

**The Changing Role of Government:  
The Relational State and its Implications for  
Corporate Responsibility**

**UNITED KINGDOM  
Country Report**

**DRAFT FOR COMMENT  
8 November 2005**

# The Changing Role of Government: The Relational State and its Implications for Corporate Responsibility

## Contents

<b>1. Introduction.</b> .....	<b>4</b>
<b>2. The role of government in CR policy</b> .....	<b>6</b>
<b>2.1. Government CR policy</b> .....	<b>6</b>
2.1.1 Vision .....	6
2.1.2 Objectives, strategy and priorities .....	6
2.1.3 CR and Sustainable Development Strategy.....	8
2.1.4 The CR governmental policy framework.....	8
<b>2.2. Government CR structure</b> .....	<b>11</b>
<b>2.3. Cross-cutting policies</b> .....	<b>13</b>
<b>2.4. CR responsibilities at different levels of government</b> .....	<b>13</b>
2.4.1 Regional/decentralised governments.....	13
2.4.2 The Government Offices .....	14
2.4.3 The Regional Development Agencies (RDAs) .....	15
2.4.4 Local governments .....	15
<b>2.5. CR role of other organisations</b> .....	<b>17</b>
2.5.1 Identifying problems and formulating proposals: Policy design.....	17
<b>2.6. Policy implementation</b> .....	<b>18</b>
2.6.1 CSR Academy .....	18
<b>3. Summary of policies and programmes according to the relational state model</b> <b>20</b>	
<b>3.1. Government: Public Administration</b> .....	<b>20</b>
<b>3.2. Government: Business</b> .....	<b>23</b>
<b>3.3. Government: Civil Society</b> .....	<b>27</b>
<b>3.4. Government: Business: Civil Society</b> .....	<b>28</b>
<b>4. Strengths and weaknesses of government CR policy in relation to the relational perspective. Characteristics of exchange relationship between government, business and civil society</b> .....	<b>31</b>
<b>4.1. Government-public administration</b> .....	<b>32</b>
<b>4.2. Government-business</b> .....	<b>32</b>
<b>4.3. Government-civil society</b> .....	<b>33</b>
<b>4.4. Government-business-civil society</b> .....	<b>33</b>

<b>5. Perceptions and challenges faced by the different stakeholders in relation to the CR policy and how each stakeholder interprets the others' approach .....</b>	<b>34</b>
<b>5.1. The legislative versus voluntarist perspective.....</b>	<b>35</b>
5.1.1 Perceptions from the business sector.....	35
5.1.2 Perceptions from NGOs .....	37
5.1.3 Perceptions from the UK Government .....	38
<b>5.2. The relationship between CR and Sustainable Development.....</b>	<b>38</b>
5.2.1 Perceptions from the government.....	39
<b>5.3. The relationship between competitiveness and CR.....</b>	<b>39</b>
<b>5.4. The relationship between the welfare state and CR.....</b>	<b>40</b>
<b>5.5. The government's role and its critics.....</b>	<b>41</b>
5.5.1 Perceptions from the business sector.....	42
5.5.2 Perceptions from NGOs .....	43
<b>5.6. Perceptions and expectations between different sectors.....</b>	<b>45</b>
5.6.1 Relationship between companies and NGOs.....	45
5.6.2 Relationship between companies and government.....	45
5.6.3 Relationship between government and NGOs.....	46
5.6.4 The relational framework .....	47

## 1. Introduction.

The British government was one of the pioneers in adopting the concept of *Corporate Social Responsibility (CSR)* and incorporating it within the framework of public policy. It is one of the most active and innovative European governments, adopting the role of driver of Corporate Responsibility (CR) both in its relationship with companies and in encouraging their action in the community.

On the origins of the United Kingdom's CR policy, Moon (2004:1) argues that it originated during the early 1980s when a crisis affecting the international and hence the British economy meant the government had to find new solutions to social governance problems. As well as the closure and restructuring of many companies, the crisis caused a considerable increase in unemployment and poverty in the major British cities.

The CSR policy therefore dates from the time when the Conservative government under Margaret Thatcher were developing their policy of liberalising the economy that involved the transfer of certain responsibilities from the state to companies (Moon, 2004:5-7). Faced with the major challenge represented by unemployment in these cities, the government encouraged companies to play an active role in adult training programmes and to support company creation, effectively becoming a sponsor of CR. The Conservative government put forward the thesis that companies were not just economic actors operating in the market. They also had to act outside the market, in the community, as part of a network that included public administrations and community organisations (Moon, 2004: 1). As we confirmed in the interviews carried out for this study, it was during the liberalisation policies and tax cuts introduced by this government that CR became a key issue.

This situation of reciprocity brought the different actors in the United Kingdom to recognise their shared interests and values. Over the last decade, this political message has been seen in an increase in cross-sectoral partnerships involving companies, business networks with governments, and community and voluntary organisations.

Moon (2002) identifies three reasons for the UK government's encouragement of corporate social responsibility: CR could replace government efforts; CR could complement government efforts; and finally, CR could legitimate government social policies. The author also highlights different factors that explain the acceptance of the company within this framework: the specific interests of the company itself, the group interests of companies, and the group interests of society.

Later, Labour governments linked CSR policies to their search for solutions to the new social challenges of the globalised economy to our planet and to the community, looking to strengthen and catalyse the role of the business sector in facing these challenges.

Moon (2002:7) writes that both the Thatcher Conservative government and the subsequent Labour government resorted to giving companies protagonism in the public sphere to increase efficiency in jointly meeting the social challenges brought by economic crises by appealing to the role and responsibility of the company. Specifically, the Conservative government used the concept of CSR in the field of

unemployment and in resolving the social problems arising from the phenomenon. In the late 1990's the new Labour government of Tony Blair institutionalised their CSR policy by extending its fields of action and creating the figure of Minister for CSR.

## **2. The role of government in CR policy**

### **2.1. Government CR policy**

#### **2.1.1 Vision**

The British government has an ambitious vision for CR. The government see UK businesses taking account of their economic, social and environmental impacts, and acting to address the key sustainable development challenges based on their core competences wherever they operate – locally, regionally and internationally. Far from being seen as a form of altruism, CSR should be good for long-term business success as well as good for wider society (DTI, *Corporate Social Responsibility. A Government update, 2004*)

For the UK government, CSR is essentially about companies moving beyond a base of legal compliance to integrating socially responsible behaviour into their core values, in recognition of the sound business benefits in doing so. Since businesses and the challenges they face differ widely, government interventions need to be carefully considered, well-designed and targeted to achieve their objective (<http://www.societyandbusiness.gov.uk/ukpolicy.shtml>, 18/10/2005).

The British government see CR as the business contribution to sustainable development, supporting the government's own strategy on the matter, with its aims of integrating objectives on social progress, effective protection of the environment, prudent use of natural resources and high and stable levels of economic growth and employment. Intended to ensure a better quality of life for everyone, now and for generations to come, the sustainable development strategy depends on the Department of Environment, Food and Rural affairs.

For the British government, mainstreaming CR into management practice is central to maximising its contribution to business success and to achieving the sustainable development goals. The British government wants to encourage business practices that help to ensure successful and profitable companies and that also contribute fully to achieving their sustainable development goals.

During recent years the Government has made a significant contribution to awareness and understanding of CR and what it means for companies of different sizes in different sectors, operating in different places. Government believes that CR is relevant to all companies, large and small, to those operating in national as well as global markets, and those based in developing as well as developed countries. The government believe that a key strength of CR lies in providing a more holistic view of businesses and their activities.

#### **2.1.2 Objectives, strategy and priorities**

The Government's approach is to encourage and incentivise the adoption and reporting of CR through best practice guidance and, where appropriate, intelligent regulation and

fiscal incentives. The UK government has created a policy framework, providing the right policy environment – including soft legislation and fiscal measures – to stimulate companies to move beyond the minimum level of legal standards by raising awareness, tackling information failures and providing incentives.

The long-term commitments of the UK's CR policy are (DTI, *Corporate Social Responsibility Report 2002*):

1. Promotion: encouraging more organisations to adopt socially and environmentally responsible practices.
2. Mainstreaming: ensuring that responsible behaviour becomes an integral part of organisations' operations and not just a peripheral matter.

The UK government's CR strategy is to do as follows: (DTI, *Corporate Social Responsibility. A Government update, 2004*):

1. Promote business activities that bring simultaneous economic, social and environmental benefits.
2. Work in partnership with the private sector, community bodies, unions, consumers and other stakeholders.
3. Encourage innovative approaches and continuing development and application of best practice.
4. Ensure decent minimum levels of performance in areas such as health & safety, the environment and equal opportunities.
5. Encourage increased awareness, open constructive dialogue and trust.
6. Create a policy framework which encourages and enables responsible behaviour by business.

In the report of its Minister for CSR *Corporate Social Responsibility. A Government update (2004)* the British government presents the CSR delivery objectives:

1. Competitiveness
2. CSR & poverty reduction
3. Community investment
4. Environment
5. Governance
6. Workplace

To achieve these objectives it has established 4 priorities for action:

1. Taking a leading role internationally.
2. Raising awareness and creating an environment in which CR can thrive. Government has a role to play in: a. providing a policy and institutional environment that encourages and rewards socially and environmentally responsible behaviour, b. setting the agenda and communicating on responsible behaviour.
3. Mainstreaming CR into general business practice.
4. Reaching a wider audience and tackling key sectors, supporting the needs of SMEs.

### 2.1.3 CR and Sustainable Development Strategy

The Government sees CSR as the business contribution to our sustainable development goals. Essentially it is about how business takes account of its economic, social and environmental impacts in the way it operates – maximising the benefits and minimising the downsides to ensure a better quality of life for everyone now and for generations to come. The UK sustainable development strategy developed by the Department for Environment, Food and Rural Affairs is the overall framework for the government's SR policy, based on the idea that SR is the business sector's contribution to sustainable development.

On 7th March 2005, the Government launched its new strategy for sustainable development, 'Securing The Future', in conjunction with a Strategic Framework. The Strategy takes account of developments and new policies introduced since the 1999 Strategy, both domestically and internationally; the changed structure of government in the UK with the devolution granted to Scotland, Wales and Northern Ireland; greater emphasis on delivery at regional level, and the new relationship between government and local authorities.

It also highlights the renewed international push for sustainable development arising from the World Summit on Sustainable Development in Johannesburg in 2002. The Strategy is based on five principles: Living Within Environmental Limits; Ensuring a Strong, Healthy and Just Society; Achieving a Sustainable Economy; Promoting Good Governance; and Using Sound Science Responsibly. It also sets out shared priority areas for UK action: Sustainable Consumption and Production; Climate Change and Energy; Natural Resource Protection and Environmental Enhancement; and Sustainable Communities.

The key priority areas in the new strategy for sustainable development are: sustainable consumption and production, protection of natural resources, sustainable communities - global to local, climate change, and changing behaviour.

### 2.1.4 The CR governmental policy framework

In its *Corporate Social Responsibility Report 2002* the British government presented the framework for governmental action on CR, with a policy spanning two axes: instruments and focus areas.

#### *Instruments*

#### 1. The legal frameworks: embedding responsible behaviour

The UK government believes that for any organisations, responsible behaviour starts with legal compliance. But legislation is not a magic wand: it cannot force virtue, and excessive intervention risks stifling rather than fostering the innovation which has characterised CR to date. They believe that legislation can improve transparency and reporting, encouraging more organisations to adopt CR, and also prompting them to make it a core issue.



