INCLUSIVE ADVANTAGE

The CEO’s Case for Local Civic Engagement

By Kedra Newsom Reeves and Veronica Chau

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CEOs have a powerful, but increasingly overlooked, lever to build competitive advantage. To spot it, they need only look out the corner office window.

Companies that lead on civic engagement, acting as meaningful partners to communities in which they operate, can capture tangible benefits. Among them: enhanced employee engagement, development, and retention as well as stronger trust among customers, strategic partners, and critical stakeholders. The employee engagement upside alone is sorely needed—just 20% of workers worldwide reported being engaged in 2025, according to Gallup.

CEOs that seize the civic opportunity do so at a moment when their involvement is more vital than ever. The communities where the world's largest businesses operate—major cities, surrounding suburbs and rural towns alike—face mounting societal challenges, including access to housing, affordability concerns, aging infrastructure, and the emerging AI disruption in labor markets. But public budgets are constrained. And while philanthropy plays a role in addressing these challenges, it cannot move the needle on its own. Companies, for their part, have much at stake, with the fortunes of their business and the communities they call home inextricably linked by talent, employee well-being, and shared prosperity.

BCG's global client work and in-depth research, including recent interviews with over 35 CEOs, senior executives, and community and philanthropic leaders, sheds light on what distinguishes winning civic engagement strategies. A consistent finding: success isn't simply a matter of willingness or resources. Companies that create impact and value from civic engagement have often made a fundamental shift in how they govern and think about this work. The most effective approaches are based on a structured approach and sound governance, one that is centered on the value created for both the community and the company.

Throughout history, moments of rapid change and disruption have shown how much of a difference collaboration among businesses and communities can make. From companies supporting the development of housing, schools, and infrastructure during industrialization, to the rebuilding efforts in New Orleans after Hurricane Katrina and in New York City after 9/11, private-sector players working alongside the communities they call home have repeatedly succeeded in addressing major shared challenges. This is a critical moment for CEOs to take a fresh look at local communities—not as recipients of corporate generosity, but as critical partners and engines of joint value creation. The upside of deeper engagement is as clear as it has ever been.

How Companies Lead Locally—and What Gets in the Way

Civic engagement is how a company actively contributes to the well-being of the places its employees call home. This often involves efforts to help address issues that threaten to undermine the community's long-term vitality and complement efforts of public-sector and philanthropic actors. Such engagement plays a vital role across geographies, both in cities (where many company headquarters are based and which represent roughly 60% of global GDP) and non-urban centers (where supply chains, factories, logistics, and agriculture often anchor the economy).

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For communities, partnering with committed businesses can enhance almost every aspect of local life, from economic opportunities to livability to social capital. Yet while the need for corporate involvement is greater than ever, companies can face hurdles to increasing their engagement level.

What Civic Engagement Looks Like in Practice. Our conversations with business and community leaders revealed a five-level spectrum of engagement activities, from foundational elements of an employee value proposition to traditional philanthropy and volunteerism to more embedded and sustained commitments that drive business and local outcomes. (See the exhibit.)

At the more advanced levels, companies often find ways to magnify impact, including public-private partnerships for longer-term community commitments. (See "From Commitment to Community Impact.")

– From Commitment to Community Impact

The most sophisticated civic engagement efforts draw on what a company is uniquely positioned to offer—whether that means investing in the physical infrastructure and built environment or deploying the services and expertise at the heart of their business. And they frequently involve collaborations with partners in the public, private, and social sectors.

Consider the work done by Michelin in Clermont-Ferrand. With a long history in the French city, Michelin partnered with over 50 public and private organizations transform a century-old, decommissioned production site into a €300 million innovation district. The project comprises several hubs, including training centers preparing people for the jobs of the future, a hybrid real estate complex for coworking and event spaces, a jazz club, and rehabilitated offices. The centerpiece is a community destination to drive local culture and tourism including a multi-acre green space with an urban farm, experiential spaces tied to the historical auto test tracks, and a museum celebrating Michelin's history. It aims to attract 400,000 visitors per year. The benefits to the city are significant—housing, brownfield regeneration, a local talent pipeline, and tourism revenue. Michelin, meanwhile, gains access to a loyal, skilled workforce and a city attractive enough to recruit into globally.

