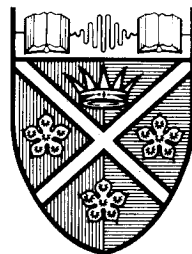


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THE DEVELOPMENT OF CORPORATE RESPONSIBILITY IN THE UK

J. J. Richardson

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Professor J. J. Richardson,
Department of Politics,
University of Strathclyde.

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Department of Politics,
University of Strathclyde,
GLASGOW. G1 1XQ
U.K.

1.

INTRODUCTION

'Perhaps the very survival of our institutions in this country for so long without revolution owes much to the sense of responsibility of those who enjoyed the power of capital.'

Michael Heseltine, Secretary of State for the Environment, addressing Young Conservatives, 14 February 1982.

In pointing to the importance of the role of the private sector, the Secretary of State for the Environment was openly recognising the limits to the scope of state action in dealing with unemployment and its associated problems, particularly in the inner cities. In an earlier speech, to the Institute of Directors in November 1981, he had also indicated that, in the '...mobilisation of all available national resources to revitalise our society, which in parts of the inner cities is disintegrating' he rejected the notion that government alone could provide the solutions. Thus, he argued we (government) cannot...we do not have the money. We do not have the expertise. We need the private sector again to play a role which, in Britain, it played more conspicuously a century ago, than it does today'. The response from the private sector, he told his audience, was encouraging. For example, on Merseyside (which had

seen the worst urban riots in 1981) a team of local businessmen had joined with local and central government officials in trying to produce practical solutions. On the national level he had set up in September 1981 a team (the Financial Institutions Group, FIG) of twenty-eight managers, seconded from the clearing banks, building societies, pension funds and insurance companies to work on ways of securing urban regeneration. FIG emerged as a central element in the governments urban policy - the underlying principle of which was to combine public and private resources to tackle the urban renewal problem. By Spring 1983, at the end of a one year joint project by FIG and the Department of the Environment, the mixed funding of urban programmes was well established. The responsibility placed on the private sector, the Minister argued, did not imply a programme of charitable work. 'It is a question of seeing the responsibility of the capitalist company in the context of a society in which it is based.'

Mr Heseltine was primarily concerned with the grave problems facing Britain's inner cities after a series of urban riots in 1981. His concern to highlight the importance of drawing the private sector into possible solutions; the acknowledged link between unemployment and the urban problem; and the concern of the private business sector to be seen to be responding to serious social problems, are illustrative of what may be the emergence of a phenomenon familiar to American observers - namely

a sense of 'corporate responsibility' amongst business leaders. There is no doubt that the urban riots in the UK have had a similar effect on the attitude of business leaders as happened in the US. Indeed, Mr Heseltine himself has suggested that the inner city disturbances in the US provoked a reaction from large industry and commerce 'that was profound in its impact on the inner cities'. Significantly, members of the team from the financial institutions (referred to above) visited the US to study co-operation between public and private institutions in downtown areas. A conference was also held at Sunningdale in England, in April 1980, where large US and UK firms discussed community involvement. Participants at the conference quickly realised that British business was lagging behind the US in its response to community problems (See Department of Employment, March 1983, p.93). The US lesson, presented to the conference by James Longton of the Bank of America, was that "failure to adapt to social change may prove as lethal as failure to adapt to market change". One specific outcome of Sunningdale was that a new organisation Business in the Community was set up with a small executive unit of secondees from business, now funded by 25 sponsoring companies and having the support of 13 other organisations, including the Trades Union Congress. One of the main objectives of the unit is to stimulate the formation of local enterprise trusts (see below). Business in the Community held its first Annual Conference in 1983 and also appointed a full-time Chief Executive in that year. (See Financial Times,

April 13, 1983).

The urban riots in the UK have then given a significant impetus to an embryonic 'corporate responsibility' movement in the UK business community. It seems reasonable to expect that what Mr Heseltine has described as '...the new awareness sweeping through the senior levels of industry and commerce that they have a role to play and a responsibility for what is happening' will have important implications in a number of policy areas, not least of which is unemployment. Because unemployment is such a key political and social issue and because it is likely that the public sector will have a limited scope to expand its employment capacity (Rose, 1982), then we might expect to see the effects of corporate responsibility more clearly in this sector than others. As we shall see, there are clear signs that business leaders in the UK do indeed perceive the problem of high and growing unemployment as the key area in which to develop a new (for Britain, that is) role for business corporations. Before discussing the practical response which British business has made to unemployment it is, however, important to set these responses in the context of the general rationale for business involvement in wider community affairs.