The UK government believes that they have a responsibility to ensure minimum legal standards, but that the main focus of CR should continue to be voluntary. The policy framework must use the right mix of tools, including fiscal and regulatory measures where appropriate, to boost socially and environmentally responsible performance. When regulation is the right solution, it should be well designed and focused. CR should continue to take compliance with legal requirements as its base and then go beyond that in the interests of business and the rest of society.

This assumes the viability of developing a legal framework that can catalyse responsible conduct by companies. However, the legal reforms adopted by the British government took the form of *soft law* or *soft regulation*. These reforms are not obligatory (i.e. not hard law), and merely promote and encourage transparency in companies on CR issues. Among the most important of these are: the Pensions Act 1995 Amendment (July 2000) which required pension funds to disclose the extent to which they take social, environmental and ethical issues into account when investing money, and modernising company law, which has such a key role to play in relation to CR objectives.

Government CR reports also mention international agreements (The 1998 Declaration on Fundamental Principles and Rights at Work of the ILO, the ILO Tripartite Declaration of principles concerning Multinational Enterprises and Social Policy (1977, amended in 2000), and the promotion of the OECD Guidelines for Multinational Enterprises.

## 2. Fiscal instruments: provide incentives where necessary

The government believes that it requires fiscal measures to create new models of social engagement, or to assist the take-up of practices that have previously been uneconomic. As a consequence, changes to public funding and taxation are important to some forms of CR to stimulate social investment. A series of programmes has been implemented: promoting payroll giving: fiscal backing for giver support of charitable donations by organisations and their employees, and investing in community: fiscal incentives for assisting disadvantaged communities with a major focus on increasing the involvement of business in deprived neighbourhoods.

## 3. Working in partnership.

The government is underpinning a range of initiatives to develop CR in partnership with, or in support of, business and community organisations, in accordance with the delivery strategies of regional bodies (Scotland, Wales and Northern Ireland) and local authorities.

The government CR agenda works through partnership with business and community organisations in: sustainable development, neighbourhood renewal, skills development, engaging smaller organisations, community involvement and international development.

This is one of the most important voluntary action strategies of the UK Government. Under it, most of the voluntary initiatives implemented within the CR policy can be incorporated into this category: capacity building, reporting, enabling community

action, engaging smaller organisations, stimulating good practice, communication and transparency.

#### 4. Working with the regional administration

While the UK government is building the broad framework for CR policy, the devolved administrations are responsible for many of the policy mechanism for encouraging CR on the ground. The Scotland, Wales and Northern Ireland administrations all have a vital engagement in CR, as do England's nine Regional Development Agencies (RDAs).

##### *Focus areas*

The government links the practice of CR to tackling inequalities and deprivations in communities across the UK. The UK government takes steps to mainstream CR within the core decision-making of organisations, with a strong focus on these focus areas:

1. Towards a sustainable society: the protection of the environment.
2. Neighbourhood renewal: engaging business in disadvantaged communities.
3. Enabling community action: workforce and employee involvement.
4. Linking business and education and skills, above all adult skills development.
5. Engaging SMEs.

One of the government's priorities is to assist the involvement in CR of small and medium sized enterprises (SMEs) who comprise the vast majority of the UK private sector. The strategy is to generate appropriate language and small business examples.

There are also two main points of focus in government CR policy: CR and globalisation, and international action and CR values and internal practices in UK government:

The CR policy has been seen to work at the high level of international interest. The government agreed at the World Summit on Sustainable Development (Johannesburg, September 2002) to promote CSR internationally. Business has a big role to play in enabling us all to reap the benefits of globalisation, without adverse social and environmental impacts. The government wanted to show how internationally, British companies are generating investment and innovations and creating digital opportunities.

Nigel Griffiths, Minister for CSR, launched the International Strategic Framework for Corporate Social Responsibility at the Chatham House CSR Conference in March 2005. The framework sets out the overall objectives, priorities and main lines of the UK Government's approach towards the international dimension of CSR.

The *CSR International Strategy Framework* has the main objective of improving all the economic, social and environmental impacts of business, particularly of UK companies outside the UK. The UK is seen internationally as a pioneer of CR, and British companies are well regarded all over the world. The projection of CR internationally is important, because the UK government looks to business as a creator of wealth and jobs, providers of goods and services to meet basic needs and to help meet their

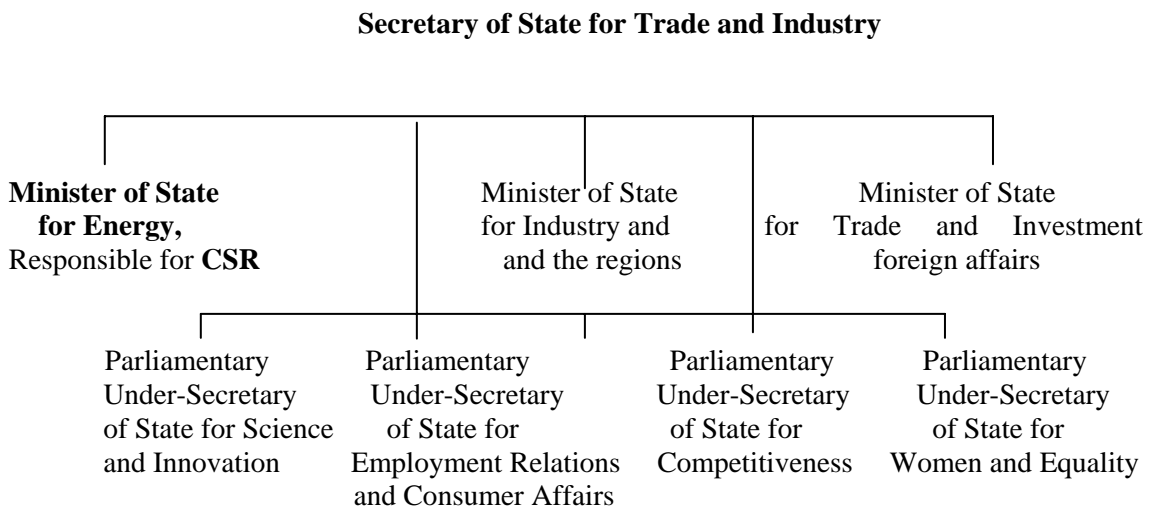
expectations and aspirations for an improved quality of life. In an increasingly complex and globalised world, the business impacts on society and the environment are affecting the population and natural resources across the globe. Consequently, the business contribution to international and domestic civil and political rights, social, environmental, economic objectives and priorities has been the subject of increasing attention and debate (UK Government, *CSR - A draft International Strategic Framework*)

The British government believes that CR is about the behaviour of private sector organisations and their contribution to sustainable development goals. But the approach and values of good citizenship are also important to other organisations including government. Since 1999, the government has also regularly reported on the impact of the operation of the Government Estate, initially in the *Greening Government* reports, and now in the *Sustainable Development in Government* series of reports. These reports should be seen in the context of the *Framework for Sustainable Development on the Government Estate*.

## 2.2. Government CR structure

In March 2000 the British government created the political figure of **Minister for Corporate Social Responsibility**. The Minister for CSR is the responsible for CR policies and his main duty is to develop the government’s CR strategy. The Minister of State responsible for CSR is one of three Ministers for State directly under the Secretary of State for Trade and Industry in the Department for Trade and Industry (DTI).

Currently, Malcolm Wicks is Minister of State for Energy at the Department of Trade and Industry, responsible for Corporate Social Responsibility. Previous Ministers have been Kim Howell, Douglas Alexander and Stephen Timms. As Minister for Energy, he has overall responsibility for energy issues, with key responsibilities for sustainability and the environment, including corporate social responsibility.



Organigram, 4/Oct/2005

The government did not create a new position, but incorporated a new institutional competence, CR, into the competences of the DTI. The principal objective assumed by the Minister for CR was the development of an inter-ministerial programme to co-ordinate government action in matters of CR, in addition to working with companies to promote CR practices. This inter-ministerial programme incorporates all policies and programmes intended to promote best business practices and CR instruments. Thus from the office of the Minister for CR, support is afforded to a significant number of CSR programmes and projects carried out and financed from other departments. To do so, it has been allocated its own expert team.

The minister works independently, with no formal structure. He has a three-person CR team. The CR team provides the overall framework for CR and also leads its own initiatives. It liaises between businesses and ministers and gives policy advice on an ad hoc basis to businesses and other government officials. It also prepares briefings and speeches for the CSR minister and other ministers. The CR team is the channel between the minister and the other government departments.

Ministerial involvement in CR depends partly on level of personal interest. Of the five ministers to date, Stephen Timms was one of the most committed to CR policy and the role of government in the matter.

To incorporate different viewpoints and perspectives into the policy-making process, the Minister for CSR has created a **Ministerial Steering Group** for CR. This is an Inter-Departmental Group (IDG) consisting of a group of officials from various departments which meets 3 times a year to share information on CR and develop policy. Membership is broad, and includes non-departmental government bodies (e.g. the Health and Safety Executive and Environment Agency).

The CR team has also been supported by the creation of different working groups formed by invited groups of experts who investigate specific key topics and come up with suggestions on the best ways for Government to assist. These Working Groups produce different thematic reports, but are not always formed.

### Organigram: departmental structure

	<b>Responsibilities</b>	<b>Composition and conditions</b>
Minister	Political leadership	Malcolm Wicks
Cross-cutting group	Cross-departmental communication and co-ordination of related activities	Officials from different departments, meetings 3 times per year
CR team	CSR programme implementation. To provide the overall framework for CR and lead its own initiatives. To liaise between business and ministers, provide policy advice on an ad hoc basis to businesses and other government officials. Providing briefing and speeches to the CSR minister and other ministers.	Team of 3 people, full time

## **2.3. Cross-cutting policies**

The DTI takes the lead on CR policy across government, but CR is seen by the UK government as a cross-government area.

To draw up CR policy, the CR team of the DTI prepared an inter ministerial CR programme including different programmes and projects related to economic growth, environment and social progress. These initiatives are run by different government departments. This gives the CR policy a structure of cross-cutting policies in the form of a joined-up policy.

This grouping of programmes and projects has a common denominator: the action of companies on matters like competitiveness, poverty reduction, community investment, workplace, environment and governance and transparency

The following government departments have CR-related projects and programmes:

- Department for Culture, Media and Sport
- Department for Education and Skills
- Department of Environment, Food and Rural Affairs
- Department for International Development
- Department of Trade & Industry
- Department for Transport
- Department for Work and Pensions
- Environment Agency
- Foreign and Commonwealth Office
- Health and Safety Commission and the Health and Safety Executive
- Home Office
- Office of the Deputy Prime Minister
- Her Majesty's Treasury

The DTI works closely with the Department of International Development, the Foreign and Commonwealth Office, the Department of the Environment, Food and Rural Affairs and Her Majesty's Treasury on international areas. And with the Department of the Environment, Food and Rural Affairs, the Home Office and Her Majesty's Treasury on domestic issues. DEFRA has a strong interest in CR, particularly in relation to environmental performance and the wider goals of sustainable development.

So CR is a transversal policy involving different government departments, but whose centre of responsibility is the DTI.

## **2.4. CR responsibilities at different levels of government**

### **2.4.1 Regional/decentralised governments**

An important role in the application of the UK CR policy is played by the devolved administrations which are responsible for many of the policy mechanisms for encouraging CR. The regional governments that collaborate in apply CR government

policy in the UK are: the Scottish Executive, the Welsh Assembly Government and the Northern Ireland Department of Enterprise, Trade and Investment.

