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Looking at Private Sector Contribution to Regeneration: Problems, Objectives, Concepts and Measurement

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1. INTRODUCTION

This concept paper offers a point of departure from which to assess the nature and extent of any contribution that private sector entities can make to area regeneration. While the state retains a fundamental role in regeneration, the private sector is also an important entity in processes of regeneration for a number of reasons and from a number of perspectives. Most basically, problems facing deprived areas are too complex to be solved by a narrow, single-sector approach. They are multidimensional and require multifaceted solutions involving a range of entities. Simultaneously, business activity affects communities in many ways, including the through the production and consumption of services; socialisation (the expression of values and norms); and community investment and engagement (Boehm, 2005: and Tracey *et al*., 2005:). While it is the later of these, community engagement and regeneration, that is the focus of this paper, it needs to be recognised that corporate decisions related to a firm's core business – closures, openings, employment and supply-chain decision – invariably have a greater impact on the communities than other contributions to local communities that can be termed corporate social responsibility (CSR). Core activities will always be greater than other forms of corporate social contribution, however, goods and services may be inaccessible to the poor, required skills may exclude locals, dividends may go to shareholders elsewhere and tax revenues may not benefit local communities (Warner, 2002: 44 and North *et al*., 2003: 73).

This paper therefore seeks to shape exploration of how deliberate community investment activities might deliver regeneration benefit to disadvantaged areas by drawing on concepts from community development to offer a framework through which to view these activities. It commences by contextualising area regeneration through an examination of aspects of deprivation amongst communities of place (geographic communities) in the United Kingdom. It then outlines the sought alternative: regeneration, social inclusion, economic development and community capacity building. Theories of community development are set out as useful models or indicators of regeneration. The Sustainable Livelihoods Approach, in particular, can be used to illustrate how businesses might impact positively in a community (see, Khanya, 2001). In emphasising community assets, rather than the needs and deficits of a community, such perspectives offer a link to strategic, commercially-orientated

CSR that similarly focuses on what an area or community might offer. Finally, examples of private sector contribution to area regeneration are set out, highlighting the alternative depths of impact that company action might deliver and the 'relative advantages' that respective private sector entities may bring to deprived areas which enhance regeneration outcomes. By way of conclusion, the potential synergy between regeneration objectives and the objectives driving CSR activities is outlined.

The focus of this consideration is deprived neighbourhoods, as opposed to larger local economies which might contain pockets of deprivation alongside more prosperous areas. This distinction is important because any private sector contribution may differ across the two. For example, an investment may bring buoyancy and employment to a local economy, but have no discernable impact on the poorest neighbourhoods within that local economy, unless special measures are taken to link the investment with these poorer neighbourhoods.

2. THE NEED FOR REGENERATION

Deprivation in the UK is significant, most starkly evident in statistics revealing that one in five people live in poverty (Best, 2005), often defined by governments as 60% of median income. According to the 2000 United Nations Human Development Report, the UK's Human Poverty Index was the third worst amongst industrialised countries (cited in Hocking, 2003). The persistence of poverty has increased since the 1970s (Blanden and Gibbons, 2006). Adult poverty is linked to poor education and unemployment, and single-parenthood for women (Blanden and Gibbons, 2006:). Ethnicity also seems to matter to this incidence of poverty: 65% of Pakistani or Bangladeshi households exist on low incomes, compared to 18% of white households (Business in the Community, 2005c: 21).

Geography is invariably relevant to discussion of deprivation and poverty. The spatial concentration of poverty in the UK deepened in the 1980s and 1990s (Hocking, 2003; Dorling and Thomas (2004) cited in Fitzpatrick, 2005: 7). This has led to greater polarisation. Where an individual lives in Britain affects their life chances (Hirsch, 2006). The UK Government's Neighbourhood Renewal Unit has found that people living in deprived areas are less likely to leave poverty than those who live in areas that are less deprived (NRU quoted in Milibrand, 2005; see also Office of the Deputy Prime Minister, 2004: 4). In terms of employment, for example, the extent to which those with or without jobs live separately is increasing (Office of the Deputy Prime Minister, 2004: 16). This indicates that more affluent people are able to choose not to live nearby poorer people, whereas poorer people are invariably unable to make such choices. Dorling and Rees (2004) explain that people grouping themselves into homogeneous communities accentuates clustering of poverty and wealth respectively (cited in Fitzpatrick, 2005: 8; cf Macdonald and Marsh, 2005: 109).