2. THE RATIONALE FOR BUSINESS INVOLVEMENT IN COMMUNITY AFFAIRS

The motivations for the development of corporate responsibility are no doubt complex. Clearly self-interest must play a key role. For example, if nothing else, high unemployment is bad for business, as are urban riots. As the The Economist observed, companies like Marks & Spencer (probably one of the companies most active in the community development field - see below section 3) recognise that a healthy high street depends on healthy backstreets. By spending some £1.25 million on community work and charities, Marks & Spencer was '...making a sensible long term investment in its marketplace. If urban disorders become a regular fact of life, many of its 260 stores would not survive' (The Economist, February 20 1982).

A recognition, by private and publicly owned business corporations, that community involvement is an important aspect of corporate activity is part of a wider phenomenon of corporate social performance (Vogel & Bradshaw, 1981, p.viii). The days are gone when corporations could be solely concerned with their traditional roles of innovating, providing products and services and making a profit (Vogel & Bradshaw, 1981, p.xx). The new demands placed on business, often reflected in an extension of the regulatory framework in which business operates, are wide ranging. Bradshaw lists among these concerns the issue of the hard-core unemployed and asks the question 'to what extent should

the corporation devote its resources (funds of its shareholders and talents of its management) to social experiments which can only have an indirect impact on the corporation?' (Vogel & Bradshaw, 1981, p.xxi). As we shall see in section 3, an increasing number of UK companies appear to believe that 'social experiments' particularly in the field of unemployment are within the contemporary definition of legitimate corporate activity.

Before describing some of these experiments, however, it is important to note that this new role can possibly be related to a more general recognition, on the part of British business leaders, that the political process is directly relevant to the way they run their companies and ultimately to their profitability and survival. A number of developments have contributed to this rather gradual awakening. (It should, however, be emphasised that British company executives, and company chairmen, are surprisingly lacking in their understanding of and capacity to manipulate the political process, when compared with their US and continental colleagues. As one respondent, a former Chairman of a nationalised industry admitted to the author, 'my biggest mistake was that I totally underestimated the importance of politics'. W. Grant also warns that 'one should not be too optimistic about the political knowledge and sophistication of directors and senior management', Grant, 1981, p.7). Firstly, the cumulative impact of the extension of governmental regulation has caused many businessmen

to realise just how important the public policy process is to the operation of their businesses. Issues such as pollution control, health and safety at work legislation, job protection legislation, the strengthening of trade union rights, and changing attitudes to the rights of women and minorities, have all helped to alert many businessmen to broader developments in society. Thus women's rights, or discrimination against coloured immigrants, may at first seem of no direct relevance to business yet such broad issues have in the 1960s and 1970s been translated into quite specific legislation affecting the hiring and firing process within companies. Whereas, say, Swedish businessmen, having survived over 44 years of Social Democracy, have long since developed rather 'long ears' with which to detect broad social and political changes in society, British businessmen appear to have been extremely parochial in their outlook. Although the backlash against 'regulation' has, not been nearly as strong in Britain as in the US the growth of regulation has nevertheless had an impact on business attitudes to its political environment. For example, another respondent complained that the number of lawyers employed by his company had vastly increased over a period of twenty years, largely due to the need to cope with higher levels of regulatory control.

A second reason for greater awareness of the political environment in which business operates is that the trade unions succeeded, under Labour Governments in the 1960s and 1970s, in securing favourable legislation (e.g. in relation to employees'

rights, job protection, etc.) which many businessmen subsequently found irksome. Thus it is not without significance that the Confederation of British Industry (CBI) has since 1977 held a well publicised Annual Conference in an attempt to match the Annual Congress of the TUC. (The 1981 CBI Conference experiment of having a debate on 'Industry and Politics' was so successful that it seems to have become a permanent feature of the Conference). The greater willingness of the unions to use the political process to extract benefits for their members has seemingly forced businessmen to become more open and active in their own lobbying style, in addition to more traditional and well tried access points. Insider status is perceived to be not quite enough to guarantee a stable business environment, as more and more groups are accommodated into the policy process. Gradually, businessmen are learning that tactics of which they might earlier have disapproved may indeed have their uses. For example, in February 1982, The Guardian carried a headline 'Pinstripe pickets mount rates protest' over a report of what was believed to be the first official picket by bosses in the history of political protest (The Guardian, 23 February 1982). The regional CBI described the picket as 'part of a last ditch campaign' against rate increases of 40 per cent.