The Scottish Executive supports the UK Government's approach to CR, adding on Scottish values. They are committed to encouraging business to contribute positively to society, whatever form this might take. They present as an exemplary employer with wide range of activities including health and safety responsibilities, work experience programmes, participation in the New Deal and the introduction of environmental management systems.

The Scottish Executive is promoting CR to business in the following areas: Sustainable Development, Biodiversity, Climate change, Energy efficiency, Waste, Sustainable Transport, Enterprise in Education, Volunteering, Scotland's Health at Work.

The **Welsh Assembly Government** is committed to improving the welfare of Wales through its medium-term strategy, 'A Winning Wales', with the objective to generate a sustainable and dynamic Welsh economy. The Welsh Assembly Government believe that a business environment built upon higher value added products, services and skills is central to its mission. The Welsh Assembly Government, working through its key agencies and partner organisations, is keen to promote these potential benefits to all Welsh businesses.

The Assembly Government will continue to focus upon four key areas: Helping more people into jobs, Improving health, Developing strong and safe communities, Creating better jobs and skills

The Welsh Assembly Government works with all parts of Welsh society and develops links forged with local government, business, trade unions and the voluntary sector.

Within the **Northern Ireland Departmental** framework, the Department of Enterprise Trade and Investment (DETI) has a key role in economic development. It also recognises the importance of promoting socially and environmentally responsible practices in the pursuit of a dynamic and competitive economy. DETI has sought to work with and encourage organisations such as Business in the Community and the Northern Ireland Business Education Partnership (NIBEP) to promote CSR in Northern Ireland.

Examples of activity to promote CSR in Northern Ireland include: Age Positive Northern Ireland Campaign, Opportunity Now, Work Life Balance, Employers' Forum on Disability: Employer Award Scheme,

#### **2.4.2 The Government Offices**

The Regional Government Offices support and work with the Regional Development Agencies (RDAs) and other stakeholders to deliver regional and national policy objectives. The Government Offices also have the responsibility of being the eyes and ears of Government Departments in the regions, in particular reporting on the performance of the RDAs to parliament through ministers.

### 2.4.3 The Regional Development Agencies (RDAs)

The Government Offices and Regional Development Agencies around the English regions are also involved in supporting and promoting CR as a means of meeting economic, social and environmental goals within those communities.

Regional Development Agencies (RDAs) were set up by Government to promote sustainable economic development in England. They are business led. Their main tasks are to help the English regions improve their relative economic performance and reduce social and economic disparities within and between regions. A regional approach to economic development allows businesses and communities to formulate solutions that are appropriate for the particular circumstances and strengths of each region.

The RDAs are non-Departmental public bodies with a primary role as strategic drivers of regional economic development. Their aim is to provide co-ordinated regional economic development and regeneration to reduce economic imbalances, which exist within and between regions to enable the English regions to improve their competitiveness. They were established under the Regional Development Agencies Act 1998, and were formally launched in eight English regions on 1 April 1999. Nowadays, (and since 2001) the responsibility for sponsorship of the RDAs is centralised in the DTI.

The Regional Government Offices support and work with the RDAs. The Regional Assemblies are also committed to CR issues depending on political priorities in the region. These are elected bodies at regional level, however unlike RDAs they have no control over resources.

### 2.4.4 Local governments

The government CR policy also finds application in local governments through **Local Strategic Partnerships (LSPs)**, which are local partnerships of public services, business and voluntary and community groups to work better with business. The strategy of the UK government is to bring together local authorities, businesses and voluntary and community organisations working at local level, in delivering sustainable economic, social and physical regeneration, or improved public services to meet the needs of local people. A combination of organisations and the community, working co-operatively as part of an LSP will have a far greater chance of success.

A Local Strategic Partnership is a single non-statutory, multi-agency body, which matches local authority boundaries, and aims to bring together at local level the different parts of the public, private, community and voluntary sectors.

LSPs are key to tackling deep-seated, multi-faceted problems, requiring a range of responses from different bodies. Local partners working through a LSP will be expected to take many of the major decisions about priorities for their local area.

LSPs are central to the delivery of the New Commitment to Neighbourhood Renewal - National Strategy Action Plan (National Strategy).

LSPs are being set up across England, but in the 88 most-deprived local authority areas, they are receiving additional resources through the Neighbourhood Renewal Fund (NRF). LSPs are about new ways of working and improving the delivery of services to local people across the whole of England and not just the most deprived areas.

Local partners working through an LSP are expected to act strategically to deliver decisions and actions which join up partners' activities across a range of issues, enabling each to meet their own targets and goals and tackle cross-cutting issues more effectively.

LSPs will also be key to improving social cohesion, the relationship between different communities in an area and their relationship with statutory authorities. They will also strengthen connections with, and between, public sector agencies, local government, the voluntary and community sectors, businesses and local residents.

Overall, LSPs will ensure public services work better and are delivered in ways that really meet the needs of local people, and that economic, social and physical regeneration is sustained, in both deprived and prosperous areas.

LSPs will also provide a single co-ordinating framework to:

1. work with local authorities to prepare and implement a Community Strategy, with the aim of improving the economic, social and environmental well-being of an area;
2. bring together local plans, partnerships and initiatives. Improving linkages and simplifying arrangements, and where possible reducing their number;
3. in the 88 local authority areas receiving Neighbourhood Renewal Funding (NRF), developing and delivering a Local Neighbourhood Renewal Strategy to secure more jobs, better education, improve health, reduced crime, better housing/physical environment, addressing liveability issues, narrowing the gap between deprived neighbourhoods and the rest and contributing to the national targets to tackle deprivation;
4. work with local authorities that are developing Local Public Service Agreements (LPSAs), Local Area Agreements (LAAs) and Safer & Stronger Communities (SSCFs), helping to devise appropriate targets.'

They bring public, private and voluntary sector service providers together with the community and business and help co-ordinate national and local initiatives to improve people's quality of life. They aim to cut out duplication and reduce bureaucracy by simplifying the many partnerships that may already exist.

The UK government believes that business engagement is fundamental to neighbourhood renewal both in terms of the role of business as part of the community and also the specific expertise business can offer in tackling worklessness and developing weaker economies. Business action can range from activities encompassed by companies' corporate social responsibility programmes to investing in profitable new or under-served markets in deprived communities.



There is clear evidence of significant interest by business in renewal, but in many areas it has proved difficult to build effective links between businesses and local communities. The Business Involvement scheme is at the forefront of the drive to involve the private sector much more closely in the process of renewal by helping local strategic partnerships engage businesses in the development and delivery of their Local Neighbourhood Renewal Strategies. The aim is to make sure that all parties form an effective relationship and get the maximum benefit from it.

The approach set out in the national strategy is already being tried out on a smaller scale through the New Deal for Communities programme since autumn 1998. Partnerships have been established in 39 neighbourhoods across England. Over the ten-year duration of the programme, they will receive a total of £2 billion. Partnerships bring local communities together with service providers and other agencies to tackle the problems in their neighbourhoods in an intensive and co-ordinated way.

## **2.5. CR role of other organisations**

The UK government has been developing its CR policy with the support of different institutions working in the field of CR and public policies. The United Kingdom recognises the importance of the organisations positioned between the administrations and the private sector, channelling the relationship between governments and companies and lending space for dialogue, comprehension, proposals, engagement, dissemination of good practices, research and dissemination of results.

In the United Kingdom these institutions have had a particularly important role, and we can find them in use as instruments for appraisal and co-operation in the different stages of drawing up public policy:

1. Identifying the problem
2. Formulating proposals
3. Decision-making
4. Implementing policy
5. Evaluation

### **2.5.1 Identifying problems and formulating proposals: Policy design**

The formulation phase of policies includes identifying the problem and formulating proposals and alternatives, to obtain the main elements and diagnoses that will allow a public decision and a policy to be designed.

To design their CR policy the Labour government relied on reports drawn up by the Institute for Public Policy Research (IPPR), which analysed the problem and conceptualised the government role in the promotion of CSR. Intermediary organisations that act during the identification and formulation phases have a great deal of influence on later development of the policy and on the design of possible solutions to deal with the subject as it appears on the public agenda.

The IPPR was created in 1988 as an independent, progressive think tank. The CR discourse and policy of the Labour government was based on the report of the Commission on Public Policy and British Business made with the support of the IPPR: *Promoting prosperity: a business agenda for Britain* (1997). This report was designed to influence the reform of economic policy by incorporating progressive initiatives and a common economic agenda for the government and the private sector, bringing into the economic agenda the new concept of corporate social responsibility. This report was influential in the creation of the Minister for CSR.

Later, the IPPR helped prepare a new report on the concept of CR, the role of companies: *A Welcome Engagement* (Joseph, 2000) and *A New Business Agenda for Government* (Joseph, 2003). The IPPR defended a voluntary perspective for CR based on the public-private commitment, avoiding hard regulation. The IPPR presented the thesis that government intervention had to facilitate company action. It advised creating a favourable fiscal framework and developing legislation based on soft regulation, encouragement reporting and best practices. This meant a policy of soft intervention that had already been applied by the government in the Sustainable Development National Strategy and in the policies for preventing social exclusion and neighbourhood renewal.

## **2.6. Policy implementation**

In the United Kingdom, once the government had designed its political strategy on CR, its action was based on a significant number of CSR programmes that required engagement from companies and community organisations. To be able to implement some of these programmes, the Department of Trade and Industry relied on business CR networks. Government action is usually built on public-private partnership initiatives. Among the intermediary organisations with which the British government works can be cited: Business in the Community (BITC), Accountability and Forum for the Future. These organisations are among the leaders in development of CR in this country.

Business in the Community ([www.bitc.org.uk](http://www.bitc.org.uk)) provides delivery and support for community partnership projects. Government supports the best practice programmes led by Business in the Community, including their Corporate Responsibility Index. BITC is a special intermediary organisation for the UK government, receiving 40% of its income from the UK government. Government supports the best practice programmes led by Business in the Community, including their Corporate Responsibility Index consisting of annual awards for CR.

Other organisations collaborating with the government are: Forum for the Future ([www.forumforthefuture.org](http://www.forumforthefuture.org)), an NGO providing research, partnership and facilitation support; and Accountability ([www.accountability.org.uk](http://www.accountability.org.uk)), an international non-profit institute providing research support. These are independent NGOs who have some projects funded by government, like a host of other independent NGOs.

### **2.6.1 CSR Academy**

On 5 July 2004, Stephen Timms MP launched a new Academy for Corporate Social Responsibility. The new CSR Academy, established through close Government, industry and key stakeholder co-operation, will be a new resource for organisations of any size and any sector wanting to develop their corporate social responsibility skills. It will provide a central source of information for training and development with the aim of integrating CSR into day-to-day business practice. [www.csracademy.org.uk](http://www.csracademy.org.uk)

The CSR Academy aims to promote CSR learning through the first dedicated CSR Competency Framework. It is for companies of all sizes as well as UK educational institutions.

The Academy is supported by the DTI and a number of Programme Partners. Its initial Activity Programme runs from September 2004 to July 2005, with progress evaluated by an Advisory Council.

In addition to the Advisory Council, the Academy will be supported by the following people and organisations:

The following organisations are the Academy's Programme Partners for 2004/05, appointed following an open selection process and contracted to deliver a targeted programme of activity.

- Association of Business Schools will focus on Business and Management Schools.
- British Chambers of Commerce will focus on Small and Medium Sized Enterprises.
- Chartered Institute of Personnel Development will focus on Large Companies.
- Business in the Community will integrate the Competency Framework across its initiatives and through its member companies.
- AccountAbility will act as a content partner, reviewing, evaluating and developing the Framework.

