the search terms related to the role of (endowed) foundations in the Social Support Act policy plans. The search term *endow** does not occur in any of the 35 policy plans, indicating that local authorities do not yet identify endowed foundations as partners in the further development of a participatory society, and as a source of help and support in the local community. Given the two other search terms (i.e., *foundation** and *fund**), findings are not more auspicious. The other search terms (*foundation** and *fund**) do occur in 20 local authorities (57% of the total), however in 19 policy plans in which these terms are found the terms occur in a different context not related to the kind of foundations this research is about. Solely in **one** policy plan (3% of the total), the local authority identifies foundations as potential partners. Within this single policy plan the local authority identifies foundations as potential co-funders.

Businesses and social funds are also part of civil society. They share in the responsibility for society. Businesses can use their knowledge and experience in expressing their social responsibility. For example, an accountancy firm or bank could provide (voluntary) administrative support. Tasks could also be outsourced to partners who can perform them better and more cheaply. Working with new partners also means we will be exploring the third flow of funds. The city will be more of a co-funder in that scenario. In the memorandum on the 'Hague Participation Society' ('Haagse Participatiemaatschappij') we have therefore taken the initiative to create a Wmo Investment Company (Investeringsmaatschappij Wmo), a partnership which aims to pool and reinforce the strengths of businesses, funds and the municipality. – City of The Hague

Based on the Social Support Act documents of the 35 Dutch municipalities, the impression is that local authorities see businesses as partners for civil-society organisations in the further development of a participation society, and as a source of help and support in the local community. To a much lesser extent, businesses are also seen as direct partners for the local authority in identifying and achieving these social goals. In many cases, local authorities do not state (specifically) how they wish to define their stance towards (socially responsible) businesses, and even less how they wish to shape their relationship with businesses or which aspects of corporate social responsibility they would like to exploit in their Social Support Act policy. They appear to see businesses primarily as a source of extra support for civil-society organisations, perhaps hoping that this will indirectly strengthen municipal policy. Businesses are only brought into the municipality policy cycle implicitly or at the end of the process. In contrast, the potential of (endowed) foundations as partners in policy development is even further underestimated by municipalities, as the impression is that the vast majority of local authorities do not identify (endowed) foundations as potential partners in the further development of a participatory society at all. Even when foundations are identified as partners, the impression is that municipalities only see these actors as a source of funding only, and thereby underestimate the added value of the part foundations can play in setting policies together or identifying and achieving social goals.

Discussion & conclusion

The Dutch Social Support Act 2015 offers local authorities an opportunity to focus more consciously on the social engagement of businesses and other private actors, such as (endowed) foundations) in relation to the participatory society. This does require a different stance by local authorities on the relationships between public authorities, market and civil society in the division of responsibilities for social issues. This more active involvement potentially will also change the way in which businesses divide up their 'surpluses' between taxation, profits and philanthropy.

First, shared solving of public problems, co-production (Brudney and Zarcone, 2014) and collaboration (Huxham, 1996) in the Dutch social domain will in the future increasingly be shaped within municipalities and through local authorities. One driver for businesses is their need to become part of those municipalities and communities. Moreover, these businesses, including the new social entrepreneurs, have the capacity to produce solutions via the market. But they can also make available (additional) resources through corporate community involvement in order to help resolve social issues. Similar arguments can be made for collaboration between local authorities and endowed or community foundations. Especially the latter have as their reason for existence to support social developments in their community or municipality. Where possible, therefore, it is in the interests of local authorities to facilitate new combinations for solving social problems. This requires that local authorities see businesses and foundations as part of the solution to social problems. This at least starts with recognizing these organizations in the policy documents of the local government.

Furthermore, if businesses and (endowed) foundations are willing to be part of the solution to social problems, it is only logical that they might be given greater ownership and a greater say in meeting those challenges in the plans of the municipality. This can lead to joint plans in a certain area but of course also to an agreement to not cooperate in certain areas. It is

often more interesting for endowed and community foundations but also businesses to associate themselves for many years with a specific social issue than to align with a particular civil-society organisation. The Vebego Foundation, for example, works with people in disadvantaged situations in several different contexts. This makes it even more relevant to build good networks around specific social themes (e.g. Support Support Act tasks). Ownership goes hand in hand with giving voice and influence. When designing new policy plans, therefore, space also needs to be created for private co-funders and co-implementers (endowed or community foundations and the business community) to shape the content. This assumes a relationship of equality between all parties that contribute to solving social problems. That increases the chance that businesses and (endowed) foundations will commit to the public issues that local authorities want to address rather than to other public issues. It could mean that the link between those issues and the 'competitive context' becomes more explicit and therefore more strategic, both for the private actors as for the local authorities. At the same time, local authorities have to realise that this can also mean that private actors come up with different solutions from those which the local authority had in mind.

local authorities face the challenge to take into account corporate social responsibility and the independent position of endowed and community foundations to allow it to play a full part in solving social problems. This requires – in the third-place – an attitude by local authorities in which facilitating plays a central role (RMO 2013b; RMO 2013c). While it is true that local authorities are responsible for the implementation of the Social Support Act, this does not mean that they have to take sole responsibility for developing and implementing all the help and support. On the contrary – if the ambition is genuinely to allow socially responsible businesses to act as partners in the Social Support Act policy, it is as well to realise that they are not a policy instrument, but fellow players in the game. They can contribute in several ways, such as through donations of money and time (philanthropy), but also by developing a 'Wmo-proof' HRM policy within their organisation, which can and must make it possible for employees to provide informal care, for example. Although it goes well beyond the powers of the local authority to play an active part in the decision-making on such matters, a good conversation with the business community on issues such as these is of course always possible. In addition, local authorities could be more creative in their thinking about corporate social responsibility in their tender procedures. The most obvious example is the recruiting of staff by businesses from the local authority, but other options are also possible, such as attention for employee volunteering, contributing to a social issue or lending professional support to a civil-society organisation.

