



## Long-Run Economics Ltd

# Intangible benefits to businesses of meeting the needs of disabled customers

A report to the Extra Costs Commission

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## About Long-Run Economics Ltd

**Long-Run Economics Ltd** is an economics consultancy based in London. Its Director, Karen Hancock, was, until 2013, Chief Economist at the Department of Education. She works – sometimes in association with other well-qualified economists – on economic appraisals, business cases and economic evaluation projects for the public and voluntary sectors across a wide range of policy areas, ranging from science, innovation and space, to health, agriculture and education. Karen is also a part-time economist with Pro Bono Economics, leading and managing economist volunteer effort on a wide range of projects.

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Responsibility for the contents of this report remains with Long-Run Economics Ltd.

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## **Executive Summary**

In July 2014, Scope set up the Extra Costs Commission to investigate ways in which the extra costs faced by disabled people – and families with disabled children – could be reduced. One hypothesis the Commission sought to explore was that a factor inhibiting businesses from meeting the needs of disabled customers is that they under-estimate some of the potential intangible, or non-economic, benefits.

The subject of benefits to business from meeting the needs of disabled consumers is under-researched, but there is a balance of evidence that suggests businesses do benefit from corporate social responsibility activities in general, including in ways that affect the bottom line.

Business survey evidence indicates the types of intangible benefits that accrue – and which are the most significant – include maintaining or enhancing company reputation and brand value; employee engagement; accessing new ideas and talent; increased operational efficiency; risk reduction and management; accessing new customer markets; and supporting society through good corporate citizenship.

The same benefits are likely to arise from action to meet the needs of disabled customers. Case studies gathered for this report demonstrate that, at least in some instances, these benefits do arise in reality. The case studies hint at factors for success, supporting the hypotheses that these include third sector collaboration and integrating a disability focus into business decision-making.

More research is needed on the types of intangible benefits that are specifically gained by businesses meeting the needs of disabled customers. This is coupled with the need for research to understand better the drivers behind successful initiatives, and to identify potential barriers that prevent businesses from launching such products and services. It is important to estimate the impact and value of successful initiatives. It would also be helpful to test whether the findings of the five case studies in this report apply more widely.

Such research would further inform businesses when considering the commercial arguments, as well as the moral arguments, for seeking to meet disabled customers' needs competitively. Working together to identify and meet the needs of disabled consumers should lead to competitive solutions being developed that benefit disabled customers, businesses, and society as a whole.

## **Introduction**

Intangible benefits consist of subjective attitudes and perceptions about a company that cannot be expressed in monetary terms on a balance sheet even though they may increase the company's value as a business.<sup>1</sup>

If meeting the needs of disabled customers generates intangible benefits for businesses, by their very nature, it is difficult to attempt to evaluate them in quantitative terms. Quantifying benefits makes them more salient in the decision-making of profit-maximising firms. So it may be the case that these benefits are omitted or under-estimated when businesses are making decisions on offering products and services to disabled customers, and a lack of competition can potentially inhibit cost reductions.

This project's aim was to examine and highlight the evidence on intangible benefits that businesses could derive from meeting the needs of disabled people as consumers.

The Commission recognises that this is a potentially wide-ranging and complex issue. The current project takes a relatively high-level approach based on a review of readily available information. We reviewed existing evidence in the academic and business literature, and other information sources, such as business surveys. Details of the method used can be found in Annex A. Little evidence could be found specifically on the impact on businesses of meeting the needs of disabled customers. We therefore also undertook primary research in the form of gathering a small number of case studies from businesses that have actively engaged with disabled customers.

This work complements that of our report for the Extra Costs Commission on creating incentives for businesses to reduce the extra costs faced by disabled people (Sabri and Hancock, 2015), by providing the reasons why businesses should want to compete to meet the needs of disabled customers. Our other report focuses more on how businesses could be incentivised to address those needs.

## **The intangible benefits of corporate social responsibility**

There is very little evidence available in the literature on the intangible benefits derived by businesses specifically from meeting the needs of disabled people as customers. Therefore our literature review focused on information on other actions by business with wider benefit to society through their corporate social responsibility (CSR) programmes.