This initiative is government-backed but has few resources.

### 3. Summary of policies and programmes according to the relational state model

To group the policies and programmes according to the relational state model we have created different tables depending on the relational framework: government: public administration, government: business, government: civil society, government: business: civil society.

The objective of the collection of this data is to group the initiatives of the UK government according to type of CR policy. In fact, the CR public policies adopted by governments are directed to varying degrees at one or other of these interrelations. From the application of the relational model to the analysis of CR public policies, information can be ordered and organised according to the actors involved.

Because this organisation depends on the actors involved, obviously some programmes may appear in different categories of the relational model.

#### 3.1. Government: Public Administration

POLICIES	PROGRAMMES
Leadership by example	<p><b>Integrating sustainable development into policy</b>            The new UK sustainable development strategy commits the Government to consider the impact of all its policies on sustainable development at key-stages of the decision-making process, according to the 5 principles of the UK SD strategy,</p> <ol style="list-style-type: none"> <li>1. Achieving a sustainable economy.</li> <li>2. Promoting good governance.</li> <li>3. Using sound science responsibly.</li> <li>4. Living with environmental limits.</li> <li>5. Ensuring a strong, healthy and just society</li> </ol> <p>Since April 2004 all departments and their agencies have been required to include environmental and social costs and benefits as well as economic costs and benefits in the <u>Regulatory Impact Assessments (RIAs)</u> which they must produce and publish for all new proposals with significant public or private sector impacts. The National Audit Office [NAO] reports to parliament annually on RIAs and will look at sustainable development aspects from 2006.</p> <p><b>Accountability</b>            Each department is required to produce a sustainable development action plan by the end of 2005. This is monitored by the Sustainable Development Programme Board and the sustainable development task force oversees the strategy.</p> <p>Regulatory Impact Assessment            All departments must undertake a sustainability appraisal for policies with a significant impact</p> <p><b>Framework for SD on the government estate</b>            The government has set a key target to establish environmental management systems across the Estate. Guidance is available on the following topics; travel, water services, waste, energy, procurement, estates management and construction, biodiversity and social impacts.</p> <p><b>Work-life balance policies/equal opportunities/ethical investment/anti-fraud and corruption policies</b>            Government pension schemes</p>

	<p>There are three government schemes which adhere to the principles of socially responsible investment.</p> <ul style="list-style-type: none"> <li>- Universities Superannuation Scheme ethical investment programme for University pensions</li> </ul> <p><b>Accreditation for good employer practices</b> UK Government required every UK Government Department and Agency to achieve the Investors in People Standard by the end of 1999. <a href="http://www.improver.co.uk/au_Research.html">http://www.improver.co.uk/au_Research.html</a></p> <p><b>Volunteer Programmes.</b> Since 2000 all government departments have created a volunteering strategy according to the Prime Minister's proposal for 'One days' paid time to volunteer per year', managed by the Active Community Unit <a href="http://www.homeoffice.gov.uk">www.homeoffice.gov.uk</a></p> <p><b>Offset carbon emissions from flying</b> DEFRA, DFID, FCO offset emissions via NGO Climate Care, by 2006 all government officials will have to do this.</p>
Creation of internal departments	National Audit Office, Environmental Audit Committee, Audit Commission, SDC, Environment Agency, various utility and other Regulators
Capacity building	<p><b>Funding for CR research and innovation programmes</b> Financial assistance for companies implementing CR programmes Publication of guidelines and good practice documents</p> <p><b>All-Party Parliamentary Group on SRI</b> Established in 1998 and the secretariat is held by UKSIF to promote debate and understanding about SRI. <a href="http://www.uksif.org">www.uksif.org</a></p>
Public expenditure	<p><b>OGC Buying Solutions</b> Executive Agency of the Office of Government Commerce in the Treasury provides guidance on environmental purchasing. One-stop shop offering advice on sustainable purchasing <a href="http://www.ogcbuyingsolutions.gov.uk">www.ogcbuyingsolutions.gov.uk</a></p> <p><b>Sustainable timber policy</b> Central government departments and agencies (WWF Forest and Trade Network) Provide guidance and examples of how sustainable development objectives can be embedded in public procurement Ensuring that from 1 November 2003, all new contracts by central government departments apply minimum environmental standards (such as on energy efficiency, recycled content and biodegradability) as well as value for money when purchasing certain types of product.</p> <p>In the international arena, work with the European Commission, the United Nations and the Organisation for Economic Co-operation and Development (OECD) in promoting sustainable public procurement. <a href="http://www.societyandbusiness.gov.uk">www.societyandbusiness.gov.uk</a></p> <p><b>Affordable green electricity for the public sector</b> Partnership with British Gas and OGC Buying solutions making renewable energy cost the same for public administration</p>
Public campaigns	<p><b>CR Awards</b> The Big Tick is awarded to companies that are able to demonstrate a high standard of excellence in the way they organise and integrate their responsible</p>

	<p>business practices, and can show a positive impact both on society and on the business. <a href="http://www.bitc.org.uk">www.bitc.org.uk</a></p> <p><b>Corporate Citizenship Brochure</b> Global Citizenship Unit, Foreign and Commonwealth Office. Leaflet on corporate citizenship on how FCO can help organisations promote partnership.</p> <p><b>Together we can</b> Home Office initiative on community safety</p> <p><b>Community Action 2020</b> Home Office initiative on community safety</p>
<b>INTERNATIONAL</b>	
International events	
Transferring international debate to local contexts	<b>World Bank/DFID capacity building</b> In developing countries engagement with CR.
International instruments and agreements	The UK government works with the European Commission, the United Nations and the Organisation for Economic Co-operation and Development (OECD) in promoting sustainable public procurement.
Foreign trade policy and international development	<b>International Strategic Framework on Corporate Social Responsibility</b> – The government approach to CSR at the global level (March 2004)

### 3.2. Government: Business

POLICIES	PROGRAMMES
Raising awareness	<p><b>Under-served markets</b> The project aims to identify pilot areas with potential for private sector investment, work with potential investors in those areas and act as a model for further development in other deprived areas. <a href="http://www.csr.gov.uk">www.csr.gov.uk</a></p> <p><b>What have you got to offer?</b> DWP national campaign to support SMEs adapt services for accessibility.</p>
Voluntary initiatives (facilitating and promoting)	<p><b>Design against crime</b> Home Office promoting design and systems to prevent crime in collaboration with other design organisations.</p> <p><b>Vehicle Crime Reduction Action Team</b> Home Office promotes vehicle insurance and security systems</p> <p><b>RACE for opportunity</b> Home Office campaign co-ordinated by Business in the Community to promote gender equality. Workshops and debates.</p> <p><b>Organisation Resources Counsellors Inc</b> Race Equality Unit in the Home office promotes racial equality in recruitment.</p> <p><b>Business in the Community Excellence Awards</b> DTI, co-ordinated by BiC to promote responsible business practice</p> <p><b>Agricultural codes of practice</b> DEFRA supports research, finance and development of voluntary codes on water, soil, air.</p> <p><b>Animal welfare at livestock market</b> DEFRA strategy to support animal welfare and go beyond legal requirements <a href="http://www.defra.gov.uk/animal/welfare">www.defra.gov.uk/animal/welfare</a></p> <p><b>Specialist Schools Programme</b> DfES programme to help secondary schools achieve standards in 8 curricular areas. Schools seek private funding partners.</p> <p><b>Revising Health and Safety</b> H&amp;S Executive guidelines to encourage development to adopt measures and publish activities in their annual reports.</p>
Capacity building	<p><b>Small Business Consortium</b> Aims to raise the profitability of SMEs in the UK by encouraging, developing and supporting social, environmental and community best practice in business. The programme focuses on all areas of responsible business practice, including economic as well as social, environmental and community aspects. <a href="http://www.csr.gov.uk">www.csr.gov.uk</a></p> <p><b>Emergency Training</b> Home Office offers courses in crisis management</p> <p><b>Supply Chain Initiative on Modified Agricultural Crops (SCIMAC )</b> NGO, funded by DEFRA, produces guidelines to promote development management of GM crops.</p> <p><b>Business Sector sustainability strategies</b> DEFRA strategy to improve voluntary environmental behaviour and funding of organisations undertaking research in this area.</p> <p><b>Cleaner Coal Technology Programme</b> DTI, technology development for low carbon solutions</p> <p><b>New and Renewable Energy Programme</b> DTI, support for research on renewable energy <a href="http://www.dti.gov.uk">www.dti.gov.uk</a></p>
Stakeholders	<b>Advisory Committee on Consumer Products and the Environment</b>

	<p>Advice, administrative and research support on reducing environmental impact of consumer products.</p> <p><b>Advisory Committee on Business and the Environment (ACBE)</b> DEFRA, multi-stakeholder committee advising government on environmental issues for business.</p> <p><b>Just Pensions</b> DFID support for UKSIF to influence pension funds in SRI <a href="http://www.justpensions.org">www.justpensions.org</a></p>
Funding streams	<p><b>Business Linkages Challenge Fund and Financial Deepening Challenge Fund</b> DFID fund to promote a) technology transfer networks promoting sustainable livelihoods in poor communities and b) improvements in the financial sector, promoting public/private partnerships. In partnership with Deloitte and Touche, Enterplan International and Project North East <a href="http://www.challengefunds.org">www.challengefunds.org</a></p> <p><b>Financial Deepening Challenge Fund</b> DFID scholarships for financial sector, promoting public/private partnerships</p>
Convergence and transparency (including evaluation and accountability)	<p><b>Corporate Responsibility Index</b> DTI has sponsored the BiTC Corporate Responsibility Index since it was established in 2002. The Index helps businesses to improve their impact on society and the environment by assessing how well their CSR policies are embedded in their business operations while also allowing them to benchmark their performance against their peers. <a href="http://www.csr.gov.uk">www.csr.gov.uk</a></p> <p><b>Environmental Management System standard for SMEs</b> British Standard (BS8555) Designed primarily for small-medium sized enterprises to take a phased approach to environmental management, letting them implement in stages and at their own speed, leading eventually to full certification to ISO14001 or EMAS as appropriate. <a href="http://www.csr.gov.uk">www.csr.gov.uk</a></p> <p><b>Environmental Management Systems</b> DEFRA, DTI give support to SMEs to implement an EMS (Acorn Trust, EMAS, BSI, Project SIGMA, Envirowise <a href="http://www.envirowise.gov.uk">www.envirowise.gov.uk</a>)</p> <p><b>Environmental Reporting</b> DEFRA, DTI provide voluntary guidance on environmental reporting <a href="http://www.csr.gov.uk">www.csr.gov.uk</a></p> <p><b>Reporting for financial services sector</b> Forge I &amp; II guidance for the financial services sector</p> <p><b>Making a Corporate Commitment Standard MACC2</b> DEFRA promotes framework for environmental practice <a href="http://www.macc2.org.uk">www.macc2.org.uk</a></p> <p><b>ACCA sustainability reporting awards</b> Awards to give recognition to those organisations which report and disclose environmental, social or full sustainability information, to encourage the uptake of environmental, social and sustainability reporting, to raise awareness of corporate transparency issues. Supported by KPMG. <a href="http://www.accaglobal.com">www.accaglobal.com</a></p>
Tax incentives and funding streams	<p><b>Business Resource Efficiency and Waste</b> 2005 - 2008 £284m landfill tax credits funding for resource efficiency in business (recycling, energy efficiency, low impact products etc) <a href="http://www.defra.gov.uk/environment/waste/brw">www.defra.gov.uk/environment/waste/brw</a></p> <p>Exemption from London congestion Charge <a href="http://www.gla.gov.uk">www.gla.gov.uk</a> (check)</p> <p><b>Tax credits for companies with an EMS</b> Businesses operating under the PPC (Pollution Prevention and Control Regulations), which are subject to regulation by the Environment Agency, gain credit for their environmental management systems (EMAS and</p>