There is an ethnic and religious aspect of area deprivation as well, with certain minority ethnic groups disproportionately located in deprived areas. For example, people in deprived areas are twice as likely to be black (Office of the Deputy Prime Minister, 2004: 5,6). In Scotland 19% of people described as Catholic and 14% of Muslims live in the 10% most deprived areas – the more these groups are represented in an area, the higher the level of deprivation (Scottish Executive National Statistics, 2005: 2).

The experience of living in deprived localities is accentuated by poor services. For example, there is a substantial gap between the state of the environment in deprived areas and those neighbourhoods that are less deprived – poor neighbourhoods have more and wider environmental problems (Hastings *et al*., 2005). In addition, a recent study found that compared to people elsewhere in the region, those living in a disadvantaged area had infrequent contact with the health service, libraries, leisure centres, tenants’ and residents’ associations, voluntary organisations, the council and councillors (cited in Office of the Deputy Prime Minister and Chanan, 2003: 47).

Further still, in deprived neighbourhoods, where services (such as banking, energy, telephones and food retailing) have been withdrawn by private providers, people invariably pay more for their credit, energy, phone calls and food (Speak and Graham, 2000). There are linkages between exclusion from one service and access to other services. For people without bank accounts or home telephones, as is often the case in deprived areas, accessing credit, seeking work, contacting various services and maintaining social contacts become problematic (Speak and Graham, 2000). Transport is especially important if people are to build their financial, human, and social assets (see Long *et al*., 2002: 1). In the 20% most deprived areas of Scotland, however, 60% of residents cannot access a car for private use, whereas only 14% of residents in the 20% least deprived areas cannot access a car) (Scottish Executive National Statistics, 2005: 5). Moreover, the rising costs of public transport most affects those least able to afford a car. For example, people who live in deprived areas are likely to get to their place of employment by bus or by walking, but in deprived areas, almost by definition, there are few local work opportunities (Bradshaw *et al*., 2004: 79). Poor quality, limited and expensive transport therefore reinforces exclusion by curtailing ability to take up employment and education opportunities, alongside limiting access to health services (Bradshaw *et al*., 2004: 79). Getting to a hospital, obtaining affordable food, and participating in social, cultural and sporting activities is therefore undermined by what Bradshaw *et al* refer to as 'transport exclusion' (Bradshaw *et al*., 2004: 78).

Transport exclusion is one element in the difficulties people living in deprived areas experience in obtaining affordable healthy food. Carley *et al* (2001: 11) highlight that 60,000 small shops 'disappear' every decade. For example, between 1990 and 1995 there was a 32% fall in the number of independent bakers in the United Kingdom, a 22% fall in the number of grocers and a 10% fall in the number of butchers (Carley *et al*., 2001: 11). Consequentially, those who cannot easily shop beyond their immediate locality face high prices and poor quality food when local outlets close. Closure of local shops thus impacts most heavily on people in deprived areas due to their low car ownership or a lack of other transport options, as is often the case in these neighbourhoods. This, in turn, can harm diets, reinforce social exclusion and entrench the stigma sometimes associated with deprived localities (Carley *et al*., 2001: v,1). Wrigley (2004) found that people 'with the poorest diets are more highly concentrated amongst those who used limited-range or budget stores as their main source of fruit and vegetable purchasing'. He warns that poor access to healthy food is becoming more concentrated in deprived areas (Wrigley, 2004; also Acheson (1998) cited in Carley *et al*., 2001: 11). Such outcomes arising from the operation of the private food market diminish human capital by undermining health.

A range of interrelated and complex explanations are put forward for area deprivation – often separated into place and people effects (see Noon *et al*., 2000: 64). The character of deprivation in terms of infrastructure and services provision, as just outlined, is part of the story. Fitzpatrick (2005: 10,11) explains that ‘place effects’ mean that living in a poor neighbourhood has an independent negative effect on life and the life chances of poor people because conditions in these areas are worse than elsewhere: substandard housing, services and infrastructure; environmental problems; and a lack of local job and training opportunities (also Lister, 2004: 70 and Office of the Deputy Prime Minister, 2004: 7). Moreover, characteristics of the population of deprived areas assist in understanding the dynamics operating in and upon these areas. People who live in deprived areas often have few qualifications; suffer multiple disadvantages; have low work and study aspirations; and limited travel horizons (Office of the Deputy Prime Minister, 2004: 4-6). These characteristics can militate against finding employment.