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<sup>1</sup> See Kirchhoff, <http://smallbusiness.chron.com/difference-between-intangible-benefits-intangible-assets-24692.html> website accessed February 2015.

A variety of views exist on the scope and definition of CSR. These range from the only social responsibility of business being to increase profits (Friedman, 1970)<sup>2</sup>; to a wider view of “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (Commission of the European Communities, 2002).

Carroll and Shabana (2010) summarise the business case arguments for CSR practices from the academic literature as consisting of four categories: cost and risk reduction; competitive advantage; company legitimacy and reputation; and creation of win–win situations for the company and society.

At a more specific level, a number of intangible business benefits of CSR have been cited theoretically in the academic literature, and reported by firms themselves. We examined four relevant business surveys in the literature. From this evidence, there appears to be a consensus around the types of intangible benefits generated by CSR activity that add value / contribute to the business case. Improved reputation / brand value is the most frequently cited intangible benefit, often followed by benefits for recruitment and retention of employees. The full results from these studies are summarised in Table 1.

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<sup>2</sup> More controversially, Friedman considered such investments to be theft and political subversion. In his view, executives were taking money that would otherwise go to the firm’s owners in order to pursue objectives that the executives, under the sway of a minority of voices, selected in a manner beyond the reach of accepted democratic political processes.

**Table 1: Ranking of business benefits derived from CSR as measured by business surveys**

<b>Benefit ranking</b>	<b>Business in the Community and Doughty Centre for Corporate Responsibility (2003-2010)</b>	<b>CEO Survey of the World Economic Forum Global Corporate Citizenship Initiative (2003)</b>	<b>SAM Sustainable Asset Management survey (2003)<sup>3</sup></b>	<b>McKinsey &amp; Company Global Survey (2008)</b>
<b>1</b>	Brand value and reputation	Reputation and brand	Reputation enhancement	Maintaining a good corporate reputation and/or brand equity
<b>2</b>	Employees and future workforce	Employee motivation	Operational efficiency	Attracting, motivating, and retaining talented employees
<b>3</b>	Operational effectiveness	= Competitiveness and market positioning = Licence to operate	Talent attraction	Meeting society's expectations for good corporate behaviour
<b>4</b>	Risk reduction and management	-	Future business option creation	Improving operational efficiency and/or decreasing costs
<b>5</b>	Direct financial impact	Risk management	Reducing environmental footprint	Opening new growth opportunities
<b>6</b>	Organisational growth	Operational efficiency	Maintaining licence to operate	Improving risk management
<b>7</b>	Business opportunity (win-win for a variety of stakeholders)	Access to capital	Innovation trigger	Strengthening competitive position
<b>8</b>		Learning and innovation	Access to capital	Improving access to capital

<sup>3</sup> Reported in World Economic Forum, 2004.

The results in Table 1 echo Moon et al.'s (2007) findings in their report on the role of stakeholder engagement in Corporate Community Investment<sup>4</sup> at twelve UK companies. Companies most frequently cited the benefits of reputation, employee motivation and competitive advantage / innovation. Other benefits mentioned related to social capital through the acquisition of local knowledge and experience; and risk management.

So there is wide recognition within companies, both in the UK and globally, of the types of business benefits, tangible and intangible, that can be derived from CSR activities. Across the surveys, improvements in brand or corporate reputation; workforce factors; and operational efficiency consistently appear as the most important three benefits arising from CSR activities. This leads to the question of whether it is possible to place a valuation on these benefits.

## **Valuing the impact of corporate social responsibility**

Academic literature has, for decades, attempted to evaluate the relationship between corporate social performance (CSP) and corporate financial performance (CFP), given the theoretical possibilities of a positive, negative or neutral relationship (Preston and O'Bannon, 1997).

There are a variety of variables that can be used to measure both social performance and financial performance. CFP can be measured using a number of market-based (investor returns); accounting-based (accounting returns); or survey-based measures (Orlitzky et al., 2003). Measurement of CSP can include analysing CSP disclosures; using reputation ratings; or third-party social audits (Orlitzky et al., 2003). These can be based on a broad definition of CSP or a narrow one (e.g. relating specifically to environmental performance).