A third important factor in the increasing awareness in the business community has been the impact of adversary politics (Finer, 1975) in the UK. Though this author would question the

validity of adversary model as a description of British politics, (Jordan & Richardson, 1982) it is accepted by at least some very senior business leaders as accurate. They believe that the (perceived) constant switching of policies, on the change of government, has done much to damage industry in the UK. A number of senior industrial leaders, from both the public and private sector, have been attracted to the idea of some form of social and economic council to act as a brake on the 'excesses' of party politics. (Some have seen the same attraction in electoral reform). A fourth possible reason for increased awareness is that under Mrs Thatcher's Government, elected in 1979, British industry (especially the private sector) experienced a fairly tough economic climate and this may have convinced some businessmen that they could not rely on their 'natural' party to look after their interests when in office.

One significant response to these related developments has been recently identified by Grant (Grant, 1981). This is the development of what he terms the 'government relations function' in UK firms. He sees the growth of units dealing with the governmental function (variously termed corporate external affairs, public affairs, political and economic advisory unit) as largely a phenomenon of the 1970s. Some twenty private sector companies were found to have government relations units in his pilot survey, mostly in 'giant' firms (Grant, p.11 and p.13). The development of these units is seen as being caused by a

number of factors such as increased government intervention in industry, specific events in UK politics in the 1970s, and long-run changes in the British political system, as well as simple diffusion of the idea (Grant, pp.20-2).

A related development, is the emergence of the 'community affairs function' in a number of large companies. (For example the National Westminster Bank formed such a unit - the Social Policy Committee - in 1974) Some of these companies are US owned, and as Grant suggests (in the context of the development of the governmental relations function) their US experience will have naturally encouraged them to take a wider view (Grant, 1981). IBM(UK) is a good example of this general development. In a foreword to its booklet Corporate Responsibility and IBM, designed to inform IBM's own employees about the scope of IBM's UK corporate responsibility programme, the Chairman of the company, argued that '...greater involvement in the mainstream of society is essential to the survival of the private enterprise system...So long as we pursue a mixed economy, profit, general prosperity, and stability within the community are critically interdependent' (IBM, undated, p.1). Community involvement is, so IBM argues, part of a company's "survival kit". In a telling comment he went on to argue that 'if it (business) leaves society's problems for others to solve it may find the outcome takes little account of the need for business'. This view is a clear recognition that governments will be forced to continue

intervening in policy areas affecting business and that as a result business must develop a more anticipatory rather than a reactive approach to problems which arrive on the political agenda. The increasing recognition of the need to be involved in the key political issues is particular apparent in the case of unemployment.

3. BUSINESS AND THE UNEMPLOYMENT ISSUE

In 1981, the Confederation of British Industry published a review of company responses to unemployment in the UK (CBI, 1981). It had earlier produced a Report on the increasing co-operation between large and small firms. The earlier Report noted the increasing number of large companies involved in schemes to help with the creation and expansion of small businesses, especially in areas of industrial decline and rising unemployment (CBI, undated). The CBI classified the schemes into four basic types: 1. Direct Help for Individual Companies, e.g. secondment of staff, management and technical advice, help in finding suitable premises, ensuring that the company's own purchasing policies are not prejudiced against small companies; 2. Local Enterprise Trusts, these can be set up on central or local government initiatives and from within industry itself and are independent agencies whose members are usually large firms. Very close liaison is maintained with central and local government departments and the trusts give advice to existing and

new small firms on such questions as raising finance, market research and finding premises. Young has suggested that these trusts are a completely new type of organisation and that those involved are '...in the vanguard of a new development that has been taking place in Britain, particularly in the last two years' (Young, 1981, p.7). They are, he argues, '...basically adopting the goals of public sector agencies and local authorities but they themselves are located firmly in the private sector'. The trusts are normally governed by a committee of representatives of the member firms, but often include local authority representation. A typical example is the Community of St. Helens Trust, which is in the form of a company limited by guarantee. The membership of the company consists of corporate bodies who nominate individuals to provide the Board of Governors (in this case Pilkington Bros; St. Helens District Council; Rockware; Lennons Group Limited; St. Helens Chamber of Commerce; General and Municipal Workers Union; National Westminster Bank). The objectives of the St. Helens Trust are to encourage the growth of new enterprises in order to take up some of the existing unemployment and to ease the job losses still to come from major technological changes in the local glass industry; 3. Local Authority Initiatives, sometimes local authorities take the initiative in setting up a 'small firms centre' to encourage the formation of new enterprises or expansion of existing enterprises. Large firms are commonly drawn into the process; 4. Co-operative (or self-help) Schemes, in a small number of