The pertinence of unemployment to area deprivation is highlighted by Bradshaw *et al* (2004: 11) who found that social exclusion is driven by demand for labour ‘more than any other factor’. Employment levels of only 64% in disadvantaged areas, compared to 75%, nationally illustrates the relevance of geography to employment status (Department for Work and Pensions, 2006).[i] All ethnic minority groups, who disproportionately live in deprived areas, have higher unemployment rates than white groups (Business in the Community, 2004). In addition, only 76% of Muslim graduates are in employment, compared to 87% of all graduates (Business in the Community, 2005c: 21).

Barriers to employment confronted by people from deprived areas fall into four categories:

- personal barriers (lack of skills, confidence, little information about employment opportunities, discrimination, disabilities)
- institutional barriers (namely benefit traps)
- local factors that act against employment (for example, public service delivery may not be conducive to taking up employment, due to a lack of childcare or insufficient transport)
- structural causes of worklessness (low demand for labour, the recruitment behaviour of employers, and the relative attractiveness of the informal economy)

(Jones *et al*., 2004: 20; McGregor and McConnachie, 1995 and Hart and Johnston, 2000: 130).

The existence of few local employment opportunities, for example, compounds local unemployment because invariably people do not commute large distances to work. In particular, those people seeking low skill occupations access a smaller 'pool' of potential jobs because they are less likely to commute than are people with higher qualifications (Green and Owen, 2006). A large minority, 38%, of jobseekers say that their search for work has been curtailed by associated costs, especially the cost of transport (Bradshaw *et al*., 2004: 78). People in deprived areas moreover compete with residents of other areas who do not suffer the same disadvantages (McGregor and McConnachie, 1995). Disadvantages already faced by residents in the competition for jobs is compounded by stigma: as Atkinson and Kintrea (2001) found, in two deprived areas, 33% and 25% of residents felt that their area's reputation made it more difficult to find employment (cited in Lupton, 2003a).

Low levels of enterprise is one aspect of the low demand for labour in deprived areas (Finch, 2006). Deprived areas display several characteristics that impede business location – poor connectivity, poorly skilled residents and high levels of crime (Finch, 2006). Research by the Centre for Cities found that in particular it is those areas which are better connected to local markets which are more likely to achieve regeneration results (Finch, 2006). Further, individual neighbourhoods are impacted by wider trends – economic restructuring, counter-urbanisation, shifts in the demand for housing, increased inequalities, and broader population movements (see, for example, Lupton, 2003b). Turok and Edge (1999), for example, emphasise the uneven effects of economic restructuring (cited in Fitzpatrick, 2005: 7). Unemployment is disproportionately located in areas described as 'mining/manufacturing' or 'cities/services' which have experienced negative consequences of globalisation and economic change acutely (Office of the Deputy Prime Minister, 2004: 21; Bradshaw *et al*., 2004: 26).

Alongside employment status, education and skill level are fundamental in explaining social outcomes (Aldridge, 2003). Those in the working class, especially non-skilled routine workers, are also more at risk of job loss and unemployment relative to other employees (Goldthrope and McKnight, 2004). For example, men from unskilled backgrounds have a life expectancy that is seven years less than that of men from the professions (Bradshaw cited in Best, 2005). The UK performs worse than most OECD countries in adult literacy and numeracy (Institute of Directors 2004, cited in Business in the Community, 2005a). For example, 3.5 million British employees do not meet the literacy and numeracy levels expected of an eleven year old (DFES Basic Skills, 2003, cited in Business in the Community, 2005a). Not only is education an outcome in itself that feeds into social exclusion and economic exclusion, these statistics also reflect one of the challenges in regenerating areas via business activity – the need for training and re-skilling if enterprise is to locate in these areas and employ local residents.

