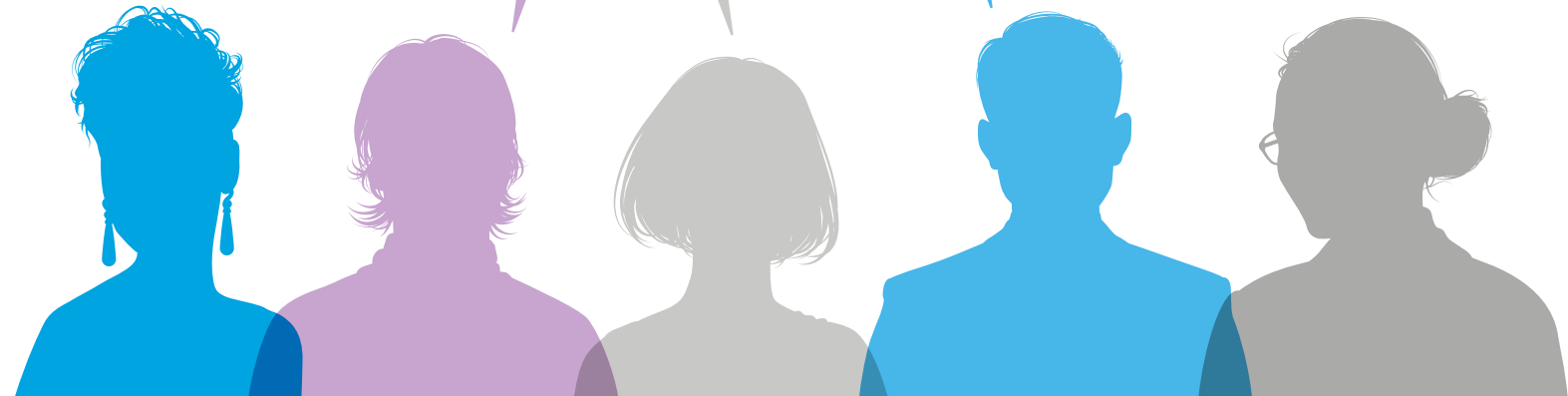


THE INTERSERVE SOCIETY REPORT

Changing attitudes: how big business
and society can work together



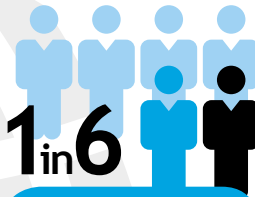
Public attitudes to big business - overview



A quarter of people feel they receive insufficient training and development in their existing role



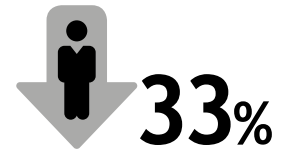
Believe that providing jobs or apprenticeships is the most important way that big businesses can contribute to the local community



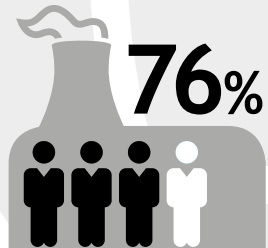
Just 1 in 6 believes that big businesses provide sufficient opportunities for apprentices



Rated a big business' environmental performance/credentials as important



Believe that big businesses are worse at improving employee skills and providing career development opportunities than 10 years ago



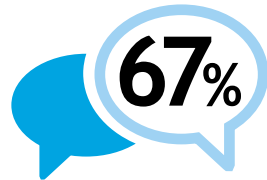
Are in favour of a punitive pollution tax on businesses that damage the environment



Said that they would definitely consider boycotting a company as a result of poor environmental performance



More than 80% cannot think of a single company that contributes positively to their local community



Think that big businesses need to better communicate their positive community contributions to the general public



Believe that big businesses which act responsibly will perform better in the long-term

Foreword from Adrian Ringrose

“Since the credit crunch of 2008 and the recession that followed it, trust in big business has undoubtedly declined. In many respects this is understandable and it presents business and its leaders with a major challenge. Now, more urgently than ever, business needs to demonstrate both understanding and action to repair and re-build its relationship with the general public. Undeniably, the UK public needs a successful and growing corporate sector and UK PLC needs a supportive and engaged public upon which to build its success.

In this report, we have sought to examine public perception and understand the issues in greater detail. I hope that all of us can learn from the research and seek to incorporate its findings into the way we conduct ourselves and deliver our services. In particular, we have explored the public’s attitude to how business should relate to the environment we live in, the communities we serve, and the employees that work for us.