In a nutshell, the key is that local authorities, civil-society organisations, businesses and (endowed or community) foundations address social issues from the basis of a shared responsibility, each with both their own and shared roles and responsibilities. This cannot be achieved without a shared analysis, ownership and voice. Here, by developing policies, local authorities would do well to allow a place in the decision-making process for the available private energy and idea present in the business community, civil-society organisations and endowed or community foundations. That will increase the chance that issues in the Support Act domain are addressed by all sections of the community, by all available sources and that there is a shared sense of direction.

References

Aguinis, H., and Glavas, A. (2012), 'What we know and don't know about Corporate Social Responsibility, A review and research agenda', *Journal of Management*, 38(4), 932-968.

Anheier, H. K. (2001). *Foundations in Europe: A comparative perspective*. Civil Society Working Paper series, 18. Center for Civil Society, London School of Economics and Political Science.

Bartenstein, F. (1988). *What is a Community Foundation, Anyway?* Point of View Series. Washington, D.C.: Council on Foundations.

Brudney, J. L., & England, R. E. (1983). Toward a definition of the coproduction concept. *Public Administration Review*, 59-65.

Brudney, J.L. & Zarcone, S.E. (2014). Coproduction: Exploring the concept and its implications for children's services. In L. Bridges Karr, L.C.P.M Meijs & J. Metz (Eds.), *Volunteering and Youth Services. Essential readings for social work, social policy and urban management*. Amsterdam: SWP. p. 165-189

Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), 39-48. DOI: 10.1016/0007-6813(91)90005-G

Carman, J. G. (2001). Community foundations: A growing resource for community development. *Nonprofit Management and Leadership*, 12(1), 7-24.

Graddy, E. A., & Morgan, D. L. (2006). Community foundations, organizational strategy, and public policy. *Nonprofit and Voluntary Sector Quarterly*, 35(4), 605-630.

Hess, D., N. Rogovsky and T. W. Dunfree: 2002, 'The Next Wave of Corporate Community Involvement: Corporate Social Initiatives', *California Management Review* 44, 110–125.

Huxham, C. 1996. *Creating collaborative advantage*. Sage publications: London, Thousand Oaks, New Delhi.

Lowe, J. S. (2004). Community foundations: What do they offer community development?. *Journal of Urban Affairs*, 26(2), 221-240.

Meijs, L. C. P.M. & Voort, J. M. van der (2004), 'Corporate volunteering: from charity to profit – non-profit partnerships', *Australian Journal on Volunteering*, 9: 21–32.

Memorie van toelichting van de Wet maatschappelijke ondersteuning 2015. Consulted via: <http://www.rijksoverheid.nl/documenten-en->

publicaties/kamerstukken/2014/01/14/memorie-van-toelichting-van-wet-maatschappelijke-ondersteuning-2015.html

Pajo, K., and Lee, L. (2011), 'Corporate-sponsored volunteering: A work design perspective', *Journal of Business Ethics*, 99(3), 467-482.

Porter, M. E., & Kramer, M. R. (2006). Strategy and society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84(12), 78-92.

Raad voor Maatschappelijke Ontwikkeling (2013a) *Rondje voor de publieke zaak. Pleidooi voor de solidaire ervaring*. Den Haag: RMO

Raad voor Maatschappelijke Ontwikkeling (2013b) *Terugtrekken is vooruitzien. Maatschappelijke veerkracht in het sociale domein*. Den Haag: RMO

Raad voor Maatschappelijke Ontwikkeling (2013c) *Vormen van diversiteit. Zes handreikingen voor het sociale domein*. Den Haag: RMO

Roza, L., Vermeulen, M., Liket, K., Meijs, L. (2014) *Contemporary European E2P: towards an understanding of European philanthropreneurs*. In: Taylor, M.L., Strom, R.J., Renz, D.O. (eds.) *Handbook of Research on Entrepreneurs' Engagement in Philanthropy* (pp. 197-233). Edward Elgar: Cheltenham/Northampton.

Seitanidi, M. M., & Ryan, A. (2007). A critical review of forms of corporate community involvement: from philanthropy to partnerships. *International Journal of Nonprofit and Voluntary Sector Marketing*, 12(3), 247-266.

Vereniging Nederlandse Gemeenten (2014) *Focuslijst WMO*. Consulted via: <http://www.vng.nl/onderwerpenindex/decentralisaties-sociaal-domein/Wmo-2015/nieuws/focuslijst-Wmo-2015-de-prioriteiten-voor-dit-jaar>

Voort, J M., van der, Glac, K. & Meijs, L.C.P.M. 2009. "Managing" corporate community involvement. *Journal of Business Ethics* 90(3): 311-329.

Zadek, S., Hojensgard, N. & Raynard, P. 2001. Perspectives on the new economy of corporate citizenship. Copenhagen: The Copenhagen Centre.