In addition to these place effects, there is an argument that certain social processes – ‘people effects’ – operating in poor areas have deleterious outcomes. These include:

- negative social values
- a lack of positive role models
- low ambitions
- narrow social and geographical horizons (Atkinson and Kintrea (2003) cited in Fitzpatrick, 2005: 11).

Inevitably there is a ‘damaging effect of living with many other workless people’ (Office of the Deputy Prime Minister, 2004: 7). In some families, lack of work and low aspirations are ‘a way of life’ (Joseph Rowntree Foundation, 2000). Evidence points to an association between deprived neighbourhoods and a variety of social problems, not explained by individual or household characteristics, nor macroeconomic factors (Bradshaw *et al*., 2004: 87). This highlights how ‘cultural influences become reinforcing: places used to failure cultivate low aspirations’ (Best, 2005). Ellen and Turner (1997), however, have found that while neighbourhood is a factor in individual outcomes, the influence of one’s neighbourhood is not as important as ‘parental factors’, including education, income and employment (cited in Forrest and Kearns, 2001).

3. DEFINITION OF THE OBJECTIVE: REGENERATION

In examining private sector contribution to mitigate area deprivation, briefly outlining the sought alternative to deprivation – regeneration – illuminates the breadth of possible contributions (discussed below). One of the major relevant policy developers, the Office of the Deputy Prime Minister (now the Department of Communities and Local Government), describes regeneration as improving disadvantaged areas and the lives of people who live and work there (Office of the Deputy Prime Minister, 2003). Kearns (2004), drawing on the Social Exclusion Unit (1998) document 'Reviving Communities', describes 'well-functioning communities [as having] a broad social mix; an agreed set of rules among residents which are consistently applied; and places and facilities where people can interact…[especially] shops and community venues'. Definitions of the processes of regeneration necessary to reach this goal highlights that regeneration encompasses poverty reduction, reducing a community's vulnerability, enhancing an area's assets, and empowering poor people (see, for example, Warner, 2002: 43 and Adair *et al*., 2003). Roberts (2000: 17), for example, defines urban regeneration as 'lasting improvement in economic, physical, social and environmental conditions of an area' (also Scottish Executive, 2004: 26). Beyond physical transformation, regeneration also entails a shift in decision-making processes, resource allocation and power relations that impact a community (see, for example, Diamond, 2004), so that locals are empowered to shape the nature of development and participate in all aspects of the process of regeneration.

Therefore, just as 'sustainability' does not imply stasis, regeneration should not be deemed as a static end-point, but a process of positive change and adaptation. Crucial elements of this dynamic process include creation of more employment opportunities for local people through an increased number of jobs in or near the locality, alongside supply-side measures that enhance the employability of local people so they can better compete in the jobs market. Unless, however, this takes place in parallel to improvements in the area's appeal as a place to live, once local people find employment they will seek to move to more desirable areas. Improvements in, *inter alia*, a locality's housing, services, safety and environment will therefore help retain residents once they find work. Clearly these developments interact and reinforce each other in a complex two-way process.

Regeneration especially needs to encompass economic renewal, underscoring the relevance of business involvement. Impetus for economic regeneration can derive from an increase in local firm activity and increased inward investment (spurred by improvements to local physical infrastructure and environment); capturing unmet local demand; attracting visitors through environmental improvements and attractions; and garnering the strengths of local people (Jeffrey and Pounder, 2000: 96). Drawing on economic concepts, the demand side of regeneration is an area's ability to retain local spending and simultaneously attract spending from outside the locality (Noon *et al*., 2000: 62; see also Hart and Johnston, 2000: 137). The supply side of economic regeneration entails improvements to the competitiveness of a locality – its infrastructure, workforce skills and locational advantages. This entails investment to enhance local infrastructure and land; attracting investment and local development (both new firms and existing firms expanding); investment in people and improvements in workforce productivity (Noon *et al*., 2000: 62; see also Hart and Johnston, 2000: 138). There is an important role for government in delivering these conditions, but, notwithstanding the need for government action as provider, facilitator and partner, the private sector can be instrumental in enhancing various aspects of these 'capitals' in a number of ways (examples of which are set out below).