We identified a number of different types of study in the literature: literature reviews; meta-analyses and direct business surveys. We consider some findings from each type in turn.

### **Literature reviews**

Roman et al. (1999) updated and reviewed the literature used in an earlier categorisation of research results as part of a paper by Griffin and Mahon (1997). Roman et al. (1999) found that the correlation between CSP and CFP may be positive, with 33 studies suggesting a positive relationship; 14 no effect or inconclusive; and 5 negative. The "vast majority of studies support the idea that, at the very least, good social performance does not lead to poor financial performance".

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<sup>4</sup> Business involvement in social initiatives to meet the needs of the communities in which they operate.



More recently, Beurden and Gössling (2008) conducted a literature review from 1990 onward, consisting of 34 studies. This research suggested that the majority of the included studies found a positive relationship between CSP and CFP (68%), while 26% showed no significant relationship between CSP and CFP. Only 6% (two studies) suggested a negative relationship between CSP and CFP.

### **Meta-analyses**

Literature reviews give less robust quantified results than the more rigorous and increasingly standardised techniques employed in meta-analyses. We identified several meta-analyses that have attempted to identify and quantify associations across numerous studies by looking at the correlation between CSP and CFP. Those cited below suggest overall a small positive association – though some individual studies within the meta-analyses have suggested no significant relationship or a negative association.

Orlitzky et al. (2003) conducted a meta-analysis of 52 US studies, and found that CSP was positively correlated<sup>5</sup> with CFP, with a mean observed correlation of +0.18, or +0.15 after correcting for several effects that may skew results, such as sampling and measurement error and response bias. The relationship was found to have bi-directional causality and was simultaneous, suggesting a virtuous cycle between CSP and CFP. However, the authors found that reputation appeared to be an important mediator of the relationship, because “CSP helps the firm build a positive reputation and goodwill with its external stakeholders” and thus facilitates access to capital.

Allouche and Laroche (2005) included more studies in their later meta-analysis of 82 studies (mainly from the US, plus 6 from the UK and 1 from Canada). In contrast to Orlitzky et al. (2003), they also attempted to control for confounding variables (such as risk, firm size and industry) by using a meta-regression analytical approach. They also used more up-to-date statistical techniques and tested more thoroughly for reverse causality in the relationship. They concluded: “The results show conclusively that CSP has a positive impact on corporate financial performance and that this is strongest in the UK context”. The authors found a sample size-weighted average partial correlation of +0.14, with a 95% confidence interval of +0.13 to +0.15. They found that studies that considered CFP as a determinant of CSP exhibited a greater positive correlation between CSP and CFP, with the authors suggesting a virtuous cycle between them.

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<sup>5</sup> A correlation measures the extent to which two (or more) variables fluctuate together. Correlations have a range of -1 to +1, with a positive value implying that as one variable gets larger, in general so does the other; a negative value meaning that as one variable gets larger the other tends to get smaller; and a zero correlation implying no association between them.

Interestingly, of relevance to our more specific focus on disabled consumers, the authors findings suggested that the different types of CSP were not all influenced by the same factors, and they did not affect financial performance in the same way. This points to the need for more specific empirical research focused on the CSP dimension of disability focus.

More recently, Margolis et al. (2009) carried out an even more comprehensive meta-analysis using a larger number of 251 studies from 214 manuscripts, dating from 1972 through to 2007. They found a small positive relationship, with an overall mean correlation of +0.13 and a sample size-weighted average correlation of +0.11. Results for the 106 studies from the past decade were smaller. Like Allouche and Laroche (2005), they tested for publication bias (a criticism of meta-analyses), by including results from unpublished manuscripts in their dataset. Further, they also found that different types of CSP affected financial performance to differing degrees.

