

Corporate responsibility - people, society and globalisation
British Embassy Dublin, Business in the Community Ireland and Concern Worldwide
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Summary and report by Elise McCarthy, BITCI

Noel White, Director, Irish Aid

Mr. White delivered opening remarks on behalf of Mr. Peter Power TD, Minister for Overseas Aid. He welcomed the audience to the venue, the Irish Aid Volunteering and Information Centre which he sees as instrumental in highlighting the issues of global development and volunteering, particularly the messages of global exclusion and poverty.

He highlighted that these are exciting and challenging times to be working in the development arena on which the international community is now more focussed than ever before thanks to the Millennium Development Goals (MDGs), to which Ireland is committed. In September, the international community will assess progress to date and renew its commitment to meeting the goals.

Over the years, the Irish development programme has delivered assistance in many areas but its bilateral aid programme has focused in particular on health, education and the fight against HIV. More recently, the goal of developing sustainable economic growth has become a complementary target and encourages the development of a private sector that can generate wealth locally and create conditions where the poor can have a stake in their own development processes.

There are many encouraging economic developments in Africa in recent years. Sub Saharan Africa is experiencing its strongest economic growth since the 1970s with some economies growing at rates of up to 5% for over a decade. This is good but it's not enough to meet the MDGs. The donor community needs to play its part in translating this kind of growth into meaningful development in the lives of millions of poor people—not just in economic terms, but addressing the social and environmental impact of those it's meant to help.

Respect for corporate social responsibility (CSR) is key to assisting this. Competitive pressure among the donor community must not lead to a lowering of compliance standards simply to attract investment. Good governance means that corporate interests must adhere to the highest standards of governance internally and with state institutions. There is a link here between CSR and the work of the private sector. Businesses in international arenas can and do comply with national and international standards and with industry codes.

States must also sensitise business to the importance of adhering to those standards and in that respect, he congratulated BITCI for its role in championing best practice in corporate social responsibility.

Irish Aid is supporting companies in delivering sustainable economic development to reduce poverty in developing countries but it is contingent on their maintaining best practice. This includes support of the Investment Climate Facility for Africa which is working in and with developing countries to develop a positive legal regulatory and administrative environment for business large and small. Traidlinks draws on Irish expertise in the business sector for the benefit of the development of the private sector in Africa through sharing skills. It is a space in which companies can participate and contribute to these developments.

Informing our work in this way is not just 'right' but because more companies are recognising that CSR makes good business sense. Consumption patterns are influenced by it –take the example of Fair Trade – stabilising the income, employment and welfare of local producers. CSR is not just rhetoric but ensures that the business community remains engaged against fighting poverty in developing countries.

This is not just about the private sector or the generation of economic growth but it has a wider relevance. In the four cross-cutting issues identified in Irish Aid's work—gender, governance, environment and HIV / Aids—the principles of CSR should be highlighted and applied.

The agenda of CSR is a platform for state agencies for the private sector and for civil society to work together to the highest shared standards.

Jim Murphy MP, UK Minister for Europe

Ambassador Reddaway introduced UK Minister Jim Murphy's remarks by video. Minister Murphy welcomed the event. For him, even though the definition of CSR varies, for the UK government, it relates to a company's economic, social and environmental impacts and how it operates. There is a clear link between this and the development agenda defined by the MDGs.

Industry leaders have emphasised the potential benefit to society of conducting business responsibly. There are ample examples of how this relates to overseas operations in terms of providing jobs and training for example. CSR is not philanthropy. The business advantages encourage companies to focus on a wider range of stakeholder interests and the concomitant social interests and gains.

Business, government and civil society all have a role to play. Companies can harness a country's natural resources to generate wealth. CSR provides a helpful and productive framework within which that can happen at local, national and international levels and among companies of all sizes. UK and Irish companies are leaders in CSR and their experiences demonstrate how CSR can help organisations to meet the challenges of globalisation and to contribute to the development agenda.

Caroline Hickson, Director of Public Affairs, Concern Worldwide

Caroline welcomed the opportunity to discuss the development agenda and the role that companies can play in addressing poverty of the extreme type where children die from hunger, don't go to school and where people with as much capability to achieve as we have, are crushed by the struggle to survive.