4. CONCEPTUALISING AREA REGENERATION

In assessing what sort of contribution private sector entities might make to area regeneration and to what extent their activities can drive or enhance regeneration, a framework for measurement is required. Rather than simply looking at changes in the usual relevant socio-economic indicators, seeking to gauge more intangible, but fundamental, tenets of regeneration might reveal a more nuanced understanding of what companies can contribute. Sen, for example, observes that indicators such as standard of living and income are too narrow, and suggests instead focusing on concepts such as choice and opportunities open to a community (cited in Jasek-Rysdahl, 2001). Sen's famous delineation between 'capabilities' and 'functionings', albeit at the level of the individual, further develops this approach. Sen considers functionings as the existing situation of people, reflecting those choices people have made in the past (see for description: Jasek-Rysdahl, 2001). They reveal what a person actually does or is. Capabilities, in contrast, involve a person's selection of life conditions, and their freedom to choose their life conditions: possible functionings. For example, capabilities encompass freedom of employment, freedom from malnutrition, and freedom to select one's education. Where functionings are what a person actually does, capabilities are what a person might do or might be – the range of choices they are presented with. Those with the greatest choice have the highest standards of living (Jasek-Rysdahl, 2001).

Drawing on community development literature that emphasises community empowerment, sustainable livelihoods and community capabilities offers a means of understanding the complexity of potential corporate contribution by taking account of the diverse, but interrelated, components of regeneration. The Sustainable Livelihoods Approach (SLA) often used in developing world contexts (see Hinshelwood, 2003) is a useful tool to consider area regeneration. The SLA is characterised by

- its emphasis on local strengths and people-centred orientation (local capacity, local procurement and community participation)
- its holistic focus (taking account of the multiple factors influencing livelihoods)
- the capture of links between micro and macro forces
- the importance it places on sustainability (perhaps best conceived of, as per Bruntland (United Nations World Commission on Environment and Development, 1987:), as social and environmental developments that do not undermine future opportunities)

Measuring sustainable livelihoods via the SLA utilises a matrix of the various capitals necessary for regeneration: financial, natural, human, social and physical (Hinshelwood, 2003). People's strengths are assessed in reference to their assets – which may be interchangeable and combined to produce other assets, or capitals (Long *et al.*, 2002: 10). This matrix can be conceived of as a pentagon in order to easily visualise changes to the relative extent of respective capitals – the 'asset pentagon' – with each side representing either financial, natural, human, social or physical capital. The shape of the pentagon will change according to respective capital bases or changes in circumstances which affect access to these capitals.

People need a range of different assets to have a sustainable livelihood. Those families, individuals or communities able to utilise more of the five capitals will enjoy more options for sustaining their livelihoods. Sustainable livelihoods can be built by improving access to various capitals and ensuring that those structures and processes that shape livelihood outcomes reflect people's needs (Department for International Development, 1999). In the context of area regeneration, the set of capitals (financial, natural, human, social and physical) available in an area is reflected in the area's assets and strengths. Any contribution the private sector makes to the financial, natural, human, social, or physical capitals in an area would, in turn, be expected to advance regeneration. The set of these five capitals – visualised as the shape of the pentagon – will alter in the direction of those capitals that the private sector has enhanced, or, potentially undermined, through its activities.

Exploring respective components of the Sustainable Livelihood Approach entails an assessment of an area's assets and capabilities (Franks (1999) in Hunt, 2005; also Standing Conference for Community Development, 2001). Neighbourhood renewal will occur when local assets are mobilised, rather than relying on external support (Kretzmann and McKnight, 1993). Locally based and locally focused CSR activities therefore have the potential to enhance renewal efforts. Focusing on community attributes is more effective than focusing on community needs in regeneration efforts (Kretzmann and McKnight cited in Jasek-Rysdahl, 2001 and Mathie and Cunningham, 2003). Mobilising communities by looking at their capacities empowers them to develop solutions themselves, which is fundamental for sustainable community development (Foster and Mathie, 2001). In regeneration, the employment of local people and whether people remain when their income and employment prospects improve is fundamental. Considering an area's assets thus emphasises features that help to retain people, rather than the absence of certain attributes that might cause people to leave.

In practical terms, mapping a community's assets involves taking an inventory of the 'talents and skills [that] people in low-income neighbourhoods possess and are willing to share with others in the neighbourhood' (Jasek-Rysdahl, 2001). Some specific items considered are: income; businesses; skills (for example, maintenance or office skills, child care and security skills); the insights of local groups; clubs and associations; local media; police; parks and buildings; and informal relationships (see McKnight and Kretzmann, 1996 and Jasek-Rysdahl, 2001). Such resources can potentially be utilised for regeneration, and, as seen shortly, for corporate benefit.