Overall, this academic evidence suggests a small, positive, statistically significant relationship between corporate social and financial performance, with an effect-size of the order of 0.13 averaged across a wide range of firms, industries and several countries. The authors of the papers cited in this section have however expressed a number of limitations of the work conducted so far that might have led to the somewhat inconsistent nature of some results. They argue that there is a need for greater consistency of the definitions of CSP and CFP; and better measures of CSP and more consistent use of the measures of both variables. They suggest too that the situations faced by different industries could vary significantly, potentially having an effect when trying to estimate a general relationship. The authors advocate greater consistency of methodology used to examine the relationship between CSP and CFP, including more systematic use of relevant control variables; a greater sensitivity to the direction of causality; and identifying omitted variables that intervene in the relationship in order to better understand its nature. For example, Surroca et al. (2010) argued that researchers had not considered the intervention of a firm's intangible assets in the CSP-CFP linkage. They found that intangibles related to innovation; human capital; reputation; and culture mediated the CSP-CFP relationship in both directions.

### **Direct business surveys**

An alternative way of assessing the value of CSR benefits to a company is to survey businesses directly. The McKinsey Global Survey in 2008 found, broadly speaking, around half of CFOs and investment professionals agreed that environmental, social, and governance activities did create value for their shareholders in normal economic times; but they did not agree on how much.

Roughly a fifth to a quarter thought it had no effect or reduced value, and a further quarter did not know what effect, if any, such activities had.

This is not surprising, perhaps, given there are relatively few common metrics, performance indicators and benchmarks for assessing the business case for CSR (World Economic Forum, 2004) – as already identified in the meta-analytic literature above. Forum survey respondents cited obstacles including: problems of measurement; inappropriate procedures to measure the economic benefits of corporate citizenship issues; difficulty of putting a financial value on intangible assets such as reputation and motivation of the workforce; and the difficulty of quantifying the impact of corporate citizenship issues on a company's share price.

Weber (2008) focused on developing a company-level approach to measuring the business case for CSR. This analysis advocated an assessment of qualitative impacts; developing and measuring key performance indicators; measuring the monetary value added; and evaluating all these components for strategic relevance in order to measure the impact of CSR activities on the business. By suggesting assessing qualitative and quantitative impacts, the report hints at the difficulty in readily valuing the benefits of CSR.

Taken in concert, the evidence suggests it is difficult to extract a rule of thumb or readily quantify the scale of benefit to business derived from CSR activity. The most that can be said is that the effect of CSR on CFP appears to be statistically significant but small – with an effect-size somewhere in the region of +0.13 detected on average across a wide range of firms, industries and several countries. In some studies, results are not significantly different from zero, or even negative. Moreover, the evidence suggests that different CSR dimensions have different business benefits. It needs to be borne in mind that internally generated intangibles arising from CSR are not required to be valued in financial statements (though companies are increasingly reporting in a number of ways on the CSR activities they undertake). This makes it difficult to measure and therefore to assess the impact of CSR. Individual firms will need to assess the likely impact of specific CSR activities for their business in the specific markets in which they operate.

### **The benefits of meeting the needs of disabled customers**

There appears to be little information available specifically on the intangible benefits to business of meeting the needs of disabled customers. A report over ten years ago by the Employers' Forum on Disability, now the Business Disability Forum (BDF), highlighted the strategic business case for meeting the needs of disabled customers and employees by embracing diversity. The authors (Zadek and Scott-Parker, 2000) suggested similar potential intangible benefits to those listed above for CSR generally. These included opening up

new markets; enhancing reputation; building brand loyalty and distinctiveness; accessing untapped reserves of talent and improved operational efficiency; and promoting new sources of ideas, creativity and problem-solving. The report noted the size of the disabled adult population, and their stakeholder roles as existing and potential customers, and as shareholders. It noted, too, the interest of many non-disabled stakeholders in disability issues, either through direct connections with disabled people, or through general awareness of equal opportunities issues. The authors emphasised the competitive edge that businesses can gain from accessing these sources of spending power and support.

A report on accessible Information and Communication Technologies (ICT) highlighted the business benefits of investing in accessible technology that is designed for all, including disabled people.<sup>6</sup> It stressed the importance of businesses not cutting themselves off from consumers or employees by making ICT products and services hard to access and use. It included case studies on UK organisations that demonstrated how, by investing in accessible and useable ICTs, those organisations attained six key business goals, to:

1. Reach new markets
2. Maximise employee engagement and productivity
3. Provision high quality products and services
4. Improve supply chain management
5. Build partner and community relations
6. Minimise risk of legal action.