	<p>ISO14001). These credits directly affect the level of charges the business pays, thus incentivising them to take a responsible approach to environmental risk management. <a href="http://www.csr.gov.uk">www.csr.gov.uk</a></p> <p><b>Development Fund for Rural Renewal</b> DTI, Phoenix Fund, to aid companies in communities affected by Foot and Mouth disease <a href="http://www.sbs.gov.uk/phoenix">www.sbs.gov.uk/phoenix</a></p> <p><b>Linking Environment and Farming (LINK)</b> DEFRA, funding for sustainable agriculture and integrated crop management <a href="http://www.leafuk.org">www.leafuk.org</a></p> <p><b>Rural Stress Information Network</b> DEFRA, support service for farmers and research projects <a href="http://www.farminghelp.org.uk">www.farminghelp.org.uk</a></p> <p><b>Manure Nitrogen Evaluation Routine (MANNER)</b> DEFRA, funding, research and publicity to promote efficient use of fertiliser <a href="http://www.cattlemail.com/manner">www.cattlemail.com/manner</a></p>
Legislation	<p><b>Operating and Financial Reviews</b> Publicly listed companies are required to produce an annual report of 'key information on a companies objectives, strategy, past performance and future prospects, to include environmental and social information 'to the extent necessary'.</p> <p><b>Pensions Act Amendment</b> This legislation came into effect in July 2001 and requires trustees of occupational pension schemes to state their policy regarding the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments.</p> <p><b>Corporate Responsibility Bill 2004 (add info)</b></p>
<b>INTERNATIONAL</b>	
International	<p><b>UN Global Compact</b> Financial support for Global Compact office and Global Compact projects in China and South Africa. Providing funding towards an impact assessment of the Compact.</p> <p><b>Resource Centre for the Social Dimensions of Business Practice</b> DFID, information for TNCs on social dimension of their activities <a href="http://www.rcsdbp.org">www.rcsdbp.org</a></p> <p><b>UN Global Compact Learning Forum</b> DFID, instrument to monitor, stimulate and promote CR.</p> <p><b>OECD Guidelines for Multinational Enterprises</b> DTI, National Point of Contact for Guidelines, consultancy to businesses</p> <p><b>ILO</b> DWP promotes Declaration of Principals, in collaboration with Confederation of British Industry and Trades Union Congress</p> <p><b>Commonwealth Business Council</b> DTI supported network for CR activity in governments and businesses <a href="http://www.dti.gov.uk/worldtrade/commonw.htm">www.dti.gov.uk/worldtrade/commonw.htm</a></p> <p><b>Extractive Industries Transparency Initiative</b> DFID-led initiative to ensure that the revenues from extractive industries contribute to sustainable development and poverty reduction, in partnership with the World Bank Group. <a href="http://www.eitransparency.org">http://www.eitransparency.org</a></p>
International Networks	<p><b>Business Links Asia</b> DFID-supported coalition of TNCs and SMEs promoting ethical business practice.</p> <p><b>International Alert</b></p>

	<p>DFID support for peace building NGO in areas of conflict. Azerbaijan Business and Conflict project conflict resolution projects in partnership with businesses, governments and civil organisations.</p> <p><b>Global Citizenship Unit</b></p> <p>FCO Conflict prevention and business involvement support for organisations in areas of conflict</p>
--	--

### 3.3. Government: Civil Society

POLICIES	PROGRAMME	THEME
Raising awareness	<b>Research Review</b> DTI is working with BiTC on the publication of a quarterly digest of key research and thinking on CSR. This will help to raise awareness by disseminating existing data more widely as well as identifying potential areas for further research. <a href="http://www.csr.gov.uk">www.csr.gov.uk</a>	
Voluntary initiatives (facilitating and promoting)	<b>Promoting Travel Plans</b> DTLR with Energy Technology Support Unit and National Travelwise Association, offers research funds to promote sustainable transport. <b>Sustainable Tourism (2000)</b> DCMS Green Audit Kit promoted to businesses to adopt sustainable practices <a href="http://www.wisegrowth.org.uk">www.wisegrowth.org.uk</a>	Transport  Tourism
Capacity building	<b>Impact on Society Report</b> DTI, report on social impact of CR using case studies of businesses. <a href="http://www.business-impact.org">www.business-impact.org</a> <b>Closing the Net</b> DfES with NGO Heads, Teachers and Industry. Software development for schools and learning centres to help children with learning disabilities enter the labour market. <b>Women and work</b> Dep. Cabinet Office, seminars, workshops to help women improve their labour situation. Businesses involved <a href="http://www.womens-unit.gov.uk">www.womens-unit.gov.uk</a> Debt advice help line	Impact of CR  Education  Women
Stakeholders		
Convergence and transparency		
Tax incentives and funding streams	<b>Getting Britain Giving – Budget 2000</b> HMT. Payroll giving campaign with reduced taxes <b>Social Investment Scotland</b> Scottish Executive, Joint venture with clearing banks to provide funds to NGOs and social enterprises. <b>Alleviating Fuel Poverty</b> DTI works with energy industry to help disadvantaged groups with fuel payments <a href="http://www.dti.gov.uk/energy">www.dti.gov.uk/energy</a> <b>Helping people with disabilities into work</b> NDDP, finances this programme targeted at businesses. <b>New Deal Mentoring</b> Northern Ireland Executive, volunteers take part in New Deal initiatives.	Donations  Funding NGOs  Fuel poverty Disability  Volunteers
Legislation	<b>Human Rights Act (1998)</b> Lord Chancellor’s Dep. <a href="http://www.humanrights.gov.uk">www.humanrights.gov.uk</a>	Human Rights
INTERNATIONAL		

### 3.4. Government: Business: Civil Society

POLICIES	PROGRAMMES	THEME
Raising awareness	<p><b>Cultural Diversity Network</b> DCMS to modernise the role of minority ethnic groups in television and reflect racial diversity of multicultural Britain.</p>	Diversity
Capacity building	<p><b>CSR Academy</b> Promotes CSR learning through professional training and development service for managers in businesses. It is for companies of all sizes as well as for UK educational institutions, is supported by the DTI and a number of Programme Partners. <a href="http://www.csracademy.org.uk">www.csracademy.org.uk</a></p> <p><b>Research on the business case for CSR</b> DTI worked with NGOs <a href="#">Forum for the Future</a> and <a href="#">AccountAbility</a> on projects looking at the links between CSR / sustainability and business performance.</p> <p><b>Childcarelinks</b> Partnerships (non-financial) with businesses and DfES to provide information on childcare.</p> <p><b>Businesses and social exclusion report</b> HMT Policy Action Team research programme on implication of businesses in economically depressed areas to address social exclusion and urban regeneration.</p>	<p>Childcare</p> <p>Social exclusion/Urban regeneration</p> <p>Business case for CR</p> <p>Childcare</p> <p>Social exclusion</p>
Voluntary initiatives (facilitating and promoting)	<p><b>UK Online for Business</b> DTI partnership programme offering support and consultancy to SMEs for online technology</p> <p><b>City Growth Strategies</b> HMT to create networks for urban regeneration, encourage business participation.</p> <p><b>Inner City 100 Index</b> HMT and NEF to encourage business in urban centre development.</p> <p><b>Active Community Demonstration Projects</b> HO support for community development projects</p> <p><b>Corporate Community Involvement &amp; CARES IT</b> HO Active Community Fund to inspire active community members in private sector contribute to their communities through skills sharing etc.</p> <p><b>Early Years Development and Childcare Partnerships</b> DfES give financial support and training to partnerships involving local administration, voluntary organisations and private organisations (businesses, schools, parents associations etc) to be able to work with local businesses.</p> <p><b>The Business Broker pilot</b> Funded across Government and led by the Office of the Deputy Prime Minister – has been developed to</p>	<p>E-commerce</p> <p>Urban regeneration</p> <p>Urban regeneration</p> <p>Community development</p> <p>Childcare</p> <p>LSPs</p>

	support <u>Local Strategic Partnerships</u> (LSPs), the new local partnership of public services, business and voluntary and community groups, to work better with business.	
Stakeholders partnerships	<b>The Neighbourhood Renewal Private Sector Panel</b> Identifies opportunities for the private sector to get involved with local communities and activity in disadvantaged areas. <a href="http://www.csr.gov.uk">www.csr.gov.uk</a>	Neighbourhood Renewal
Funding streams and tax incentives	<b>The Community Development Venture Fund (CDVF)</b> Aims to increase private investment in enterprises in disadvantaged communities. <a href="http://www.csr.gov.uk">www.csr.gov.uk</a> <b>Partnership Fund</b> DTI helping organisations improve productivity through partnership <a href="http://www.dti.gov.uk/partnership">www.dti.gov.uk/partnership</a> <b>Phoenix Fund</b> DTI to develop projects which avoid social exclusion. Prizes, funding and consultancy for businesses <a href="http://www.businessadviceonline.org/press/devbid.asp">www.businessadviceonline.org/press/devbid.asp</a> <b>Single regeneration budget</b> DTLR, funds for SD, training, education, professional development. 900 regeneration plans (RDAs and LDA participate)  <b>Education Action Zones</b> DfES fund partnerships between businesses, communities and other organisations to improve standards in schools in poor urban areas. Businesses provide consultancy and training to schools on management, finance and professional training.  <b>Education Business Links Policy</b> DfES, LSC support to schools to develop business links and improve quality of training and work-experience opportunities for students.  <b>Northern Ireland Business Education Partnership</b> Financial support for partnerships between schools and businesses, and local/regional government to encourage private sector involvement in education improvement.  <b>Community Investment Tax Credit</b> HMT finance partnerships between local government and businesses through Community Development Venture Fund to generate economic well-being, jobs and investment in impoverished communities.	Disadvantaged Communities  Social exclusion  Regeneration  Education  Education  Education  Education  Education  Community development
Convergence and transparency	<b>Community Strategies</b>	
INTERNATIONAL		
	<b>Business Partners for Development</b> DfID promotes examples of partnerships involving	Community development

	<p>private sector, civil society and governments working together in community development in poor areas. <a href="http://www.bpdweb.org">www.bpdweb.org</a></p> <p><b>Ethical Trading Initiative</b> DfID promoted partnership between businesses, NGOs and trade unions to improve working conditions in supply chains of consumer products sold in the UK. DfID finance a considerable part of the project and participate in the management board.</p> <p><b>International Donor Round Table</b> Links international development agencies to prepare international conferences such as World Summit on Sustainable Development</p> <p><b>Security in the extractive industries</b> FOC Global Citizenship Unit works with government in US, multinationals and NGOs to encourage mining companies to adopt voluntary guidelines to reduce human rights abuses, particularly in conflict zones</p> <p><b>Fair Trade Foundation</b> Support for FFT working to help producers to develop business management and marketing skills, and raise their incomes, raise awareness among retailers about managing supply chains in order to benefit the poor, make the international trading system work better for the poor. <a href="http://www.csr.gov.uk">www.csr.gov.uk</a></p>	<p>Ethical trading</p> <p>International summits</p> <p>Mining industry</p> <p>Fairtrade</p>
--	---	---

#### **4. Strengths and weaknesses of government CR policy in relation to the relational perspective. Characteristics of exchange relationship between government, business and civil society**

From the start, the UK government presented their CR policy as a strategy of soft intervention aimed at facilitating collaboration of the private sector in the development of public CR programmes. As we demonstrated in our introduction, CR policies took shape in the United Kingdom as a result of a situation of deficit in the government's social governance caused by economic crises and increased unemployment.. The economic crisis of the 1980s affected the British economy to the extent that even the welfare state and social policies were affected by budget shortfalls. This moved first the Conservative government and later the Labour government to enable and encourage the collaboration of the private sector in resolving social problems. The concept of the new agenda for business has its origin in the encouragement the government gave to corporate social responsibility to persuade companies to adopt a more active role in revitalising society and the community, especially the inner cities (Moon, 2004: 8).