The frameworks put forward by Kretzmann and McKnight, and also Sen, to look at a community's assets, functionings and capabilities, can be applied to consideration of how the efforts of private sector entities might enhance the various capitals in a community (and, although not the focus of this paper, these frameworks can also be applied to assessment of the efficacy of government initiatives). These are suggested 'aspirational indicators' of regeneration. Many private sector activities can enhance regeneration along these lines. Private sector activity can, however, also undermine assets, for example, through their environmental impact, retrenchments or withdraw from an area. Looking at the contribution to regeneration not simply as numbers employed or quantity of community donations, but the holistic impact these have on community empowerment and sustainable regeneration generates a longer term and multi-faceted appreciation of regeneration and the relevance of private sector activity. It should also enable consideration of the overall impact of a company's activities – from business decisions that might economically harm a community, to those deliberate activities designed to make a positive impact vis-à-vis corporate social responsibility (CSR). The net change in assets or capitals will be better understood by evaluating changes to the shape of the 'asset pentagon' brought about by private sector activities.

5. POTENTIAL PRIVATE SECTOR CONTRIBUTION IN PRACTICE

Various types of capital (financial, natural, human, social and physical) are necessary for regeneration, and different companies will inevitably offer contrasting contributions to regeneration in this sense. This section outlines the type of activities that various private sector entities might undertake which enhance an area's 'asset pentagon' of the five capitals. These contributions reflect respective company 'relative advantages' and, crucially, will only be undertaken when there is a sufficiently compelling 'business case' for doing so relative to cost of deployment (see, for example, Trebeck, 2005: 74-80). Clearly, some businesses will be better placed and more motivated to deliver on certain activities than others, according to the nature of the commercial activity, individuals involved and stakeholder pressures.

As seen above, employment is a fundamental component of regeneration and unemployment is an important cause of deprivation and social exclusion. Employment increases local spending power, generates a sense of ownership, and facilitates access to the wider labour market. Employment is also invariably the most obvious and effective way private sector entities can contribute to regeneration. McGregor *et al* (1999: 11) set out a 'ladder of employer-assisted opportunity' that describes the way in which employers can contribute to regeneration through employment-related activities. Moving towards the greatest assistance, the eight steps in the ladder are:

- working with schools
- job tasters
- work experience
- specific training
- interview coaching
- guarantee of an interview
- subsidised jobs
- sustainable jobs

To enhance regeneration via employment the private sector needs to engage local residents. Doing so might entail advertising job vacancies locally; committing to employing local people and reflecting local diversity in their workforce; actively helping individuals become ready for work; and publicising what sort of training is sought so local organisations can provide local individuals with necessary skills. Other mechanisms by which companies engage local residents include partnerships to train and recruit local staff; increasing internal awareness to reduce discrimination and other barriers to those from deprived areas; creating opportunities for people with disabilities, the homeless, offenders, and the long-term unemployed; and providing job coaches for the newly employed (Business in the Community, 2005b).

Facilitating the development of local enterprise is also a significant way in which companies can lever their relative advantages to assist the economic regeneration of an area and increasing the number of local employment opportunities. For example, as Business in the Community highlights, companies can start by:

- providing business role models to schools
- deploying staff to advise youth enterprises
- becoming involved with start-up businesses
- loan finance
- sharing marketing skills
- deliberately sourcing from local firms
- working to develop strategies for the economic development of the area

Beyond employment and enterprise, companies can lever their relative advantages to enhance regeneration efforts by deploying their efforts in other areas. For example, Business in the Community (2005b) suggests that to enhance education attainment in an area, companies can offer work experience and workplace visits for school children; provide company staff to help with subjects or to act as mentors for students. At a higher level of contribution, companies can undertake project work, provide speakers and resources to schools, join a school's governing board; sponsor local education; share management experience with head teachers; and develop education projects according to the company's expertise. At a higher level again, companies might 'adopt' a school in a long-term partnership; provide vocational courses; and develop an education partnership centre on company premises.