These studies illustrated how the investment could create business value as well as benefiting society as a whole.

## **Case study examples of businesses meeting the needs of disabled people**

To understand better and highlight further some examples of the benefits that can be derived from meeting the needs of disabled people, we asked five companies that are active in meeting the needs of disabled people about their engagement and the benefits they had gained from doing so: Enterprise Rent-A-Car, BT, Cisco, Royal Bank of Scotland and Allianz Insurance.

The companies were selected in consultation with the BDF from those believed to have secured benefits in practice from meeting the needs of disabled customers. They are not intended to be representative of businesses in general. The extent to which emerging common themes from this small group may apply more widely is a question for further research.

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<sup>6</sup> See Ashington (2010), for the OneVoice Accessible ICT Coalition.

## Enterprise Rent-A-Car's Designated Driver Scheme

Enterprise is the largest car rental company in the world, with an annual turnover of more than \$17.8 billion and a rental and leasing fleet in excess of 1.5 million vehicles across 8,600 locations. "Our doors are open" is one of its stated core values, whereby it seeks to nurture a business environment that is responsive to all.

Enterprise provides a range of mobility devices for disabled drivers. In addition to this, Enterprise has made hiring a car more accessible for disabled customers who do not have a driver's licence by creating a designated driver scheme. This way the customer can still rent with Enterprise, by being accompanied by a designated driver who presents a valid driver's licence. There is no additional charge for the designated driver.

Enterprise was motivated to offer this service because it considered this was morally the right thing to do and it reflected its core value of engaging with a diverse range of customers, employees, business and community partners; but importantly it also acted for commercial reasons.

Enterprise estimates that 10% of its customer base has a disability. Enterprise believes the designated driver scheme helped it achieve tangible and intangible benefits associated with **accessing customers** in that demographic and **enhancing its reputation** with others in the community by seeking to be the company of choice for disabled customers. By interacting with new customers **knowledge was shared to build better products and services**. It also created a **feel-good factor for employees** offering the service to customers at no extra cost. And it considers that the initiative enhanced its **good corporate citizenship** role in its local neighbourhoods.

Such initiatives are championed by the Chief Executive, and Directors – who are all diversity champions (with 4 of the 18 UK Directors being disability champions). Enterprise finds this helps the company develop new initiatives for disabled customers, and for attracting and retaining disabled employees, by viewing those needs as business issues and opportunities, and not as matters reserved solely for the Human Resources department.

## BT's Accessible Website and Nuisance Call Blocker Phones

BT is a multinational telecommunications services company that considers designing inclusive products and services to be part of 'business as usual', which helps it use the "power of communications to make a better world".

BT has a Customer Inclusion Leadership Panel of external experts in age and disability that assists BT's senior management to develop its strategy and **inputs new ideas and creativity** into product development. BT also

conducts user-testing during development of its products and services to help build in inclusivity and to help ensure customers' diverse needs are met.

The Customer Inclusion Leadership Panel helped BT develop its "Including You" communications strategy which brings together information on BT products and services that help those living with impairments. The Including You website has been designed with accessibility in mind and information is offered in a range of accessible formats (such as large print, braille, pdfs, ebooks, live chat and BSL). The navigation of the site has been made easier (e.g. by resizing depending on the device displaying it), all in order to **reach the widest audience possible**. BT's monitoring of the number of site visits, currently around 86,000 per month, shows the potential benefits to business from inclusivity.

BT recently created a range of nuisance call blocker phones. BT has estimated that the phone that was specifically inclusively designed has achieved significant market share in the fixed phone market, illustrating the **tangible benefits** that can be gained. User feedback to BT on the product and on ease of set-up suggests a positive impact on customers' quality of life, including for those living with cognitive impairment and dementia.

Such products and services, along with initiatives like inputting into the Alzheimer's Society Dementia-friendly technology charter and its best practice booklet on power of attorney and 10,800 employees signing up as Dementia Friends, as well as supporting the British Paralympic Association and sponsorship of awards like Tech4Good, have all helped develop external recognition and **build BT's reputation and brand loyalty** as well as **support society by being a good corporate citizen**.