cases, local residents have established co-operative ventures to promote local economic development, as a response to unemployment, with financial backing from large companies and grants from the Manpower Services Commission (MSC).

In a second survey, the CBI identified four particular areas where companies can make a positive contribution to reducing unemployment in terms of policies related to 1. their current workforce; 2. potential employees; 3. ex-employees who have been made redundant; 4. those unemployed in the community in which a company operates. In conceptual terms the policies can be divided into internal and external manpower policies (CBI, 1981, p.5). Internal manpower policies include recruitment and manpower development policies, policies to minimise redundancies such as job security arrangements, retraining and redeployment. External policies are related to the wider community and are concerned with job creation, work experience and training directed at particular groups, e.g. school leavers, ethnic minorities, long-term unemployed or the company's own ex-employees. These policies are often directed at particular geographical areas, such as the inner cities, where unemployment is at its highest and where the unemployment issue has particularly high political salience.

The increased concern amongst companies (both private sector companies and public corporations such as the British Steel

Corporation) reflects a business view that '...it is often business and not government which is in the best position to act' (CBI, 1981, p.6). In a particularly revealing statement, the CBI recognised that '...companies fear that if they make no attempt to find solutions to community problems, the government may increasingly take on the responsibility itself. This might prove costly to employers both in terms of new obligations and greater intervention in the labour market. Many companies prefer to be one step ahead of government legislation or intervention, to anticipate social pressure themselves and hence be able to develop their own policies in response to them' (CBI, 1981b, p.7, emphasis added). Indeed there have been calls by some Labour MPs for legislation to force employers to provide training places and in the Spring of 1983 there were press reports of internal MSC discussions floating the possibility of compulsion. As a result of specific fears about the immediate effect of unemployment on, say, demand for a company's products or in terms of urban violence, many large companies increasingly see positive company policies to alleviate the effects of unemployment as an integral part of their long-term corporate development strategies and as a central feature of the developing sense of corporate responsibility in the UK. The translation of these concerns into action has taken a number of practical forms. Space does not permit a detailed review of this action (for details see CBI, 1981, pp. 10-26) but some key responses have been:

(i) Minimising and "Managing" Redundancies

Some companies have experimented with schemes to avoid any redundancies. IBM is probably the 'market leader' in trying to guarantee job security. ICI has also experimented with job guarantee schemes though it has in fact been forced to make workers redundant as the recession has deepened in particular sections of the chemical industry. ITT also tries to 'carry' workers rather than making them redundant. There is clearly greater scope for better manpower planning within companies but where redundancies have been unavoidable, some companies have made great efforts to minimise hardship and help redundant employees to find new jobs.

(ii) Encouraging New Firms

Some companies have made direct efforts to offset redundancies by creating new jobs in their immediate locality. For example, the sugar company, Tate & Lyle, which had been forced to abandon its 'no enforced redundancies' policy, has provided venture capital of between £10,000 and £20,000 for each job created by others in its own locality. For example, £400,000 was loaned to a company in Glasgow in return for a commitment to create 150 jobs, with first refusal to Tate & Lyle employees. Pilkington, in St. Helens, has launched a subsidiary company, Rainford Venture Capital, in which it has invested £1.35 million

(Prudential Assurance have also invested £500,000, and BP, National Westminster Bank and Industrial & Commercial Finance Corporation, £50,000 each). Companies have also recognised their responsibilities in cases where they are in effect completely withdrawing from a particular town. For example Imperial Tobacco Limited which has closed its factory in Stirling is spending up to £500,000 in setting up a Workshop complex in its old factory. The scheme has attracted support from the Scottish Development Agency, which is providing another £350,000. The target is to produce at least 200 new jobs through the Workshop complex. The example is fairly typical in illustrating the mixture of motives in influencing companies to act. For example the fact that the company was responding eased the negotiations with the trade unions over the original closure plan. There are also some tax benefits to the company. But there was also a genuine desire to leave something behind in the process of the unavoidable contraction in the company's activities.