Finally, in supporting community organisations that undertake activities supporting regeneration, there are a number of ways in which private sector entities can help advance the aims of these groups. For example, corporate provision of technical expertise can be of great benefit to community organisations (such as assistance with business plans, programme monitoring, offering information technology advice, or legal and marketing support). In addition, when companies become involved with community organisations, for example, by joining the board, seconding staff or offering relevant expertise, they often bring new perspective to the operations of these groups and their regeneration efforts. More practically, private sector entities can provide hands-on resources via ‘team challenges’ that advance the cause of voluntary organisations; support local events by raising money; making company retirees aware of voluntary opportunities; donating surplus products, equipment and materials to community organisations; offering unused meeting rooms or places on training programs for local groups and contributing to local consultation events as necessary (Business in the Community, 2005b).

While area-based activities such as these do not address the structural causes of deprivation, they might help

> connect people living in these neighbourhoods with employment and other opportunities available in the wider urban area; raise expectations and aspirations, and wide horizons, particularly amongst younger people; improve local services; improve environmental and housing quality; and provide a focus for community participation and mobilisation (Fitzpatrick, 2005: 19).

Using the Sustainable Livelihoods Approach and ‘asset pentagon’ to conceptualise changes to the financial, natural, human, social and physical capitals in an area will capture this broader understanding of regeneration contribution by diagrammatically presenting the change in an area’s assets brought about by various private sector activities.

6. DISCUSSION – LINK TO CSR

This ‘menu’ of ways in which companies can act to advance the regeneration of deprived areas in the fields of employment, enterprise, education and third sector activity highlights the gradation of impact that various efforts will deliver. Exploiting what a company can best deliver will lead to the most substantial regeneration impact in the most efficient manner. Different companies will be better placed than others to undertake those activities that bring deeper, more systemic regeneration results. Likewise, different companies will perceive the commercial benefit of doing so differently, and will accordingly be more or less willing to become involved in regeneration activities.

In considering how, when and where companies might act to enhance regeneration, it is fundamental to recognise that corporate policies are essentially shaped by what is in shareholder interests. The requirement of the commercial rationale stems from the nature of companies as profit-making entities, constituted to act according to commercial incentives, rather than moral or social axioms. Only when the existence of a compelling ‘business case’ is accepted will resources be dedicated to implementing activities that deliberately advance regeneration and advantage those from deprived backgrounds (see Parker, 2002: 110; Van Den Berg *et al.*, 2003: 6; Warburton *et al*., 2004; and Chapter 2 in Bakan, 2004). Specifically, McWilliams and Siegel (2001) explain that given characteristics of a particular company and the demand for CSR from that company, there is an ‘ideal’ level of CSR delivery, ascertained through cost-benefit analysis through which managers assess the level of CSR at which the increased benefit is equal to the higher cost of delivering CSR.

Much has been written about the commercial rationale for CSR activities, which Moon (2002) categorises into three types: firm specific, collective business interest and collective interest in society. These various motivations that constitute the ‘business case’ stem from a range of pressures for companies to engage in community investment of some form, with varying relevance for respective companies and industries:

- reputation enhancement
- employee attraction, retention and motivation
- consumer and shareholder pressure – ethical consumerism, shareholder activism and socially responsible investment
- (social) risk reduction
- the need for ‘healthy’ and stable market contexts – for consumers, employees, suppliers
- averting regulatory intervention

The nature and strength of these influences as perceived by respective companies determines the commercial imperative of CSR, and whether CSR will be undertaken in a way that advances regeneration.

The existence of a business case, varied and context-contingent as it might be, presents a mechanism to lever company action that contributes to regeneration because CSR prioritises what businesses can gain from an activity. CSR thus inherently seeks to leverage corporate benefit from what an area can offer. CSR therefore fits with community development concepts outlined earlier that highlight the importance of community assets, capabilities, local participation and empowerment. By linking company benefit to the assets of a particular locality, CSR as regeneration seeks to harness latent community capacity. In this sense CSR can, arguably, be seen as a form of asset-based community development, the success of which depends on the extent to which community assets and capacities are mobilised and company contribution supports and increases the various capitals that comprise the 'asset pentagon'.

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NOTES:

[i] Although Buck (2001) found only modest area effects on employment (cited in Kearns, 2005).