Retail technology company Shipt has also leveraged cross-sector partnerships to help expand food access. Recognizing that over 40 million people in the US live in communities with limited access to fresh, nutritious food, Shipt has built a multipronged approach to invest in community-led projects and partners that help put affordable, culturally relevant food within closer physical reach. This includes local and national grants supporting immediate needs, systems-focused research work with the University of Michigan and the Congressional Hunger Center, and partnerships with national organizations like Feeding America and other hunger relief organizations. Central to this work is LadderUp Accelerator, an eight-week program that has provided over 40 food-focused small businesses and nonprofits with unrestricted grant funding, mentorship from industry leaders, and opportunities to collaborate with cohort peers tackling similar challenges. Over four years, Shipt has awarded more than 80 Community Impact Grants totaling nearly $1.3 million, helping enable more than 2.3 million meals for over half-a-million food-insecure individuals.

Certainly, not all companies will (or need to) undertake efforts that fall under the advanced civic leadership level. In fact, cities benefit when there is a diversity of efforts across all five levels.

The Need for—and Factors Shaping—Action. The need for this broad corporate engagement reflects an important reality: communities today are at the forefront in addressing a growing number of societal challenges. Take affordable housing and the rising cost of living. The average share of mortgage payments relative to household disposable income for 80 large cities worldwide increased from 48% in 2021 to 64% in 2025, according to BCG analysis. Many communities are also vulnerable to wider global economic trends. For example, while the timeline for change is unclear, BCG estimates that 50% to 55% of roles in the US will be reshaped by AI in the next two to three years, and 10% to 15% could be displaced over the next five years (or perhaps further in the future). The disruption from these changes could be concentrated in specific geographies, such as those with higher concentrations of information, finance, professional services, and clerical and administrative roles.[1] This impact could increase pressure on local workforce systems, reskilling efforts, and economic mobility.

Yet the resources available to help communities adapt are constrained. In the US, spending levels for a group of 200-plus cities were flat in 2025 after the phaseout of pandemic era assistance, according to the National League of Cities. In Europe, two out of three local and regional governments cite a lack of financial resources as the number one barrier to implementing commitment to drive progress on issues such as poverty, hunger, health, and education, according to the OECD. Company financial contributions, meanwhile, are unlikely to fully bridge the gap: median total company community investments (TCI), including cash donations, pro bono work, and other in-kind support, were up a modest 5% between 2022 and 2024, according to the benchmarking group Chief Executives for Corporate Purpose.

Our interviews shed light on a few factors that are dampening civic momentum:

- **Investor Expectations.** CEOs today are facing increased scrutiny from boards and shareholders on efforts to divert leadership attention and financial resources toward initiatives that do not contribute directly to near-term shareholder returns.

- **Weakened Local Connections.** Several trends over the last decade or so have reduced the connection between companies and the communities in which they operate. Globalization and remote work, for example, translate into a more diffuse footprint for companies. Meanwhile, elevated M&A activity and a shift toward more centralized corporate philanthropy strategies (with less of a local lens), further weaken those connections.

- **Challenges with the Civic Landscape.** Leaders often confront fragmented efforts of community, civic, and industry organizations, making it challenging to know how and where to engage to have an impact. In addition, some leaders seeking genuine opportunities find that the options presented, including one-off volunteering and attending fund raising galas, are not delivering meaningful benefits to the company or its community.

The Business Case for Local Civic Engagement

In many ways, a renewed commitment to local civic engagement matches the moment. Corporate leadership has shifted from outspoken advocacy in the late 2010s to early 2020s to a more cautious, restrained stance. Focusing on local, results-oriented engagement offers a way to drive meaningful impact while avoiding the backlash that comes with wading into polarizing national debates. At the same time, our research reveals that, when executed well, corporate civic engagement can deliver meaningful benefits across two critical dimensions: talent and trust.

Talent. The impact of civic engagement on a company's employees was one of the most consistent themes in our discussions with business leaders. The benefits spanned from access to talent to increasing engagement and retention through to leadership development.

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Many companies' local initiatives are specifically designed to provide a pipeline for future talent. One US technology firm partnered with nonprofit and civic organizations to cofound an innovative operating model that connects organizations with skilled local talent while creating pathways to technology careers. The model combines structured technical training, professional development, mentorship, and supervised experience supporting real enterprise technology initiatives. As the firm's CEO explains, "Organizations don't have to choose between strengthening their operations and investing in their communities. By embedding workforce development into enterprise IT delivery, we've created a model that expands organizational capacity, develops local talent, and generates lasting economic value."

While it is intuitive that caring about the places your employees live, work, and raise families also strengthens engagement and retention, research supports this conclusion. According to Benevity, an enterprise social impact software provider, turnover among newer employees (those who have been with the company two and half years or less) is 52% lower for those who participate in corporate purpose programs.