What the CBI describes as the 'package approach' is a variant of the job creation response. This involves the creation of a package in order to attract investment and entrepreneurs to an area of high unemployment. The package approach provides the best publicised case of an employer taking on considerable responsibilities for the company's redundant workers - namely BSC (Industry) Limited. BSC (Industry) Limited has acted directly in a number of ways - provision of advice, or hiring consultants, to

establish the visibility of a project and help to prepare a business plan; assistance in getting the best deal from the government and EEC sources of finance; assistance with funding by introduction to and negotiation with banks; assistance in locating premises; development of land and buildings for conversion into factories.

(iii) Creating the Right Environment

Another business response to unemployment has been attempts to create the right environment for new small businesses to develop by providing training and development programmes for would-be entrepreneurs; by providing advice and counselling (either directly or by locating appropriate consultants); and by providing help with premises. A variety of institutional forms for these activities has been developed, but the best known is the London Enterprise Agency (LEntA), founded in April 1979. The formation of this agency was encouraged by the then Secretary of State for the Environment and has three main objectives: (a) to provide jobs by assisting in the growth of the small firms sector in London; (b) to encourage a private sector response to urban renewal; (c) to stimulate the creation of other similar agencies in other parts of the country. The members of the agency are Barclays Bank Limited; British Petroleum Limited; British Oxygen Company Limited; General Electric Company Limited; IBM UK Limited; ICFC Limited; Marks & Spencer Limited; Midland Bank

Limited; Shell UK Limited; United Biscuits (UK) Limited; Whitbread & Company Limited. It has a full-time staff of fourteen and is located in offices at the London Chamber of Commerce. Half of the staff are secondees from companies such as IBM UK, BP, Midland Bank. (There is also a civil servant seconded from the Department of the Environment). The agency has a wide range of activities, including counselling and advice, training courses (including 'start your own business' conferences) and direct involvement in projects (e.g. four LEntA members are financing LEntA Properties Limited to undertake urban renewal projects). The agency's mandate has been extended to 1985 and the membership is to be expanded.

Similar agencies have been set up in other parts of the UK. For example, Enterprise North consists of seven 'enterprise panels' throughout the North of England and Cumbria. The panels consider ideas and proposals from prospective businessmen and provide advice for new businesses. In Cheshire ICI(Mond) has established Business Link Limited. The company is funded by Cheshire County Council, Grosvenor Estates, Holton Borough Council, ICI Mond Division and Runcorn Development Corporation, with help from the Midland and National Westminster Banks. The objectives of the company are to mobilise the expertise and goodwill of the local business community; to encourage viable wealth and work-creating activity by fostering and encouraging small businesses; aiding schemes to alleviate unemployment

(particularly amongst the young); and acting as a focus for community enterprise. (ICI Mond, undated, p.12). On Merseyside, Unilever has combined with the local authority and the local Chamber of Commerce to set up In Business Limited. It is difficult to assess the real impact of these agencies in terms of new jobs created. They are, however, important in the sense that business can at least avoid the criticism that it is "uncaring" and they certainly contribute to a feeling that at least "something is being done", especially at the local level. By mid 1981 it was estimated that over forty such local enterprise agencies had been set up in the UK both as a result of purely local initiatives and encouraged by central government with tax concessions to companies involved in such initiatives. The rate of formation appears to have increased dramatically as unemployment has risen and it is now (May 1983) estimated that over one hundred such agencies are in place. (Business in The Community hopes to increase this to 200. Current estimates suggest that over 1,000 companies are already involved). In two cases the agencies have achieved sufficient status to attract EEC funding as part of an EEC pilot project of assistance to small firms.

In fact it is virtually impossible to produce a coherent classification of the different types of business response to unemployment or to classify the ad hoc structures and institutions which have been set up. Individual companies

develop responses that best fit their own needs and perceptions of the problem. Thus a company like IBM has a well structured programme and has identified four key areas within the general field of corporate responsibility which it feels need to be tackled. These are:

1. Disadvantaged youth (unemployment);
2. Inner city regeneration;
3. Building bridges between education, industry and commerce;
4. The disabled.