We should say that the CR policy emphasises the relational perspective in its purposes, priorities and design, and implementation. The government recognised its budgetary limits and shortfalls in facing the problems of unemployment and poverty, and as a result initiated a series of public strategies to encourage companies to run financial and expert partnership projects to relieve poverty and create economic development. Faced with the new agenda for business, the new government's role has been to stimulate the creation of CR organisations and networks to make it easier for companies to act in programmes of communal development, neighbourhood renewal, skills development, community involvement and international development. At the same time the government has boosted business community action and partnership programmes through a favourable legal and fiscal framework. Public-private collaboration and partnership are among the central strategies of their CR policy.

One of the principles of its CR policy is working in partnership, which is defined as pulling it all together. Government initiatives are developing in partnership with business, CR organisations, NGOs and community organisations.

The government has made great efforts to listen to the opinions of all parts of society (businesses, academic bodies, NGOs, CR networks and professionals, trade unions) to factor them into its CR strategy. The government led a major consultation during the second half of 2001 to compile the UK response to the EC Green Paper on CSR. The Minister wrote to a wide range of stakeholders, comments were invited via the government's CR website, and the government held consultation events in London and Edinburgh with businesses, NGOs and Trade Unions.

The new business agenda also involves projects and public-private partnership initiatives with relational participation from: public administrations, businesses and

community organisations. In this sense, the UK government's CR policy can be classified very visibly within the relational framework.

A detailed analysis using the relational model of government initiatives included in interministerial CR programme gives us the following conclusions as regards the four relationship frameworks:

#### **4.1. Government-public administration**

The UK government has developed internal initiatives in leading by example on issues like the integration of sustainable development into government action, the accountability of public administration, work-life and equal opportunities policies, ethical investment policies, anti-fraud and corruption policies, good employer practices, volunteer programmes.

CR has become linked with the development of internal actions that the government carried out as part of sustainable development, and often seems like a parallel policy.

#### **4.2. Government-business**

This is one of the frameworks within which government CR policy has been most fully developed. The government has developed programmes to facilitate business activity in CR on general issues like: raising awareness, facilitating and promoting voluntary initiatives, capacity building, stakeholder engagement, funding streams, convergence and transparency (evaluation and accountability), fiscal incentives, soft regulation, international organisations and networks.

Here, the policy of the British government has been a model for other European governments.

The UK government has developed different lines of work to encourage CR in companies: it has

1. stimulated new and existing business associations in order to promote CR activities.
2. funded different CR activities and organisations
3. developed a favourable fiscal framework providing fiscal incentives for investing in the community or supporting charitable donations
4. developed a legal framework that facilitates transparency and disclosure in CR.
5. implemented policies that facilitate the engagement of business in disadvantaged communities and neighbourhood renewal.
6. supported company creation and social entrepreneurship.
7. strengthened the role of companies in driving up skills and educational levels
8. developed internal policies to set a good example.



All these programmes have been developed with the support of intermediary CR organisations which have acted as links in the dialogue between government, the private sector and civil society.

The British government has developed a policy of soft intervention, dispersing its policy over a considerable volume of small programmes and projects to cover small initiatives from different departments. This is not a centralised policy designed as an intervention directed and implemented in a unified block from a governmental department. Unlike other governments, the UK government maintains control of programmes, although some intermediary CR organisations have been supported in implementing and visualising some programmes. Even local partnership projects are initiated by local administrations.

So this relationship framework is least developed where there are fewer programmes and projects supported by the government.

### **4.3. Government-civil society**

As regards policies for development of CR within civil society, the government has focused its projects on raising awareness, through prizes or campaigns publicising company action and the concept of CR in civil society. Another objective of these programmes is to facilitate the action of people or workers through involvement in volunteering initiatives, or their financial support through fiscal incentives.

### **4.4. Government-business-civil society**

Along with the government-business relationship, policies directed at partnership actions between government-business and civil society form one of the most highly developed relationship frameworks of the UK government's CR policy. Here again, we can see how the relational method as a model for analysis allows us to explain the conception and design of the CR policy in this country.

Using this framework, the government has particularly concentrated on projects of capacity building, facilitating and promoting voluntary initiatives and funding streams and tax incentives. This means above all partnership projects seeking joint solutions to social exclusion in specific issues like adult education, neighbourhood renewal and community engagement.

Looking at this analysis of each of the four frameworks, we can conclude that the relational method is a suitable framework for interpreting the UK government's CR policy, but that it is still a policy fragmented into small projects and initiatives that do not yet add up to a solid and consistent policy. In addition, under this interpretation, the UK government's CR policy is a low policy that forms part of the high policy: economic and social policies. We can thus conclude that the UK government's CR policy is diffuse, aiming to encourage companies to intervene in the major economic and social challenges facing the government: sustainable development and combating social exclusion. All this is confirmed in the thesis used by the government itself: a new social agenda for business.

## 5. Perceptions and challenges faced by the different stakeholders in relation to the CR policy and how each stakeholder interprets the others' approach

To analyse the perceptions and challenges faced by the different stakeholders in relation to CR policy and how each stakeholder interprets the other's approach, we interviewed different agents:

- ✓ **Davies, Peter.** Associate Director of Business in the Community (Cardiff). Date: 11/8/2005.
- ✓ **Griffiths, Helen.** Policy Advisor on CSR, Department of Trade and Industry, UK Government (London). Date: 21/10/2005.
- ✓ **Lingard, Thomas.** CSR Manager for Unilever UK (Walton-on-Thames). Date: 19/8/2005.
- ✓ **Porrit, Jonathon.** Programme Director, Forum for the Future (Cheltenham). Date: 11/8/2005.
- ✓ **Wade, Mark.** Principal consultant in the Leadership Development Group, Shell International (London). Date: 6/9/2005.

After our interviews with the different representatives of the business sector, the government and non-governmental organisations actively involved in CR, we can begin to identify the perceptions and challenges faced by the different stakeholders in relation to CR policy, and how each stakeholder interprets the others' approaches.

The issues most raised in these conversations were:

1. the legislation versus voluntary perspective
2. the relationship between sustainable development and CR
3. the relationship between competitiveness and CR
4. the relationship between the welfare state and CR
5. the government role and its critics
6. perceptions and expectations between different sectors

These are the questions that the actors consider most significant and the key issues to emerge

We must also mention in our hypothesis that some important issues in the UK government discourse on their CR policy did not emerge in the conversations. Among these were:

1. the multistakeholder strategy
2. the relational concept of intermediation and communication

It seems that one of the CR strategies most defended by the European Commission, the multistakeholder concept, has not been assimilated by social agents, companies and NGOs. Only one of the NGOs, Business in the Community, a specialist in the partnership strategy, defined the concept.

The interviews show that both companies and NGOs expect an active CR role from the government, but do not agree about what this role entails. Companies expect the government to facilitate company action in CR in a way that has a positive rather than a negative influence on their practices and results. They expect the government's role to be politically and economically effective.

## **5.1. The legislative versus voluntarist perspective**

The role of legislation within the CR framework is one of the issues recurring most frequently in the interviews. This shows that it is one of the most significant issues in the debate on the role of the government and CR policy.

The discussion on the legislative-based versus the voluntary-based approach to CR was one of the aspects where there was most disagreement in the interviews with representatives of the two social sectors, companies and NGOs. This in fact confirms that even today in the United Kingdom, the conflict between legislation and the voluntary approach is one of the key issues in discussions on CSR policies and the role of government.

Agents representing the business world take the view that the government should use regulation as a facilitating measure, and only after voluntary practices had been carried out by companies. In support of this, they claim that national legislation should not negatively affect either business results or the innovation processes linked to CR practices. However, companies do not seem to be at odds with the attitude adopted by the government in its soft regulation model (Pension Act Amendment, The Company Law Review and the Operating and Financial Review (OFR).

However, we did observe a more direct conflict with government attitudes in the discourse of some NGOs, who felt that the government was giving in to business pressure in adopting a CR strategy with a low regulatory profile.

The interviews led us to feel that in this field, there is greater divergence between NGOs than between companies. Some NGOs support the government's soft regulation and its role as facilitator, while others declare that it should adopt the same stricter regulatory framework on CR matters as it has on environmental issues.

### **5.1.1 Perceptions from the business sector**

Looking at the opinions of the agents from the business world interviewed, these show some reticence on the issue of more legislation on CR issues.

*'By definition CR will hopefully always be ahead of legislation. Companies will reach new standards and develop new practices and these will then be followed by the next wave of legislation, and so the cycle repeats itself.'* (Mark Wade, Shell International)

However, no full frontal opposition was noted to the possibility of the government legislating and the approval of forms of soft or smart legislation:

*‘ I would like to dispel the myth that companies are against legislation, because they are not, and this is a sticking point, particularly of NGOs. If you have clear rule books and guidelines to work through, you can find ways of innovating. People get annoyed when those rules are disparate and confusing at one level, and on another when the playing fields are not level between countries.’ (Mark Wade, Shell International)*

*‘There is a perception that business focuses its energy on aggressive anti-legislative lobbying, however Unilever would argue that it simply provides government with evidence of the impact legislation and policy may have on business in order to make a balanced judgement. Indeed in most cases the government will specifically request responses to consultation documents.’ (Thomas Lingard, CSR Manager for Unilever UK)*

#### **5.1.1.1 Areas to be legislated**

As regards the type of legislation applied by the government, business agents consider that while this must guarantee minimum standards, it should not force companies to be socially responsible, which would be counterproductive:

*‘Legislation has a role in ensuring certain minimum standards, but it’s a very bulky tool. (...) There is a lot of legislation around employment, health and safety products, etc. all of which is about behaving responsibly in a business context. It is meaningless to talk about whether to have more legislation for CSR without being specific about which areas are being referred to..’ (Thomas Lingard, CSR Manager for Unilever UK)*

*‘Legislation has to be simple, you can’t legislate for ‘you must be responsible’ or words to that effect, unless you can ban a thing, or make a certain type of practice illegal. But a lot of that legislation is there already.’ (Thomas Lingard, CSR Manager for Unilever UK)*

#### **5.1.1.2 The legislation process**

Another aspect aired by the business sector is that companies should participate in the process of drawing up legislation, because it directly affects later business action and so must incorporate the business standpoint and interests.

*‘A lot of what we do is helping government to understand what the proposed legislation might mean for business. We exchange ideas all the time’ (Thomas Lingard, CSR Manager for Unilever UK)*

Business agents show the contradictions that appear when the government legislates without a prior process of negotiation and engagement that includes the business sector.