### **Cisco's Accessible Technology and Cisco Networking Academies**

Cisco is a worldwide Information Technology company providing businesses with a range of networking and IT services and products that transform how companies and people connect, communicate and collaborate. The company's vision is "to change the way people work, live, play and learn".

Its vision motivates the company to engage actively to provide products that are accessible by everyone, including those with disabilities (whether as customers or as employees). Other important business motivators are that its customers (other businesses) are requesting accessible technology; information on ethical issues, such as inclusivity and diversity; and ensuring legal compliance with regulations (for example in the USA) requiring accessibility to be built into products and services. Cisco is also a signatory of BDF's Accessible Technology Charter.

Cisco's accessible technology includes Internet-Protocol-based phones; video conferencing units; and WebEx (for web conferencing, online meetings and desktop sharing). It can be used by everyone, including people with sight, hearing or mobility impairments, for example, to facilitate a work, learning or home environment that meets their individual needs.

Cisco believes it has **extended its potential customer market** by making its technology accessible. It measures accessibility in its products objectively against regulatory standards, and through customer feedback and input into testing.

All Cisco staff use its accessible technology, and the vast majority telecommute (work from home) at least once a week. In so doing Cisco says it has gained **operational efficiencies** from lower office space costs (as staff hot-desk) and that it has observed a significant **increase in employee productivity**. Other benefits observed include greater **staff loyalty** and reduced sick leave. Benefits may be even more significant for disabled users (whether employees or at customer organisations), who might otherwise not have an environment that facilitates them working at all, or may adversely impact on the number of hours that can be worked.

Cisco also actively seeks to gain **access to untapped reserves of talent and innovation** for the industry through its Cisco Networking Academies. The academies provide technical education to over 1 million students each year, and specifically embrace diversity to help students gain qualifications, internships and apprenticeships to prepare for a career in ICT.

### **Royal Bank of Scotland's Customers in Vulnerable Situations Programme and Accessible Cards**

Royal Bank of Scotland (RBS) is a banking and financial services company. Its stated purpose is "to serve customers well". RBS formalised its on going accessibility and customers in vulnerable situations work through the creation of a bank wide programme team in April 2014. The aim of the team is to improve the overall proposition and outcomes for those customers, addressing their needs when they access financial products and services. The programme's management includes representation from across its banking and technical support functions and progress is reported to and overseen by an Executive Committee.

RBS considers that meeting the needs of disabled customers aligns with its core values of being customer-centric, thinking long term, doing the right thing and working together. Other motivators include the regulatory environment as well as meeting its moral obligation to its customers.

RBS values the importance of working with charity sector organisations to apply their expert knowledge to business solutions, such as participating in a focus group to help create the Alzheimer's Society's Dementia-friendly financial services charter; and receiving advice and awareness training for staff from Samaritans and Macmillan on recognising signs of potential vulnerability and communicating effectively about referrals to specialist support within the bank. This ensures the bank is better able to meet the needs of its customers.

Working in partnership with RNIB, RBS recently introduced Accessible bank cards, the first banking product designed specially for blind and partially sighted people. Addressing some of the common problems that blind and partially sighted customers face, the cards feature tactile markings to identify which card is debit and which card is savings. They also have a notch cut out on the right hand side of the card to identify the way to insert into card readers and ATMs; and the telephone number font has been increased by more than 50% to make it easier to read. Accompanying service information comes in different formats, and cards can be requested in branch, by phone, or online, to facilitate customer choice in accessing the service in the most appropriate way for them. To ensure it met the needs of customers, RBS worked with other key stakeholders including VISA and MasterCard, and members of the RBS disability employee network, Enable. In recognition of this work, the cards were the first product to be awarded RNIB's new national quality assurance mark 'RNIB Approved'.