What is clear is that big business must do more. Its role in building the prosperity of the nation and providing goods, services and employment that increase our quality of life is not well understood. The significant contribution business makes in terms of training and development and locally rooted community improvement, for example, is not widely appreciated.

But there are encouraging signs for business in this report: the research makes clear that if companies can visibly demonstrate the social and environmental value that they deliver, they will be rewarded by the public and their employees and trust will be earned. This may seem obvious but so far, despite the significant increase in the number of companies adopting more sustainable business strategies, this message has failed to break through.

More action is required to incorporate truly sustainable practices into the fabric of business itself.

Why did Interserve commissioned this study? As one of the UK’s biggest employers and a significant provider of services to both the public and private sector, we recognise that our role in society goes beyond our day-to-day work. We have believed for some time now that our future success and ability to deliver sound financial returns to our shareholders is substantially dependent on our standing in the community, our environmental stewardship and our ability to inspire, engage and develop the skills of our workforce. We commissioned this study to understand better the needs of the public and the principles that we need to incorporate into our way of working to be a better and more respected business.

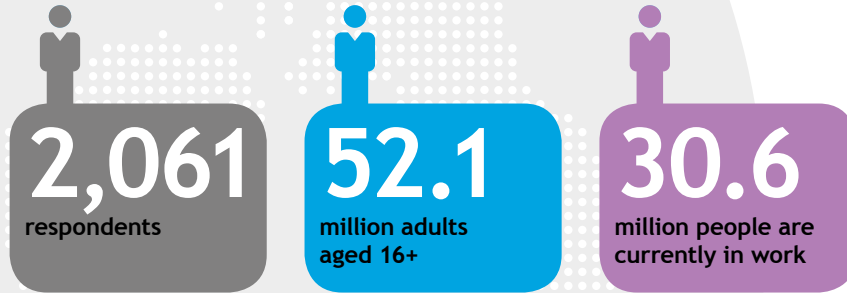
We believe we have made great strides in this area, not least since the adoption of our *SustainAbilities* programme in 2013. But we also recognise that we must do more and continue to evolve our business both in line with the needs of those we serve and with many of the recommendations in this report.

Some areas of the report do not make for comfortable reading, and nor should they. However, we hope that by releasing our research, businesses can learn from it, act on some of the findings, and begin to re-build trust with the public.”

Adrian Ringrose
CEO, Interserve plc
February 2015



The parameters of the research



Interserve's 2014 research looks at the general public's view of big businesses, and the role that these organisations play in UK society. The research was carried out to gauge public views on the behaviour and attributes of big businesses.

The research was carried out by Ipsos MORI and was conducted from the 28th August to 9th September 2014. The survey comprised of a number of open and closed questions that sought to gain an understanding of the general public's perception of businesses employing 1,000 or more people in the UK.

The research was carried out as an online survey on behalf of Interserve PLC, among a quota sample of 2,061 adults aged 16 years and above in the UK. The sample was recruited and data subsequently weighted to be nationally representative of the UK general public, aged 16 years and above.

The sample represents: c. 52.1 million adults aged 16+ (Source: ONS Population Estimates Mid-2013), of which c. 30.6 million people are currently in work (Source: ONS Labour Statistics 2014).

Building on our SustainAbilities plan

In 2013 Interserve launched *SustainAbilities*, our company-wide vision and plan for how we will look and behave by 2020 and beyond. The plan ensures that sustainability is at the forefront of our development, ensuring that we are well-placed to grow our group, in an ever-changing business environment.



We recognise that environmental issues, social challenges and economic pressures are setting the new context in which companies must operate.

SustainAbilities has put these issues at the heart of our operations and will ensure that our business planning takes into account four priority areas - or 'Capitals':

Natural capital - ensuring that our business practices are conducted in a way that minimises our impact through reducing waste, emissions and water consumption, including halving our carbon emissions by 2020.

Social capital - focusing on the social value that we can foster, from the health and wellbeing of our employees and communities, through to providing opportunities for disadvantaged groups.

Knowledge capital - based on the understanding that the role of skills, employee development and innovation is key to delivering our activities and services. Providing opportunities to existing and potential employees to develop their skills base and employability.

Financial capital - understanding that sustainable business growth can be achieved whilst ensuring factors such as sustainable procurement and the support of local economies are taken into account.