Clearly not all of these areas are directly related to unemployment, although IBM's involvement in that area has been very considerable. For example, in March 1977 it sponsored a seminar (in conjunction with the Urban and Economic Development Group) on Creating Work Through Small Enterprise and in addition to its involvement in LEntA played an important role in setting up and monitoring the Action Resource Centre, ARC. ARC was permanently established in 1975 as a means of creating an active partnership between business and the community in the solution of contemporary social problems, including unemployment. Over 300 companies are now participating in ARC, with some 100 secondees in offices in ten major cities in Britain. Secondment is in fact now a well established means for companies to develop their corporate responsibility function.

Not all responses are so systematic of course. Many individual schemes are devised by companies to be operated in a given locality, rather than nationally. For example Shell, in conjunction with a Glasgow newspaper, launched the Livewire scheme in 1982, for young people aged 16-25. This was a competition, with a £500 first prize, for the youngster with the best business idea. All entrants were given access to a specialist adviser for two months to develop their ideas. Marconi Space and Defence Systems set up the Marconi Hillend Enterprise in 1979 as a Youth Opportunities Programme Training Workshop to prepare young people for jobs in the electronics industry.

Despite the efforts which large companies have put into helping to create and foster small businesses as a means of reducing unemployment, much greater immediate impact has been achieved, in providing 'slots' for publicly subsidised training and employment opportunities. It is in the implementation of public policy rather than in developing its own schemes that the business response to unemployment is most effective. It is also likely that new public policies will need to be generated if the level of unemployment is to be greatly reduced. The nature of the British policy process is such that business will be closely involved (as will the unions) in the formulation of these policies, as well as in their implementation. This is particularly true of the main peak

association, the CBI. Existing public policies have been formulated with direct CBI (& TUC) involvement. For example the new flbn Youth Training Scheme (YTS) is the product of a Manpower Services Commission (MSC) Task Group, consisting of MSC, CBI, TUC and educational interests.

4. THE CONFEDERATION OF BRITISH INDUSTRY AND UNEMPLOYMENT

In January 1980 the CBI published a fifty page discussion document Jobs - facing the future. In his introduction the Director-General, Sir John Methven, suggested that unemployment and productivity would be the two dominant issues of the 1980s. The two, he pointed out, were directly connected. 'Unless we succeed in tackling our productivity problem we condemn ourselves to relatively high unemployment; and yet the difficulties of bringing about major shifts in efficiency and overall competitiveness at a time of low growth and high unemployment are immense'. (CBI, 1980, p.3).

The document recognised that in the growing debate about unemployment the voice of the employer and of management had been muted. It also recognised that '...if the existing system were to lead to socially and politically unacceptable levels of unemployment, then free enterprise itself would be under threat'. The enormity of the task was evident from the document's estimate of the future labour market in the UK. At the time of

publication unemployment was 1.5 million and it was estimated that the labour force could increase by approximately 2 million by the 1990s. The UK therefore needed at least 2.5 million new jobs over the next decade in order to reduce unemployment to the approximately 1 million (with the levels of unemployment reached by May 1983 the number of new jobs required to reach the same unemployment target would be approximately 4.5 million). A number of factors were identified as affecting levels of unemployment, such as the size and shape of the labour force; the impact of new technology; the developing pattern of world trade; the role of taxation and welfare payments; the role of employment legislation (in affecting hiring and firing arrangements); obstacles to labour mobility; a mismatch between skill levels and demand for labour; erosion of differentials. In discussing the question of productivity in the UK, the document illustrated the inherently difficult (and possibly contradictory) position in which both the CBI and individual companies find themselves in responding to unemployment. On the one hand, they rightly see low levels of productivity as possibly the central factor in the UK's obvious industrial decline. Overmanning has been a much more serious problem in the UK than the so-called "English disease" of wildcat strikes. Productivity, has grown at barely half the rate of Britain's main competitors over the last 25 years. On the other hand, business increasingly recognises the social and ultimately economic consequences of high unemployment levels. Whilst it is possible to argue, as the CBI did, that

those industries with relatively better productivity records are more likely to provide expanding and more secure job opportunities, it also had to admit that even in the more productive sectors (chemicals and allied industries) where productivity had grown at nearly 5.5 per cent in the 21 years up to 1976 (close to continental standards) employment had in fact still shown a slight decline (CBI, 1980, p.30). British business is therefore as much a victim of employment trends as is British government. And as with government, it is caught up in demands that "something should be done" however impossible the demand is to meet.