RBS considers the benefits derived from this initiative arise from **meeting customers' needs** as evidenced by **positive customer feedback** including an 80 year old customer who commented that, for the first time in his life, he now has the independence to manage his own finances. RBS estimated there was media coverage of approximately 5 million people, and social media coverage of around 400,000 messaging views. **Employees commented on the pride** they felt that RBS had taken the lead in providing a simple and effective solution for customers, and **internal learning** from the development process will also be applied to future innovation.

### **Allianz Insurance plc's Accessible Services and Nominated Person Process**

Allianz continues to improve its services and products to help its disabled customers. This is a commitment that is at the very heart of the company and **demonstrates its values** of being a caring and responsible organisation.

In today's digital world Allianz has recognised that it is essential to build websites that cater for those with different disabilities. This includes making its websites more accessible (e.g. through considered use of colours, and the



option to change font size) as well as offering services like text relay and printed information in different formats. It also assessed that its data security measure to communicate only with the policyholder could possibly create a barrier for some consumers who are disabled or for whom English is not a first language. So it set up a Nominated Person process whereby a customer can nominate another individual for Allianz to liaise with on their behalf, making interaction quicker and simpler for the customer. It may also help address a **regulatory consideration** around the accuracy of customers' information, assisting the correct cover to be arranged and the customer to be better protected in the event of a claim. In addition to these changes, Allianz is developing processes that enable easy access to powers of attorney.

Many people only contact their insurance company when they have to make a claim. This can be a daunting prospect and so Allianz is training its front line staff to improve communication to ensure that it is to the point and jargon free. Part of this training includes an e-learning module aimed at raising awareness around disabilities and showing how employees can make it as easy as possible for customers to access Allianz's products and services, irrespective of their disability. This will become part of Allianz's on going training for all customer-facing employees.

Allianz's diversity and accessibility programmes also **widen its potential customer base; create new sources of ideas and talent; and enhance brand and company reputation.**

### Common themes across the case studies

Common themes and insights that emerged from these case studies were:

- All companies felt there was a natural alignment of the aim to meet disabled consumers' needs with their core values.
- The aim of meeting the needs of disabled consumers has been integrated into business decision-making and product development processes (via management disability champions, expert panels and testers, or other methods).
- Collaboration between businesses and disability organisations has been important in helping develop a depth of understanding of disabled customers' characteristics and associated needs, and of their use of products and services, as well as identifying gaps in the market.<sup>7</sup>

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<sup>7</sup> Companies mentioned disability organisations they are members of and related initiatives they are part of. It would be beneficial to collect information about this in a systematic way in future case study work.

- All of the businesses had derived intangible benefits from initiatives that sought to meet the needs of disabled customers (either as a specific group or through the pursuit of a more general inclusivity agenda). The intangible benefits reflected those evidenced elsewhere in this report, such as positive media coverage and customer feedback which should enhance reputation and brand loyalty; accessing new customers, new sources of ideas, and talent; and demonstrating good corporate citizenship.

This suggests that other businesses should not shy away from considering the commercial arguments, as well as the moral arguments, for seeking to meet disabled customers' needs competitively.

In order to do this, businesses need – to start with – data on the size of the disability market, or markets, so they can estimate what the potential value of accessing it might be. Businesses can do this by using published data on the purchasing power of disabled people ('the purple pound'). But they also need more specific and disaggregated and up-to-date information on the type of disability (given the heterogeneous nature of disabilities), age, gender, location etc. The more detailed the information available about the spending habits and preferences of disabled people, the better that companies will be able to meet their needs to the benefit of both companies and consumers. These data then need to be actively communicated to businesses, as has been done by the BDF UK Customer Profile on Disability and Banking Sector Customer Profile.<sup>8</sup>

It is difficult – given the intangible nature of some benefits – but important, that companies attempt to estimate the impact and value of their initiatives. It is hard to isolate their impact from other factors that might affect survey-based measures of reputation. However, other proxies might be more readily applied, such as media coverage of product launches. Customer feedback can provide an indication of change in the reputation of the brand / business amongst those customers; as well as measuring the level of customer service achieved and whether needs have been met effectively. It is then important to communicate this impact within the company to encourage and support the development of further initiatives.