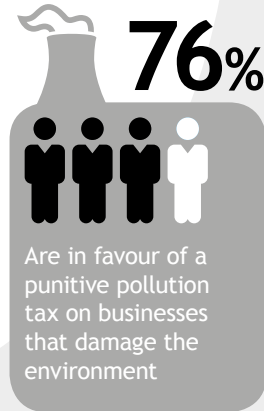
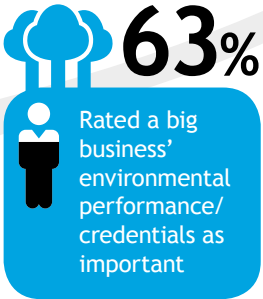
This research has been carried out as an extension of our *SustainAbilities* ambition. It will allow us to better understand how big businesses, like our own, are perceived by the general public. It will also allow us to see how the role of business in each of the areas of the four Capitals can evolve to better resonate with our main stakeholders - the general public, our customers, employees and investors.

This report breaks out the findings of the research project. It is structured to align with our *SustainAbilities* four Capitals, with sections that detail our findings in relation to the environment, community, skills development and financial affairs. Finally, the report draws together our views and opinions for consideration.



Natural**capital**

Taking environmental responsibility



Environmental policies are increasingly being integrated into companies' business models, in line with the ever-growing recognition that sustainable business practices need not hinder financial performance, and can in fact enhance it. Are businesses doing enough to mitigate their impact on the environment, and where does the responsibility lie for enforcing these changes?

Key findings

- ▶ Nearly two thirds (63%) of respondents rated a big business' environmental performance/credentials as important, with 76% declaring themselves in favour of a punitive pollution tax on businesses that damage the environment.

These statistics support one of the key findings - namely, that whilst more respondents blame big businesses for contributing to climate change, most feel that it is the responsibility of the Government to mitigate its impact.

Support for a punitive pollution tax for major polluter shows that the UK public is overwhelmingly in favour of fiscal intervention to protect the environment with 76% in favour of a punitive pollution tax. It also suggests that the Government could be doing more to oversee big businesses in this respect, with greater scrutiny required to make sure private sector firms take more responsibility for their environmental footprint.



Just 1 in 7 employees believes that their own employer is strongly committed to environmental care



Of the same respondents would consider boycotting a big business if they did not consider its environmental credentials to be satisfactory

Indeed, as per the general trend noted in other areas of this report, there is a marked divergence between the opinions of private and public sector employees, when it comes to business' approach to environmental issues. Private sector employees are 80% more likely than public sector employees to believe strongly that big businesses do not take a responsible attitude towards the environment, a gulf perhaps reflecting the assumption that public sector organisations face greater scrutiny than those in the private sector.

The research also found that, despite the increased promotion of environmental credentials by big business, less than a third of the UK public believes that big business takes a responsible attitude to the environment. Worryingly, just 1 in 7 employees believe that their own employer is strongly committed to environmental care.

Overall the research hints at some tension in the general public's attitudes towards this issue. A majority (63%) does think that the environmental performance of business is an important issue, as seen by the support for a punitive pollution tax for environmental damage, but only 13% would definitely consider boycotting a big business if they did not consider its environmental credentials to be satisfactory.

Our perspective

As a standalone factor, the research shows that environmental performance influences how the general public perceives big businesses. However, it also establishes that when compared to other factors such as job security and financial stability, a commitment to the environment ranks low in terms of what people think businesses should prioritise.

Nonetheless, as the research highlights, there is overwhelming support for a punitive pollution tax and it is clear that the issue of environmental performance remains important to the general public.

Large businesses should be able to demonstrate a commitment to environmental sustainability and a business shown not to be following this trend is automatically perceived more negatively by members of the public. However, the Government must also shoulder some of the responsibility and work with businesses to help them operate in a more sustainable way.



Social capital

Big businesses' engagement with local communities



80%



More than 80% cannot think of a single company that contributes positively to their local community



67%

Think that big businesses need to better communicate their positive community contributions to the general public



78%

Believe providing jobs or apprenticeships is the most important way that big businesses can contribute to the local community

Community relations are a core part of many businesses CSR or sustainability efforts. But what do those efforts stand for, how are they perceived by the communities themselves, and do they have any real cut-through to the local population?

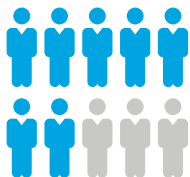
Key findings

- ▶ The survey shows that there is a marked need for greater communication around business' involvement in the local community. 81% of respondents cannot think of an example of a single big business that has contributed positively to their local community. This is further supported by findings that 66% think that big businesses need to better communicate their positive community contributions to the general public.
- ▶ The findings show that 78% of respondents believe that providing jobs or apprenticeships is the most important way that big businesses can contribute to the local community.