To overcome this requires a global concerted effort by governments, NGOs, and the private sector. The private sector is important because it has massive resources; of the 100 largest economies in the world, 51 are companies. The top 200 companies' combined sales are worth the total incomes of 1.2billion people living in poverty.

However rather than hear the possibilities of harnessing that to address poverty, we hear the negative stories—for example about the soaring earnings of agribusiness from the current food crisis while millions suffer from malnutrition.

Concern lives in the real world. Man has a desire for progress and no one has found a better alternative than capitalism to make this happen. Concern supports free enterprise, making small loans and supporting the development of small enterprises and the market but it also recognises that the market can be a good servant but bad master. The 1980's showed that the expectation that unrestrained neoliberalism and profit-making would have a positive trickle-down effect was

misguided. This also applies in Ireland as evidenced by the marginalisation of many in our society. We have failed in our responsibility to some of our fellow human beings in this country.

While we have the right within society to pursue success and wealth generation with all rights come responsibilities. These should be embedded within so we that can't ignore them. Laws can only do so much. It is the underpinning values and beliefs that enable those laws to be upheld.

This lays down a challenge to what corporate social responsibility is and should be. CSR has great potential but it shouldn't be something that we *have* to do for any reason – legal or otherwise. It might meet some minimum compliance but it would be a waste of the potential and opportunity of CSR.

The evidence is that the leading global companies are embracing this challenge. Globally integrated enterprises seek to open new avenues for business growth and social progress equally. Other such companies talk in these terms of corporate social opportunity, one of which is to help reduce poverty.

To do so, it has to be more than a buzzword and based instead on a clear understanding of the company values which will keep the programme on track even during hard times. The companies who succeed at CSR take the time to work out what should really underpin their programme and where they really aspire to make a difference rather than working to pre-conceived ideas where they hope for a quick photo shoot for marketing purposes only.

The kind of long-term commitment required for successful CSR operates in fits and starts. For example, to achieve sustainable development, Concern undertakes work that involves dealing with parents, with local government to ensure they're not ripped off. These kinds of activities don't often lend themselves to pretty pictures.

NGOs can learn a lot from companies in areas such as value for money, professionalism, risk management and financial stewardship. This is what Concern has achieved but in addition and in the long-term and despite many challenges, how it operates, its own responsibilities hold firm because they are based on values.

Concern believes in Corporate social responsibility and in corporate social opportunity—an opportunity to shape the world into a better place. Companies are encouraged to join in but not lightly or with a wish for quick results. Take the time with all stakeholders to help develop tomorrow's future for people who desperately need a future.

Stuart Purdy, Group Chief Executive, Hibernian Group plc

Stuart emphasised the global operating context for business currently and how it can respond to its social and economic realities. Aviva's CSR policies centre on delivering sustainable, progressive, responsible trade across boundaries—cultural, societal and geographic—while meeting the demands of operating a sustainable shareholder-owned business across the breadth of its global operations. Stuart described how these activities reach across the CSR pillars of 'community', 'environment', 'marketplace' and 'workplace' in the Irish market and in markets such as India.

Jim Corbett, Chief Executive, Bewley's

Jim described the company's careful analysis of what CSR should mean to a company such as Bewley's, taking into consideration the conflicting views that business should only concern itself with business rather than considering the implied social contract between business and society. He describes what CSR should not be and how it should not be approached within business, arguing

instead for it to be framed as a response to all the social pressures that will ultimately affect the business and how that can be realised operationally.

Q&As # 1

Businessman and former Business Editor of the Irish Independent, Tom McEnaney believed that Caroline had taken the wrong approach to encouraging greater links between business and NGOs. He felt that her speech suggested that making a profit in and of itself was a bad thing and that the fact that businesses had tried projects but failed was something to be criticised. He disagreed and emphasised that many projects had succeeded. There was a pent-up demand among business people to meet what they recognise themselves are their responsibilities and it would be preferable if NGOs were better at interfacing with that pent-up demand. Taking her point that businesses do have preconceived ideas about how to engage with NGOs, he also suggested the reverse is true - that businesses often meet preconceived ideas from NGOs.

