

## **Corporate Social Responsibility Greenbelt 26<sup>th</sup> August 2002**

"Can business ever be good for everyone?", asks the advert for this session. Well some businesses certainly can. Take the Cambridge Emmaus project which is run by a Christian couple from Cambridge, Paul and Jane Bain, he an ex-policeman and she an ex-nurse. Emmaus focuses on providing very good quality accommodation for homeless people in exchange for a strict commitment to work. In the case of Cambridge, the work is around a furniture recycling business which generates around £300,000 per year. There is space for 24 "companions" as Emmaus calls them, all of them people who can stay or move on as they please and all with a history of sleeping rough. It is a beautiful complex and the focus is on restoring dignity for those who live there - through work.

The whole costs of the project are met from the residents' housing benefit, which they would receive wherever they lived, a few charitable donations and the profits from the business. The business now makes enough for there to be spare funds to support other church projects for homeless people in the area, to the tune last year of £80,000. And on top of that the companions themselves are able to fund and run a van providing free hot meals late at night in Cambridge city centre. The meals are intended for rough sleepers, but regular customers include late duty police officers who queue up with the rough sleepers to receive their free meals from the companions of Emmaus.

Or take another of these social enterprises - businesses run as part of the conventional economy but with a social objective, like helping homeless people, rather than with a profit objective - this one called Aspire. One of its eight operations is in my constituency in East London. It was set up three or four years or so by two Christian guys leaving college. It is a catalogue selling business and it has a double social impact in that, on the one hand, it sells solely fair trade products from India, Indonesia, North Africa and South America, providing employment for around 200 people, and on the other its catalogue salesforce comprises entirely formerly unemployed and homeless people, many with a background of drug misuse, of whom two thirds go on into other full-time employment.

Last month in the Department of Trade and Industry, Patricia Hewitt and I launched a new strategy for social enterprise to promote enterprises of this kind, and they do illustrate very effectively that business can be good for everyone.

But it would appear a cop-out to address this topic purely on the basis of these special kinds of businesses. The examples I have mentioned have benefited from support from more conventional businesses, but the question of capitalism vs conscience arises much more forcefully with their other, mainstream activities. But there, as well, Corporate Social Responsibility can be a powerful concept and a vehicle for good.

Twelve years ago, I became Leader of the Council in the Borough of Newham in East London, the area that I now represent in the House of Commons. One of the first things that happened was I had a visit from the then also new Chief Executive of Tate and Lyle, the biggest private sector employer in the area.

This may be a slightly unfair characterisation of the relationship before that meeting between the Council and its biggest private sector employer, but if it is, it is only slightly unfair. The truth is they never talked. The relationship had been set in stone in the 1950s when the Labour Party wanted to nationalise the sugar

industry and Tate and Lyle's Mr Cube was crusading for free enterprise. The two had been on opposite sides of an ideological battle in the 1950s and had barely spoken in the intervening quarter of a century. I think the only discussion had been when Tate and Lyle came in each year to complain about the rates rise - and that was it.

Occasionally, Tate and Lyle had attempted to do something helpful, like offer bursaries to youngsters staying on at school. The response from the Council had been roundly to denounce them for elitism and so Tate and Lyle scrapped the idea and did nothing at all. So nothing ever happened.

But for the Council and the community in our area there began with that meeting a very fruitful partnership which has flourished ever since. There have been benefits at many different levels and in lots of unexpected ways as well as in the ways that were originally intended. It has been a source of new ideas and an opportunity to learn and renew.

I often think it was just as well that that Chief Executive was a Canadian because it meant he was mercifully free from the history which had prevented communication, let alone partnership, in the past. This kind of activity does need new thinking, which we have often not been accustomed to in Britain.

And what I think I have learned from what I have seen is that responsible corporate engagement can bring ambition and imagination and good organisation into situations where previously there was just despair. It can bring new ideas and new approaches, new enthusiasm of the kind that gets things done. It can put talented people who care - of whom there are many - in touch with situations that need caring about, and there are certainly a lot of those as well.

In the case I've been involved in, the partnership has made a big contribution to raising education standards in our area. They used to be the worst in the country. They aren't any more - and the contribution of the partnership is one of the reasons. The partnership was able to pull together at least a million pounds worth of help in kind for the refurbishment of the old Canning Town Public Hall when it was taken over by an outstanding local voluntary sector organisation. And when we were campaigning for improved transport links for the area - for example, for the international passenger station at Stratford on the Channel Tunnel Rail Link, which is now being built, it was the partnership whose heavy weight business backing made the campaign credible.

Corporate Social Responsibility gets away from the old idea that economic, social and environmental goals must necessarily always conflict. What we need to work out is how progress on any one of those fronts can support progress on the others - business, the voluntary sector, public bodies all working together, not doing so grudgingly, but because each sees it as advancing its own key interests to do so, as well as the interests of others.

An example of that - on Thursday I was presenting certificates to some of my constituents who have completed a training course with local training providers. Tesco is opening a big new store in my constituency and they have set up a partnership to ensure a significant proportion of the employees will be formerly unemployed residents of our borough. And the deal is that anybody who completes this package of training will be guaranteed a job at the store.

Over 100 people have completed the course and were receiving certificates on Thursday. There was a man there with various health problems which had kept

him out of work for 13 years. Another had not worked for 8 years - some had never tried to get a job before at all. But all of them will have jobs when the store opens in three weeks time.

Now that is very good news for my community. It is hard to make sure unemployed local people are the ones who benefit from new jobs arriving in an area - the Tesco approach with this project has achieved that. And it was significant also that the shop workers' union USDAW was a participant in the partnership and was there on Thursday. But that of course is not why Tesco are doing it. They are doing it because they have found that through this approach they end up with better employees, more highly motivated than if they had been recruited by conventional methods, more likely to stay in the job longer, prone to reflect in their jobs their appreciation that somebody had taken the trouble to give them a chance. And Thursday's event was a genuine and impressive celebration.

And other companies are finding that going out of their way to behave in a socially and environmentally responsible way has all kinds of business benefits:

- fostering loyalty among customers,
- improving motivation among staff,
- attracting the most able recruits who are today people who care about the community and the environment
- and contributing to a good reputation among a wide range of outside interests.

The key is that this activity is seen not as philanthropy, but as mainstream to the business - justified not just by altruism but on sound business grounds. Otherwise it will not survive. And we want it to survive and flourish, because it can have such an immensely positive impact in addressing deep-seated social and environmental and other challenges which are among the toughest we face - like very long term unemployment.

The key to this is that companies themselves come up with the ideas about what they will do. But there are steps Government can take too. In 1999 I was the pensions minister who introduced the requirement that pension funds should report whether they have policies on socially responsible investment, and if so to state what those policies are. That change is starting to change the culture in the City, and to enable people to raise ethical questions which would not have been taken seriously in the past.

And a key final point I need to make is that responsible behaviour by UK organisations outside the UK is just as important as responsible behaviour at home. The Trade Justice Campaign is right to focus attention on the need to make the system of international trade work much better for the world's poor. We have been supporting international efforts like the Ethical Trading Initiative, whose members include high street retailers with a combined turnover of almost £100bn, working together to bring international procurement in line with principles set out by the International Labour Organisation and improve workers' rights in producer countries. We were successful in launching a new trade round at Doha last November which creates an opportunity for poorer countries to make big development gains. And the British Government will be taking very seriously indeed the coming Johannesburg Summit with these concerns central to our aims.

So internationally as well, enterprise can work for the good of everyone, and our policies are aimed at making sure that it does.

**Thank you.**