*‘Businesses get nervous about legislation, particularly when drafted by people without business experience. (...) Legislation would be much more effective if there were more people in government who have a business background.’ (Thomas Lingard, CSR Manager for Unilever UK)*

*'If government introduces legislation prematurely, without an understanding of how companies can react to the issue in question, it can be counter-productive.'* (Mark Wade, Shell International)

### **5.1.1.3 What do companies think about the position of NGOs**

Business agents recognise the power of NGOs and their influence on the media and public opinion on this subject. They show the current power of public opinion, and above all the power of the most anti-system NGOs to influence the legislative capacity of the government: on what and how it must legislate.

*'There is a new wider form of democracy, which is based on public opinion as much as it is on scientific fact. The danger is when that public opinion is based on hype and emotion, rather than scientific fact and the you can end up with terrible legislation.'* (Mark Wade, Shell International)

*'With the increased role of the Internet, real time media and NGO pressure, a new model is developing, and legislation is far more reactive, based more on public opinion than scientific fact (ex. Case of Brent Spart) (...) There is a good model for better legislation and Government is waking up to the fact they have to address this. NGOs and media should be recognising their responsibilities into this process... and it is very important that Government ensures a rationality in the debate, in this new dynamic.'* (Mark Wade, Shell International)

Some companies like Shell are prepared to talk to NGOs about legislation, although we know that they have different attitudes:

*'Some NGOs feel the old paradigm of government not taking heed of civil society remains where their voice is underrepresented, others are now saying industry is not against legislation. (...) The debate now lies in how to decide in certain areas that experimentation has gone on long enough for legislation to be appropriate to pull up the common denominator'* (Mark Wade, Shell International)

### **5.1.2 Perceptions from NGOs**

The NGOs interviewed also clearly expressed their opinion on legislation, thus confirming this as one of the significant issues for all actors.

Peter Davies, Associate Director of Business in the Community considers that the government should adopt a role of encouragement and support, rather than continually being concerned about new legislation: *'Legislation has a role but there is a limitation to it.'* (Peter Davies, Associate Director, *Business in the Community* UK). He argues that companies who form part of the BITC-UK network prefer the strategy led by voluntary action as opposed to a process of legislation that leads to compliance.

No common approach can be seen among the NGOs interviewed. Faced with this position, Jonathon Porrit, Programme Director of the Forum for the Future affirmed that the Labour government has adopted a strategy of smart regulation with a constant

barrage of anti-regulatory rhetoric from government with the tacit support of the Confederation of British Industry. This tendency of the UK government was confirmed by the deregulatory climate and voluntary approach to CR put forward by the European Commission.

CR is perceived by some NGOs as a tool used by government *'to promote change in the business community without resorting to legislation.'* They felt that CR was wrapped up in the ideological debate about voluntarism:

*' Government approach to CSR is ideologically driven. To avoid the need for regulation, government puts the burden of risk and change on the business community. (...) Regulation should be seen as the most efficient and cost effective way of creating level playing fields and changing business behaviour. It is now seen as, and here I quote a minister from five years ago, as 'the policy instrument of last resort', the place they will go last if they can't achieve the desired outcome by any other means.'* (Jonathon Porrit, Programme Director, *Forum for the Future*)

So some NGOs feel that the government has taken sides with companies in adopting a strategy that is light on legislation: *'If you asked anyone in business if the government has got the balance right on legislation they'd probably say no.'* (Jonathon Porrit, Programme director, *Forum for the Future*)

### **5.1.3 Perceptions from the UK Government**

The UK Government has a general preference for voluntary initiatives, what they called 'light touch strategy' to develop their CR policy. Very infrequently, as in the Pension Act Amendment and the Operating and Financial Review modernising the Company Law and the Company Law Bill, did the UK government adopt legislation that favoured CR. This was only done when it was felt that legislation did not impact on business growth and competitiveness. But they are against legislation in areas like levels of standardisation.

*'On the whole we don't think that any part of CSR should be legislated, there's a general thrust that it is voluntary and business led. We believe that businesses can implement CSR more effectively if they do it on their own'* (Helen Griffith, Policy Advisor on CSR-CSR Team, DTI)

## **5.2. The relationship between CR and Sustainable Development**

The relationship between CR and Sustainable Development is another recurring subject raised by the different sides, both companies and NGOs. For instance, statements on lack of clearness in concepts are frequent.

*' The two agendas, CR and Sustainable Development, should be as one, or at least as a logical stepping process, but they're too often seen to be separate or are portrayed as being separate. How can you be a responsible business and yet not be a contributing*

*towards a sustainable future'* (Peter Davies, Associate Director, *Business in the Community UK*)

This confusion between concepts translates to the governmental context in a confusion of policies and competences. Little transparency is seen in the CR policy of the DTI, which overlaps with the sustainable development policy of the DEFRA.

*'It is becoming more complicated. Sustainable development is driving CSR, however the messages are not always consistent between CR and Sustainable Development between governmental departments. (...) What DTI works on CR is not very relevant to Unilever UK, the focus is either on community relations or broad international frameworks. (...) Even if DTI work did become more relevant, for example the tax proposal, Unilever might talk directly to the Treasury. The role of DTI is not always clear to us'* (Thomas Lingard, CSR Manager for Unilever UK)

*'The two strategies are not very aligned, DEFRA and DTI don't see eye to eye, they don't collaborate as well as they might.'* (Jonathon Porrit, Programme director, *Forum for the Future*)

*'Sustainable development is led by DEFRA, CR is led by DTI, the relationship between the two has not been well defined, even though CR is meant to be the business contribution to sustainable development.'* (Peter Davies, Associate Director, *Business in the Community UK*)

### **5.2.1 Perceptions from the government**

The interview with the government also led us to this view. There is a complex relationship between the DTI and DEFRA. DEFRA leads on sustainable development, and the DTI provides input on the business contribution to sustainable development strategy at UK and European level. Links between these two government departments are not strong enough and not clearly communicated. The DTI takes on responsibility for CR, but is continually cutting across DEFRA competences.

### **5.3. The relationship between competitiveness and CR**

The UK government considers that CR contributes to business competitiveness as it enhances companies' reputation and can stimulate competitors to work in the same area. The DTI has, jointly with Forum for the Future and Accountability, promoted a project for measuring the benefits for business competitive advantage from social responsibility and sustainability. All this has been grouped under the subject of the business case for CSR.

The business sector is still sceptical about this relationship, although they note that it could be a win-win relationship:

*'Businesses can't thrive in societies that fail. If you have a better-functioning society your business can thrive. There is a kind of enlightened self interest for companies to*

*act responsibly to improve those societies, as they will be creating a climate which can contribute to their success'* (Mark Wade, Shell International)

The perception is that CR lets companies attain greater self-knowledge and so makes for greater competitiveness:

*'What it comes down to is that companies that are good at CSR are companies that are good at understanding what they do, companies who have a really good picture of what they do it, who impacts them, and how they can manage their business. (...) there is an increasing awareness of what's going on in the world. If something changes in the market, it's about how fast can you respond to that.'* (Thomas Lingard, CSR Manager for Unilever UK)

NGOs generally have a clearer perception that one of the objectives of the government in promoting CR is to link it to innovation and competitiveness.

Jonathon Porritt, Programme Director of Forum for the Future, considers that competitiveness is the priority for the UK government. This is also the strategy driven by the Council of Europe in the Lisbon Agenda. There is a very clear sense of the threat from other competitive economies like China. This means one of the objectives of the government is to research the evidence of the impact of CR on competitiveness. Forum for the Future had been working on this.

*'Competitiveness is the reality: if CR in any way impacts the competitive behaviour of any single UK company then it won't get a look in .... Competitiveness is used as the excuse a pretext for not pushing hard enough on the corporate responsibility agenda'* (Jonathon Porritt, Programme director, Forum for the Future)

Peter Davies, Associate Director of BITC considers that NGO and business partnership strategy has been funded by the government to improve responsible business practices in a region on the theory that it will improve the competitiveness of the regions.

#### **5.4. The relationship between the welfare state and CR**

Another of the issues linked to the CR discourse is how it relates to the development and evolution of the welfare state. The only actor which did not address this subject was the government.

Representatives of the business sector accept that the government tends to privatise public services to deal with budgetary crises. This is linked to the modern business rhetoric of the UK government and the strategy of public-private partnership linked to CR.

*'Governments have tended to go for the cheapest option and core values have been left behind'* (Mark Wade, Shell International)

Thomas Lingard, CSR Manager for Unilever UK considers that the government wants to do less in the hope that companies do more. When it makes business sense, business



will address social issues, however business will not provide public services for philanthropic purposes.

The NGO sector expresses the opinion that the government has tried to use different policies and pressures to achieve business support for welfare issues (New Deal initiatives, the unemployed etc.). CR also partly covers this need, as an obligation for companies to be socially responsible:

*‘Whenever government can get the private sector to do something, which it would otherwise have to do and fund itself, it will. The emphasis is on the combination between you’re a responsible business so you ought to be doing this, and we’re the government and we’ve got a problem with young, unemployed people which we can’t sort out ourselves.’ (Jonathon Porrit, Programme director, Forum for the Future)*

Peter Davies, Associate Director of BITC stated that business reacts badly to government using CR as an acceptable way of securing private funding and additional resource for areas where it has depleted budgets. Multiple initiatives from government are problematic for business, particularly when they require funding. Government had to provide an enabling environment, funding brokerage, recognising and rewarding those companies that do the right thing, and legislating with a relatively light touch (e.g. Pension Amendment Act). He feels that the boundaries between the public and private sector have become blurred as there is a confusion between businesses contributing to public agendas (e.g. sponsoring training programmes for young people) and the private sector being responsible for delivering public services (e.g. privately run schools). In the UK the private sector has taken on the role of contributing to government priorities more than in other European countries. But where business interests are aligned with social policies can results be positive (e.g. neighbourhood renewal, reducing crime rates).

*‘There is a bit of dichotomy between our role in engaging the private sector in supporting education, and, perhaps more than governments elsewhere in Europe, the private sector indirectly taking on the education system itself. That’s where the debate has been in terms of the original concept of the welfare state, the public sector being responsible for delivering a service to the public.’ (Peter Davies, Associate Director, Business in the Community UK)*

## **5.5. The government’s role and its critics**

As regards its role, the UK government feels it has been the first government to have a CSR Minister, sending out a strong message that the UK government is taking CR seriously. CR is seen as a business contribution to the wider goal of sustainable development.

The role and strategy developed by the government is a policy of soft intervention, in which the government’s role is as facilitator, an intermediary with a strategy of supporting the business sector. The attitude of the UK government has not changed since 2001, when the CSR Minister was created: that CR should be a business-led, business-driven initiative. There is a preference for voluntary initiatives, and favours the partnership approach.

*'CSR in the UK is focussed on how businesses can implement CSR policies that reflect various functions within the business, our approach is that it should be business led, it's up to the business to decide which part of the CSR agenda it wants to implement.'* (Helen Griffith, Policy Advisor on CSR-CSR Team, DTI)

As regards the implementation of the CR policy in relation to the different government departments, one point of note was the DTI's creation of the Interdepartmental Group formed by different officials from different departments. But when they showed how it works, problems can be seen in the transversality and communication of a policy that includes many government departments:

*'Because CSR is such a broad agenda, each meeting will cover a wide range of issues but it will only be relevant to particular departments so we have had to rethink how to make the group effective. It is difficult to make each meeting relevant, as CSR is so broad.'* (Helen Griffith, Policy Advisor on CSR-CSR Team, DTI)

### **5.5.1 Perceptions from the business sector**

In general, the different agents interviewed commented on the role the government should adopt and criticised the lack of consistency of the CR policy, above all in relation to the influence of other social agents, whether companies or NGOs, and how the government gave in to both.