It would seem that current efforts are going unnoticed by the vast majority of people, and indeed, by companies' own employees. The extent of the issue for companies is emphasised by the fact that only 16% of employees recognise that their employer is actively engaged either in charitable work, or some form of local community partnership.



Only **16%** of employees recognise that their employer is actively engaged in charitable work



69% Do not believe that big businesses are keen to make a contribution to their local community

This is further underlined by the finding that 69% (of those expressing an opinion) do not believe that big businesses are keen to make a contribution to their local community.

The importance of that communication is underlined by our findings, that if respondents were able to identify an example of a big business role model in their local community, they would be more likely to be favourable towards big businesses as a whole.

The findings also show a disparity between the general public's views on the importance of community engagement versus where they believe big businesses rank it as a priority. Community engagement is seen as least important in terms of future priorities for big businesses, with 20-25% mentioning pay, job security, and financial stability as the most important.

Whilst this may be the case, the results further underline the importance of community engagement and of businesses being visible in the local community. Those who cannot name a big business role model are twice as likely as those who can, to take a dim view of the financial transparency of big businesses. In addition, they are 64% more likely to be negative about big businesses' tax affairs.

Our perspective

These findings point to a lack of public awareness about business involvement in the local community. This leads us to question what businesses could do better, including how they can better communicate their efforts. Whilst there is a lot of great work currently being done by big businesses at a local community level, current efforts are going largely unrecognised by the general public, and by employees.

Clearly, employment and skills are a priority for people, both on a personal level and also in terms of bettering the communities in which they live. If we are to improve perceptions of big businesses at a local community level, we need to focus our efforts on providing job opportunities in the communities in which we operate - for example, making more efforts to source labour locally, and providing more apprenticeship opportunities. If we can make sure we are doing this, and are communicating these efforts effectively both internally and externally, this will go some way to improving the public's perceptions of big businesses on a wider scale.



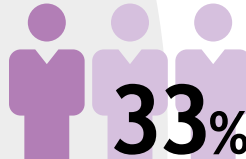
Knowledge*capital*

The importance of learning and development for the UK workforce



A quarter of the people surveyed feel that they receive insufficient training and development in their existing role

There is a disparity between public and private sector workers, with the former twice as likely to feel that their existing employer is providing sufficient training in their role



Believe that big businesses are actually worse at improving employee skills and providing career development opportunities than they were 10 years ago

The importance of helping to nurture talent, enable innovation and support employees to work collaboratively towards a more sustainable and resilient world cannot be overstated. But does today's workforce feel that large businesses are providing the platform to achieve these goals?

Key findings

- ▶ The survey shows that training and development opportunities are a key priority for UK workers when it comes to choosing a future employer, second only to pay. Despite this, a quarter of the people surveyed feel that they receive insufficient training and development in their existing role. There is a disparity between public and private sector workers, with the former twice as likely to feel that their existing employer is providing sufficient training in their role.

The findings suggest that there is a strong appetite amongst the workforce for further commitment by large businesses in training and development, with large businesses more likely to attract the best talent if they do. Perhaps surprisingly, a third (33%) of respondents believes that big businesses are actually worse at improving employee skills and providing career development opportunities than they were 10 years ago.



Just 1 in 6 believes that big businesses provide sufficient opportunities for apprentices

Again, here the private sector lags behind the public sector, with respondents from the former more than twice as likely to strongly agree that big businesses have regressed.

Linked to the above, more than two thirds of employers believe that large businesses, left to their own devices, will not commit enough in training and development, believing that there ought to be minimum targets set by Government to ensure that big businesses are providing the necessary skills development training to their workforce. That more people agree that large businesses provide greater opportunities than their smaller counterparts is not a surprise, but with this comes a greater responsibility to meet these needs.

The survey revealed that the public believes big businesses do not provide enough opportunities and support to those who are not in full-time work. Just 1 in 6 believe that big businesses provide sufficient opportunities for apprentices, whilst 45% do not think that the same companies are doing enough to support those who are unemployed as well as those for whom flexible working hours are a necessity (33%).

Our perspective

Big businesses should be encouraged by the findings from the survey, as they indicate that the UK workforce sees its development as a priority, which can only be good for businesses in general. Although generally people are not unhappy with their current situation, big businesses should see it as a challenge to create even higher levels of satisfaction amongst their workforce.

Whilst the UK is a long way from the introduction of mandatory minimum spend or specific targets around training and development, more can be facilitated and communicated on the topic. The challenge facing private sector employers is acute and we would expect the gap between the sectors to narrow over time.