Our evidence indicates that businesses can extract commercial advantage from efforts to meet the needs of disabled customers. Among the businesses we studied, our research suggested that those businesses which invest and innovate in this way are rewarded. However, externally sharing such examples of the benefits to business, as well as the impact on customers themselves, could encourage other businesses to be more inclusive and further enhance an organisation's reputation. Advancing best practice across

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<sup>8</sup> See <http://businessdisabilityforum.org.uk/customer-experience/the-evidence/>.

the sector helps businesses focus on developing ways of thinking about how to address society's needs and plug gaps in product markets.

Businesses do not exist in isolation but in partnership with society and individuals. Technological advances like social media facilitate consumers' ability to share both positive and negative feedback. Those businesses that meet the diverse needs of customers should benefit. Those that fail to address disabled consumers' needs, or are not actively seeking to address them, may suffer adverse reputational impact as a result as well as missing out on the sorts of benefits illustrated by these case studies.

## **Conclusions and recommendations for further research**

Intangible benefits consist of subjective attitudes and perceptions about a company that cannot be expressed in monetary terms even though they may increase the company's value as a business.

A number of potential intangible benefits that can be gained by meeting the needs of disabled customers have been evidenced in this report. These include maintaining or enhancing company reputation and brand value; accessing new customer markets; accessing new ideas and talent; employee engagement; increased operational efficiency; and supporting society through good corporate citizenship. They are consistent with business surveys of benefits derived from general CSR activity.

By their very nature, intangible benefits are difficult to measure. Academic literature has, for decades, attempted to evaluate the relationship between corporate social performance and financial performance. The most robust meta-analyses have tried to synthesise the results from these studies by examining the correlation between these variables (controlling where possible for confounding factors, such as industry and firm size). These suggest overall a small, statistically significant and positive association, but there are methodological and data limitations to this work.

Businesses should not shy away from considering the commercial arguments, as well as the moral arguments, for seeking to meet disabled customers' needs competitively. To do this, businesses need well-estimated, regularly-updated data on the aggregate size of this market segment and sub-segments. Data should demonstrate the purchasing power of disabled people – the 'purple pound' – and their purchasing preferences, and these data need to be updated and actively communicated to businesses. This should be an area for further research and collaboration between businesses, organisations representing disabled people, and potentially government providers of aggregate data.

This work should not be viewed in isolation but as part of the wider movement towards greater inclusivity. This could, for example, encourage organisations representing disabled people to work with and learn from other organisations that gather evidence on and publicise data on the purchasing power that can be harnessed by embracing diversity, for example through the 'grey pound' of older consumers and the 'pink pound' of gay consumers.

It is difficult given the intangible nature of some benefits, but important, that companies attempt to estimate the impact and value of their initiatives using appropriate proxies. It is also important for businesses to share these initiatives externally if possible, to demonstrate value and encourage innovation of competitively priced, inclusive products and services across the business sector. It would be useful to have more information, too, on barriers that companies face in meeting the needs of disabled customers, and on initiatives that have not worked, in order to learn more about how to create successful initiatives. This would be a useful topic for further research.

In order to leverage the benefits of embracing diversity effectively our case studies suggest that it is also important for businesses to integrate inclusivity and accessibility into their decision-making and customer product development processes.

Collaboration between businesses and organisations supporting and representing disabled people can be key to helping businesses successfully develop a depth of understanding of disabled customers' characteristics and associated needs, and of their use of products and services, as well as identifying gaps in the market that should be filled. Organisations that represent different types of disability can also work together to identify common needs that they would like businesses to address.

Working together to identify and meet the needs of disabled consumers will lead to competitive solutions being developed that benefit disabled customers, businesses, and society as a whole.

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## **Annex A: Research methodology**

We used Google Scholar to search for academic articles (written in English) that were of most relevance using search terms including keywords “CSR”, “corporate social responsibility”, “reputation”, “corporate reputation”, “reputational impact”, “impact”, “valuation”, “value”, “valuing”, “financial performance”, “performance”, “economic performance”, “social performance”, “business”, “social”, “disability”, “disabled customers”, “intangible benefits”. Further papers were identified from reference sections contained in academic articles. We also looked at a number of business school and disability organisation websites.

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