Politically, the most interesting aspect of Jobs - facing the future was the emphasis placed on seeking a consensus amongst the interested parties in dealing with unemployment. Though being critical of the unions, e.g. of their attitude to training and retraining, it argued that one of the strengths of the Manpower Services Commission had been 'its broadly based support for much of its work'. On regional policy, the document admitted that there would be occasions when regional policy conflicted with industrial efficiency, 'but if the alternative is a divided nation with the "haves" and the "have nots", decayed inner cities and major areas of industrial dereliction, then it is a price that most would believe has to be paid' (CBI, 1980, p.39). A similar, almost social democratic view, was taken of the plight of the long-term unemployed. Prophetically, the discussion

document argued that, 'Unless the average duration of unemployment can be reduced, there is a danger that we will have in our major cities people who will have less and less chance of finding employment, who will be the permanent losers, and who may be expected to turn to vandalism and crime. No one should be complacent about this danger.' (CBI, 1980, p.40) In trying to face the unemployment problem, 'a co-ordinated programme of work on unemployment involving government, employers and unions' should be possible. In the meantime, employers must first and foremost take the initiative in improving productivity; must develop their own employment strategies towards recruitment, training and retraining, job security, redeployment and resettlement. More importantly the document went on '...employers need to consider what response they can and should make to the wider social pressures in the employment field - towards youth unemployment, towards training and work experience, towards education and preparation for work, towards the disadvantaged, towards the encouragement of new job opportunities in areas of industrial decay'.

In fact it is difficult to identify any direct impact of Jobs - facing the future. The death of the Director-General, John Methven, plus the internal politics of the CBI, meant that there was insufficient pressure behind the rather 'enlightened' views expressed in the document. At the time of publication, unemployment was, by today's standards, still relatively low.

Moreover, the 1981 urban riots had not taken place and there is no doubt, as Mr. Heseltine has argued, that the urban violence has had a very profound effect on business attitudes in the UK. Jobs - facing the future was too early, in terms of the 'climate of opinion' within the CBI itself, for its ideas to take root at that time.

By the end of 1980, however, there was one very tangible move, on the part of the CBI, to respond to the growing problem of unemployment in Britain. In November 1980 the CBI Special Programmes Unit was launched. The unit (which has a regional structure) had the specific objectives of enlisting the co-operation of leading employers in support of the Youth Opportunities Programme (YOP) operated by the Special Programmes Division of Manpower Services Commission. The CBI, through the Special Programmes Unit, has thus emerged as an 'honest broker' between the main public agency, the MSC, and public and private organisations on whom the MSC ultimately depends for the successful implementation of public policies. YOP was set up in 1978 to provide work experience, and some training, for unemployed young people and by mid-1981 almost half of Britain's school leavers were involved in the programme. The high political salience of youth unemployment in Britain has meant that the government has been increasingly concerned to remove the young from the "dole" queues and the Prime Minister promised that all young people unemployed for more than six months would be

given a YOP place by March 1982.

There were a number of difficulties with the scheme, one of which was the need to find the very large number of 'slots' needed. Because of a shortfall in the number of YOP places being offered to the MSC by individual companies, the CBI and the MSC decided, with governmental encouragement, to collaborate in trying to attract larger companies into the scheme. Essentially, the CBI Special Programmes Unit was developed as a 'marketing' agent for the MSC in finding 'slots' for YOP trainees. By the Spring of 1982 the Unit had located over 32,000 YOP places within individual companies, and these were passed on to the MSC. The Unit now comprises some fifty senior executives from major employers in the private and public sector, with responsibility for its activities in the key unemployment regions of the UK. The Unit's Supervisory Board consists of senior industrialists and includes the present Director-General of the CBI, Sir Terence Beckett. The Chief Executive is James Cooke who, at the request of the Secretary of State for Employment and the MSC, was released by P.A. Management Consultants to manage the Unit. The Unit also encourages employers to experiment with longer training courses, finding sponsors for apprenticeships and in marketing some of the products of training workshops. Amongst new schemes are a growing number of 12 month training courses. (In 1982 it created 10,000 such places). It has also initiated, through contacts made by members of the Supervisory Board, '...further

new schemes, research and industrial support to help combat the serious unemployment problems facing the young' (CBI, Special Programmes Unit, January 1982). One such research project, in conjunction with the MSC, is a study of the long-term manpower and investment strategies of the top employers in the UK.