"It is good for our brand for us to be involved [in our city], and it is good for our customers to see that," says the president of one large US company. "But at the end of the day, what we lean into mostly is that it is really good for our workforce. It is a way to engage our organization and retain our employees and give them a sense of pride and ownership."

In another US city, a group of major employers worked together to revitalize the area around their offices, helping small businesses get started, coordinating support during the height of pandemic public health measures, and opening a community space where people could access health services, job resources, and support for entrepreneurs. The effort was based on the conviction that when the surrounding neighborhood improves, it becomes easier to recruit and retain people.

There is another, often less obvious, talent benefit for companies—talent development. A few business leaders noted that civic engagement activities can help advance the development of up-and-coming senior leaders within their organizations. "Working within one company is a closed environment," notes the US company president. "Serving on a [community] board is an important part of leadership development. It shows someone can influence and engage more broadly—and sheds light on how they lead in a different setting and their emotional intelligence."

Trust. Trust is a clear benefit of civic engagement executed well. BCG's Trust Index research has shown that the most trusted companies generated approximately 2.5 times more value creation than market-average companies, underscoring the business value of trust. More recent BCG research shows that rebuilding trust is typically a multiyear effort—making proactive trust-building an increasingly important source of competitive advantage. "If you spend time helping address challenges facing the local community, you've earned the right to be in the room with business and government leaders shaping the city," notes the CEO of the technology firm that developed the collaborative talent operating model described above.

Although the business case for civic engagement is relevant for most companies, the value case varies depending on the business model (for example, B2B or B2C) or geographic footprint. One large financial institution described civic engagement as a source of credibility, stronger institutional relationships, and long-term resilience in its home market. Mid-sized firms, meanwhile, often capture robust returns from local engagement, while large global companies may find the benefits of engagement in certain locales can hinge on the scale of their presence in those locations.

Creating Advantage and Community Impact

A winning civic engagement approach is not about simply giving more money; in some cases, companies may be making large investments in aggregate but failing to maximize their impact. What matters is developing a systematic approach, one that starts with a mindset of joint value creation and sound governance. With that foundation in place, CEOs can take five steps to ensure effective implementation:

- **Engage the full leadership team.** Civic engagement should not be limited to the C-suite. Companies that integrate community involvement at all levels of the business will maximize both impact and employee engagement while creating new avenues for executive development.

- **Pick your lane.** Companies with the most effective civic engagement strategies understand that you can't take on every challenge. They focus on very specific issues that leverage expertise within the organization. They commit to the long term, taking a five- to ten-year time horizon and drawing on real-world experience to refine their efforts over time. This sort of sustained, focused approach helps cultivate institutional knowledge and sharp insight on where they can create impact.

- **Offer more than a checkbook.** Money matters—but it may not always be the most effective form of support. Companies can look for ways to help partners develop much needed expertise. For example, they can help nonprofits upskill their employees in AI or other critical capabilities in ways that amplify impact.
- **Leverage your full ecosystem.** Civic engagement delivers the most value when it draws on the full breadth of what a company can offer. That means activating supplier and partner networks, opening up relationships and infrastructure that community organizations could not access on their own.
- **Measure and govern for value.** Companies should understand how their civic engagement creates value for the business. Insight into—and, if possible, measurement of—different sources of value will ensure that efforts are durable and not subject to societal shifts. It will also allow companies to adapt their approach to the changing dynamics and needs of the cities in which they operate. To support this value-focused approach, companies should establish effective governance that advances targeted investments, gives non-headquarters sites ability to invest in locally relevant efforts, and reduces diffuse, fragmented efforts.

CEOs who are winning on civic engagement aren't doing it out of altruism alone. They understand that well-designed efforts at supporting local communities can strengthen their ties to employees, help them tap into new sources of talent, and enhance trust in their company. For leaders willing to treat their communities as strategic partners, the upside is real and the moment is now.

Authors

Kedra Newsom Reeves

Managing Director & Partner
Chicago

Veronica Chau

Partner & Director, Sustainable Investing & Social Impact
Toronto

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1 S. Manning et al., "Measuring US Workers' Capacity to Adapt to AI-Driven Job Displacement," Brookings, January 21, 2026; B Chakravorti et al., "Will Wired Belts Become the New Rust Belts? AI and the Emerging Geography of American Job Risk," The Fletcher School at Tufts University, March 17, 2026.