Caroline responded by emphasising that her role was to lay down a challenge to business generally. She assumed that those present were already tuned into the issues but she had come across companies who had not taken the time to consider their objectives with a result of mismatched expectations. Many of the speakers this morning were examples of the success stories that happen when the engagement is appropriately considered. It is a serious endeavour while it offers great opportunity for all parties.

The Irish Times asked Stuart Purdy of Hibernian how the company responds to unions who argue that the move of 580 jobs wasn't about sustainable business going forward but about corporate greed because they made €390 million profit in Ireland last year. How did he reconcile it with the high-minded things he had just spoken about.

Stuart emphasised the need to look at the issues openly and transparently and by conducting a debate not through the media but across the table between staff and employers. The issues are actually quite stark. In 2006, his company made a loss of €63m in its life and pensions business. In 2007 it came back to profitability with a profit margin of 1.4% on the business that it writes. It's a good step in getting further sustainability into that business but it's a third of the profit level that they get in their European business. It's the lowest profit level that they get in any business anywhere in the 27 countries that they operate in. The general insurance business in Ireland is challenging and it's subject to significant cyclical impacts as most markets are. People are paying half the price for insurance now that they were five years ago but the reality is the 1600 sustainable jobs that the company supports. They want to maintain those jobs in Cork, Galway and Dublin. This is in Hibernian's judgement the most sensible and sustainable way to do it. This is a process that the company will approach over the next three years and not one single person will leave Hibernian who doesn't want to leave Hibernian. They will redeploy and retrain or offer voluntary redundancies to 580 people and these comply with the best practice requirements of unions including Unite which represents people at Hibernian.

A question from the floor asked how the panel felt about Primark's black and white response to their supplier's use of child labour during the week which saw them ignoring the social fabric in India and they wondered if the social contract approach – espoused by Bewley's and which takes a case by case approach – would have been a more appropriate response.

Caroline spoke from an NGO perspective that a careful assessment of the context would have been a more appropriate response.

William Fry Solicitors wondered how the panel would advocate getting started – even in terms of the basics of drafting a policy. Jim Corbett of Bewley’s advocated starting at the top, figuring out what is appropriate for the business and what impact they want to have socially.

Stuart Purdy supported those views and the value of having a policy. Tina Roche from Business in the Community emphasised that being a responsible company depended mostly on the practices and values that a company has.

David Joyce from ICTU doesn’t necessarily accept that there aren’t market solutions within Ireland to the challenges facing Hibernian. It is difficult to reconcile the activities just described and the proposed job cuts but he agreed that it was for a different forum. He agreed that CSR is about how a company makes money rather than spends it. Obviously CSR cannot be a substitute for regulation but ICTU is interested in engaging in a multi-stakeholder forum on issues such as the recent Primark actions.

Stuart agreed that the first obligation of an organisation is to have a sustainable proposition for the future and that the key is to discuss the business pressures and to look at the alternatives – which the company did do before they came to the conclusion that they did last week.

Jim Corbett emphasised that companies will respond to consumer demands and that third-party certification is a key part of assuring them on provenance issues. There are many examples of how businesses have ignored this at their peril.

Tina Roche, Chief Executive, Business in the Community Ireland (BITCI)

Tina described the evolution of CR in Ireland, its distinctiveness vis-à-vis the UK, current trends in CR and the challenges facing companies in implementing CR strategies. Business in the Community has operated in this context since 2000, encouraging the development of the sector. The organisation’s overall goal is to help companies to realise the potential of CR. While companies are now framed as socially responsible or not, BITCI predicts that over the next 10 years it will be the fundamental making of successful business.

John Curran, Group Environmental Executive, Musgrave Group

As the first Irish company to produce a CR report in 1999, John Curran described the approach that Musgrave takes to its responsible business practices—which it bases on the principles of sustainable development—and the unique advantages it has in this respect by being a family-owned firm. Its values are central, as is the recognition that commercial activities have environmental and social impacts.