It is also clear from the survey that people do not believe large businesses are doing enough to help those people who are not in full-time employment, especially apprentices. The survey also supports the wider public consensus that zero-hours contracts are holding back workers. With the recent new rules introduced around flexible working, the survey emphasises the importance for larger businesses to address these issues.



Financial *capital*

A company's financial behaviour influences public perception

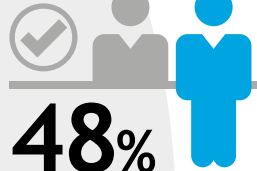


The public believes that making profits for shareholders is the top priority senior executives (52%), senior executives' priority for the existence of big businesses

20%



Only 20% of respondents do not believe that big businesses which act responsibly will perform better in the long-term



48%

How fairly a large business treats customers ranks as the top priority for the general public, with 48% citing it as the most important factor when it comes to purchasing goods/ services with a company

By taking steps to protect and enhance natural, social and knowledge capital, companies will improve their ability to manage financial capital in ways that will generate more profitable business growth. But where should businesses be focusing? What metrics in particular support the alignment of these capitals?

Key findings

- ▶ The general public believes that making profits for shareholders is, by a large margin (52%), senior executives' priority for the existence of big businesses. But consumer and customer attitudes matter, because they are key stakeholders in large businesses, and thus an important factor in profitability.

Almost half of respondents cited treatment of customers as their number one consideration in choosing to buy a big business' goods or services. Only 20% of respondents do not believe that big businesses which act responsibly will perform better in the long-term. And 13% of respondents said that they would definitely consider boycotting a company as a result of poor environmental performance. Although this figure may seem low, in reality this number would likely have a serious impact on profit and loss for a multi-billion dollar company.



2nd

How ethical a company is comes second, with 14% of respondents noting it as their most important factor



13%

Said that they would definitely consider boycotting a company as a result of poor environmental performance

How fairly a large business treats its customers ranks as the number one priority for the general public, with 48% citing it as the most important factor when it comes to purchasing goods/services with a company. How ethical a company is comes second, with 14% of respondents noting it as their most important factor. Conversely, the research showed that higher customer satisfaction (36%) and brand reputation (21%) are the factors that are most likely to impact positively on the financial performance of a big business.

The research also revealed that local community engagement or charitable activity does not move the dial in this respect, with only 2% and 1% of respondents, respectively, citing these factors as their number one consideration.

The research finds that employees are another important stakeholder group. The findings point to the belief that ensuring the well-being of employees through appropriate remuneration and job security is what large businesses should prioritise the most (35% & 22%).

Our perspective

The survey reveals a dominant belief among the UK public that business leaders are primarily concerned for their shareholders and in delivering the business' underlying products and/or services - and beyond this, not much else.

That the public perceives large businesses as fundamentally driven by profits should not come as a surprise. The results of the survey would suggest that those businesses which make efforts to invest in the community, skills development and the environment will be rewarded with higher consumer, customer and employee satisfaction levels overall.

Summary

At Interserve we recognise that there are a combination of factors that will impact future success; the community, our employees, the environment and our financial stewardship are all critical elements in their own right.

This research has shown that there is a broad consensus amongst the general public that big businesses need to do more to rebuild trust; communicate better what they do and provide better opportunities for their employees. However, whilst we believe that the relationship between big business and the general public is weaker than we might wish, it can be strengthened.

Overcoming some of the negative sentiment, and communicating more widely the good work that is being undertaken by businesses in each of these areas, will be critical in repairing the social contract that big business holds with the general public.

Encouragingly, the research has shown that each of the factors; community engagement, skills and training, environmental impact and financial stewardship, are of importance to the general public. They are interested in these topics; they want to hear more and to see positive progress in each area. The report also recognises that while these topics are distinct, each one influences the other, and so it is important that we do not to view them in isolation.

We believe that this represents a significant opportunity for big business to reset its relationship with the general public, to reengage, and to develop mutually beneficial, long-term positive outcomes.



Ipsos MORI was commissioned to undertake an online survey among a representative quota sample of 2,061 adults age 16+ in the United Kingdom



Interserve plc
Interserve House
Ruscombe Park
Twyford
Reading
RG10 9JU

T: +44 (0)118 932 0123
E: info@interserve.com
www.interserve.com
www.sustainabilities.interserve.com
www.twitter.com/interservenews

Interserve is one of the world's foremost support services and construction companies, operating in the public and private sectors in the UK and internationally. We offer advice, design, construction, equipment, facilities management and front-line public services.

Interserve is based in the UK and is listed in the FTSE 250 index. We have gross revenue of £3.4 billion and a workforce of over 80,000 people in more than 40 countries.