*'Government needs to be consistent in its CR policies as does business, there are examples as Children's Health, where Department of Health and Department for Education and Skills are in conflicting positions which makes it difficult for business.'* (Thomas Lingard, CSR Manager for Unilever UK)

*'The profile of governments role has generally has been low, there is little coverage in the press. (...) The UK government have been one of the more forthright governments on CR, typical of European governments and a contrast to government in the Far East and the USA. Although, governments have put their heads above the parapet, and feel they have a role to play, they have struggled with the agenda as many organisations have...'* (Mark Wade, Shell International)

The business sector in general requested consistency from the government in their discourse on CR policy in what they asked of companies and in the practices of the administration themselves:

*'Consistency between government policies and its own practices is also important, for example in purchasing, giving employees time off for volunteering.'* (Thomas Lingard, CSR Manager for Unilever UK)

*'UK government should be consistent in its approach, avoiding dual standards in different countries. Core values, standards, and policies should be equally appropriate in the UK and abroad, particularly acting as a 'force for good' in countries where governance is not well orchestrated or required'* (Mark Wade, Shell International)

With respect to the role to be adopted by the government, there was some realisation by companies that the government wished to them to partly replace deficiencies in the state's role, when it fell short in its functions:

*'Government wants to do less and expects business to do more, I think there's a sort of scale issue, the sort of thing business can do in most countries will never match the scale of what governments do.... Fundamentally, business will step in if there's gap, to a point. If you are a business and your are set up in a deprived community, you can argue that the deprivation should have been addressed through some sort of social policy, however business will say, well, we're here now we might as well do something'* (Thomas Lingard, CSR Manager for Unilever UK)

Companies argued that their function was economic, not to offer public services:

*'There is a big difference between producing a product with certain health benefits and providing a national health service. There is a logical extension from manufacturing low fat spreads which are low in polyunsaturated fats, to, to manufacturing low fat spreads which can lower your cholesterol level. But it's not realistic or desirable to extrapolate that to a position where the same brand is responsible for say, heart transplants. We're in the business of nutrition'* (Thomas Lingard, CSR Manager for Unilever UK)

Companies considered that the government should continue adopting its current role of facilitator, but must not overdo legislation:

*'Governments should be encouraging business in a certain direction, but only legislate after allowing a period of experimentation and innovation in that area'* (Mark Wade, Shell International)

The business sector was also unhappy with the influence that NGOs exercised over decision-making in the government on this aspect of the political agenda:

*'My gut feeling is that government is a bit suspicious of NGOs, seeing them as trying to do what they are doing. When I was on this table hosted by the DTI, there was only one other business there, all the rest were NGOs..'* (Thomas Lingard, CSR Manager for Unilever UK)

*'Government has to represent many interest. If we go out of business, if there's a product that goes out of business, that's people out of work.....what's good for business is good for society, they are no diametrically opposed....They don't want us to be taken over by a foreign company any more than we do'* (Thomas Lingard, CSR Manager for Unilever UK)

### **5.5.2 Perceptions from NGOs**

As regards opinions expressed by the NGOs, BITC gave a clear exposition of the origins of the CR policy. It thought that CR became a key issue during the liberalisation policies and tax cuts of the 1980s when there was a recognition that business had to play a role in social issues, particularly in the Utilities sector. Here, the role of the government had followed the pattern of reducing corporate tax and increasing business

responsibility, with business as a partner bringing innovation and solutions to public issues, but the solution to public issues remained unchanged.

On the role that the government should be encouraging and adopting, BITC felt this should be that of a broker between sectors, with more investment in brokerage into partnership:

*'The most important role in the UK government, and it's been patchy, has been the investment in brokerage. (...) Government should play an enabling, encouraging, rewarding, facilitating role (...) and also procurement is a key area for government to develop leverage'* (Peter Davies, Associate Director, *Business in the Community UK*)

They also commented on the role the government should be playing in supporting and enabling the integration of CR in the agendas of the small and medium enterprises. Jonathon Porrit, Programme Director of Forum for the Future, was much more critical of the attitude adopted by the government:

*'The idea that this can be done by gentle exhortation and by fine sounding words about CR is a fantastical illusion. That's one of the difficulties we have with the whole idea of CR'* (Jonathon Porrit, programme director, Forum for the Future)

Some NGOs stated that the UK government's CR approach was ideologically driven, and that to avoid the need for regulation, government put the burden of risk and change onto the business community.

It was felt that the capacity of local and regional government to influence business was very limited if the national framework level was not conducive to their interventions being effective.

*'I would say in terms of setting the ground rules and framing the issues, the UK government is streets ahead of most other governments in Europe, and in terms of the business innovations and leadership, UK-based multinational companies are also in the vanguard....They are actually doing quite well in terms of relative performance. But the issue is the difference between relative performance, for example, how well it is performing relative to someone else, and actual performance, how well is the government performing relative to the need, to the imperative to make business play a bigger part in promoting environmentally and socially responsible wealth creation.'*  
(Jonathon Porrit, Programme Director, Forum for the Future)

*'Although civil society will never give government much credit for what it does, NGOs are reasonably persuaded that the UK government is trying harder than most governments, and that the will is there'* (Jonathon Porrit, Programme Director, Forum for the Future)

Although he was critical of the internal policy in the UK, he made no comment on the international CR policy. The NGO most critical of the government thought that the UK government had been pretty active in trying to promote responsibility in UK companies operating abroad:

*'Ethical Trading Initiative was a very pioneering, creative initiative that had a big impact, and was government-driven, although more recently it has slightly lost its momentum, because big companies have started to protest about the next phase.'* (Jonathon Porrit, Programme Director, Forum for the Future)

## **5.6. Perceptions and expectations between different sectors**

As regards relationships between the agents and the perceptions that each has of the others, this was also very clearly expressed in the interviews. Subjects of comment were the role of the different agents, their interests and the power they had over government policies. It is obvious that these considerations were among the key issues for the success or failure of CR policies in the United Kingdom.

### **5.6.1 Relationship between companies and NGOs**

Peter Davis, Associate Director of BITC-UK clearly expressed the relationship between companies and NGOs:

*'It is a term that has been hijacked by the NGO community and by the anti-business movement and it is too often pigeon-holed by business as being social programmes, as opposed to the impact of all of our operations, how we buy, what we market, how we manage our supply chains ... CSR has though become the accepted term, ....., some say it stands for completely stupid rhetoric, we prefer to say it's about common sense really.'* (Peter Davies, Associate Director, *Business in the Community* UK)

*'The activist NGO community has played a critical role ... probably a more effective role, because of media and the Internet, than government in controlling the action of business'* (Peter Davies, Associate Director, *Business in the Community* UK)

### **5.6.2 Relationship between companies and government**

Peter Davies also portrayed the relationship between companies and government as a relationship of co-operation and partnership, basic for the co-operation and partnership model:

*'A recognition that business could bring innovation and solutions to key issues of government has been a pretty consistent strand of approach for 20-odd years. It's probably increased in intensity, where you've had the odd public-private initiative. There has been a blurring of what is public sector, what is private sector'.* (Peter Davies, Associate Director, *Business in the Community* UK)

Within this framework, BITC maintained a role of intermediary between government and the business sector, and so understood and conditioned the reactions between the agents, but did not adopt a posture critical of the government, as did other NGOs.

BITC put forward the thesis that for the business sector to accept initiatives in the CR policy, these should not seem to be led by the government, and still less by NGOs, but by companies themselves.

*'Business reacts badly to government intervention in general, and to the perception that it's filling gaps in areas that government should be taking responsibility for. (...)  
You've got to have business leading the initiative, if companies perceive this as government telling business what to do, then it won't drive innovation and the business case and will probably have limited success'* (Peter Davies, Associate Director, Business in the Community UK)

*'Where you've got an alignment between government and private company interest then it's very clear. Things like reducing crime will have a positive benefit on the quality of life and the quality of business'* (Peter Davies, Associate Director, Business in the Community UK)

### **5.6.3 Relationship between government and NGOs**

In contrast to this position nearer to the government argued by BITC-UK, other NGOs saw the agents' relationships more from the perspective of opposite interests, although they did note some collaborations:

*'Government has by and large signed off on the idea that NGOs can be seen as proxy monitors of corporate behaviour and performance, and because government isn't really geared up to do that monitoring process, NGOs are the best way of increased scrutiny and accountability of corporate behaviour'* (Jonathon Porrit, Programme Director, Forum for the Future)

Relationships between the actors are now more complex and nuanced, with some representatives of civil society working closely to promote CR from a business-friendly perspective with other organisations remaining predominantly distant and confrontational. The scene between government, business and civil society has changed compared to 1992 when it was a very static set of opposing relationships.

Another theme to emerge was a discussion on the legitimacy and diversity of the NGOs who were acting on and pressurising the government and companies. Some argued that the government was handing over too much responsibility to NGOs and business, and that there was increasing concern about the accountability of NGOs as representatives of civil society:

*'There is an alternative voice raised by some NGOs that isn't right for government to go on handing over more and more responsibility to NGOs as proxies of civil society, as that weakens the role of government vis-a-vis its state powers, its responsibilities for setting minimum standards for corporate behaviour. Some would even argue that this is weakening democratic accountability, Who are these NGOs? Who elected them? Surely the only legitimate accountability can come from elected government. (...) If government goes on pushing off responsibility onto the two main players, NGOs and business, it will in the process weaken the democratic processes upon which society depends.'* (Jonathon Porrit, Programme Director, Forum for the Future)

In the private sector, some companies viewed with concern the power of NGOs and above all the influence they exercised over governments. NGOs engaging in anti-corporation lobbying were criticised:

*'My gut feeling is that government is a bit suspicious of NGOs, seeing them as trying to do what they are doing'* (Thomas Lingard, CSR Manager, Unilever UK)

#### **5.6.4 The relational framework**

On relational issues, BITC was one of the defenders of the idea, and laid out the steps to be followed to achieve co-operation between the three social agents:

*'This is the overreaching one for me. This relational model needs a process, it needs a brokerage function, a platform for dialogue, an engagement at different levels, at global, national, regional. It needs action-based programmes.'* (Peter Davies, Associate Director, Business in the Community UK)

*'...you need a function that brokers the relationships between public, private and voluntary. Business won't fund that, so government has to fund that and the justification for the funding is that you're brokering a huge amount of value in terms of the relationships that are being created and the programmes that are being delivered and the resources that are being invested by business, both in skills and partnership building.'* (Peter Davies, Associate Director, Business in the Community UK)

Companies did not express opposition to the relational situation, although they felt that the government must have the role of mediator:

*'This highlights the incredibly powerful role of government in working with civil society and business to achieve a paradigm shift, through market forces. That is where governments have a great sense of power, so going forward government needs to identify the paradigm shift needed and work with business and civil society to implement it.'* (Mark Wade, Shell International)

This was the idea one of the companies interviewed had of the collaboration and relational framework linking the three agents:

*'If government can work with NGOs, and industry to identify shifts needed and think of creative frameworks to encourage the shift, that would do society a world of good. For example reduce tax for R&D into carbon sequestration, bring down the cost of solar panels, encourage mass production of fuel cells and fuel processors, and use market forces to drive change'* (Mark Wade, Shell International)

Other companies were less favourable to the relational concept.