Peter Gaynor, Executive Director, Fair Trade Mark Ireland

Peter asked a number of fundamental questions about what CSR is, how it relates to a range of terms such as accountability, charity and development and where it fits in a company’s everyday activities. Giving background to the Fairtrade Mark in Ireland, he described the organisation overall, how the labelling system works and how Ireland’s uptake of Fair Trade compares internationally. He welcomed the debate about how some business approaches development issues through CSR. In some cases, he felt that business is not stepping up to the mark.

Q&As # 2

During question time, John Curran from Musgrave confirmed that being a family-run firm rather than being publicly owned lent itself to a consistent approach to values even during management changes.

This raised the question of the role that investment choices – including those to be made around stock portfolios for pensions – can and should have in driving sustainable business choices that are balanced with the need for the company to make returns. Tina Roche of Business in the Community Ireland asked if there was anything that companies wouldn't like their pension fund invested in or whether it was something that a remote pension fund manager looks after at their own discretion. These choices can have an effect just as consumer choices affect retail offerings.

Businessman Tom McEnaney acknowledged that such decisions would affect \$100billion. This market was much more developed in the USA and it had shown that making a good return and investing a pension fund in an ethical way were compatible objectives. Some of the ethical indices were outperforming the general indices – often because the companies involved are themselves making ethical products or because they comprise ethically-oriented companies. Irish people should ask more questions about what their pension funds are invested in. Tina Roche added that there was a need for companies engaging with such funds to take the long-term view of potential returns.

Tomás Sercovich, BITC added that the Irish government needed to lead by example and draw up criteria governing responsible investment policies for the national pension fund.

Another contributor reminded the gathering of how Bank of Ireland had withheld a loan on the basis of objections about the ethical quality of the borrower from some of its large customers. They also added that the scrutiny required in setting up ethical investment was a huge task – a fact which may have hindered its development in Ireland's small market - but that it probably offered a business opportunity in Ireland, to business people and to investors.

John Maxwell from Concern confirmed the difficulty of investing a pension ethically within the Eurozone because of the limited range of funds, apart from the FTSE4Good. He also asked the panel if companies were responding to peer pressure or whether they were actually buying into living it.

Peter Gaynor from Fairtrade said that motivation varies. For some it's quite cynical and others are deeply committed. Producers would generally prefer that buyers were at the latter end of this spectrum. As for companies who are involved, that are not necessarily deeply committed, the opportunity to begin the engagement with business is still valued as an opportunity to also deepen the engagement.

Tina Roche added that in her experience, there was a range of reasons for involvement with corporate responsibility. The range of issues remains wide but at the very minimum, should involve meeting their legal responsibilities.

Tim Kinsella of Kinman Public Relations asked about the change in terminology around corporate social responsibility and the sense that these are things that companies should be doing anyway. In his experience some companies have CSR ingrained in them and others don't and some still think of it as the potential for a quick photocall. Tina Roche responded that the language doesn't matter as long as all involved know what is to be achieved. In 10-15 years it will be the way business is done.

Tim also asked if there was a shortage of fair-trade supply or a shortage of quality product. Peter responded that as a system, that as the market and the demand grows the supply-base grows so supply is not generally an issue. Fair Trade coffee is grown on small holdings rather than large plantations. This ensures traceable provenance but they currently only supply 70% of the world's coffee, even though they could supply 100% if buyers made that choice.

How do the media help or approach the area of corporate social responsibility or sustainability? Peter agrees that they are very supportive. John feels that the media is very issues-focussed though his experiences have been positive on the whole. Caroline feels that media are tuning into the development agenda in Ireland. Tina feels that media do not have an in-depth engagement with corporate social responsibility or sustainability issues or business efforts to address these issues. Tim Kinsella feels that this may reflect a consumer opinion that companies should be doing much of this anyway.

Caroline reflected on how heartened she was by the companies' accounts during the day of how CSR is a reflection on how they do business, how they view the world and the long-term nature of their commitment to such activities rather than a discussion of one-off events.

She agrees that business can and should be an agent of change – change the way the world is – because every individual has that capacity and it needs to change because it can be an unfair place. As Ghandi said, “Be the change you want to see in the world”. If we all tried to do that, it would be a better place.