Clearly the CBI Unit is a great asset to the MSC Special Programmes Division because of its excellent industrial contacts and it is in the process of seeking support from each of the top 200 companies in Britain. The Unit is now playing a vital role in the new Youth Training Scheme (replacing YOP in September 1983) and has been asked by the MSC to spearhead the YTS to major employers. There is no doubt that without the CBI Special Programmes Unit, the Youth Training Scheme, so central to the governments' response to unemployment in the UK, cannot succeed. Through the Unit, the CBI is intimately involved in implementing public policy. Apart from the vital task of finding the large number of training places needed (some 200,000 private sector YTS places are needed in 1983/84), the CBI is issuing detailed advice on the implementation of the scheme and will be represented on the MSC Area Manpower Boards which will have the key function of administering YTS locally. The Unit has also prepared a detailed operational manual for YTS managers and is developing 'model' programmes for firms co-operating in YTS.

In March 1981 the Unit initiated four 'town studies'. The studies (financed by the Thomson Organisation and the National Westminster Bank Limited) analysed the employment prospects in four selected localities, in order to provide a basis for possible recommendation in the longer term. The town surveys are particularly depressing reading in terms of the future trends in unemployment in Britain. In the selected towns the survey of employers suggested that unemployment was likely to continue to increase over the period to 1983 and beyond. A particularly serious finding was that a high percentage of employers could increase output significantly without increasing the labour force (i.e. an economic 'upturn' would not necessarily increase employment, as the link between employment and growth appears to have become decoupled). Within the overall picture, the conclusion of the 'town studies' was that '...the employment prospects of young people are particularly poor'. The studies also revealed a lack of knowledge of the MSC schemes available to alleviate the effects of unemployment, notwithstanding the fact that 'the idea of locally organised initiatives to respond to the problem is widely supported...'. Because there was no effective local forum in many areas, the studies concluded that the widespread concern amongst employers was 'unlikely to lead, spontaneously, to concerted action'. The provision of training and work experience for the young was widely regarded as a priority for action, '...and it is in this area that any major new contribution by the private sector could most quickly be

brought to bear'. The Special Programmes Unit has therefore proposed that a number of separate local organisations could be established, led by local employers, but including local authorities, the MSC, education authorities and other relevant agencies. (In other words, the Unit is proposing a proliferation of the ad hoc agencies and trust type bodies described by Young as 'private sector organisations with public sector aims', Young, 1981.) The new agencies would have responsibility for the management of programmes to provide school leavers '...with purposeful, well organised training and work experience aimed at equipping them to compete effectively in the local employment market and to make an immediate and valuable contribution to their community'.

We can thus see the CBI, through its Special Programmes Unit, as having developed an important role in the implementation of public policies in the field of unemployment policy - essentially in increasing the effectiveness of the MSC's 'outreach' activity and in finding actual 'slots' for the Youth Opportunities Programme (YOP) and now in the new Youth Training Scheme (YTS). There is in fact a direct parallel with the American Comprehensive Employment and Training Act, CETA, programme, where the 'outreach' problem and the difficulty of finding sufficient numbers of 'slots' of the right quality was equally evident. There too, there were increased attempts to involve local companies, through the setting up of Private Industry Councils. One of the objectives of the 1973 re-

enactment of CETA was in fact to achieve greater involvement of the private sector in the programme. This was seen as a way of 'opening the end of the funnel' in the hope that more private sector 'slots' could be found, (Richardson & Lawther, 1981, pp.89-90). In the British case, business is now closely integrated into both the formulation and implementation of public policies to deal with unemployment.

The salience of the unemployment issue has been reflected in organisational changes inside the CBI with the setting up of a Steering Group on Unemployment. The origin of the new Steering Group is somewhat surprising, as it stems from a grassroots move from the floor at the last 1981 CBI Annual Conference. During a debate on Unemployment, Mr. James Mundell, a past chairman of the CBI North-West Regional Council, argued that the time had come to stop "tinkering" with the unemployment problem. He had been forced to make a quarter of his workforce redundant within the previous year and many other delegates had had to do the same. There was therefore, he argued, '...a need for a radical new approach, an urgent need for a programme covering every school leaver which would provide a two year transition from school to work. Every other Western industrialised nation had such a plan' (CBI Conference Report, 1981a, pp.26-7). He then proposed a resolution that 'this Conference advocates a radical new approach to unemployment and calls on the Government as a first step to formulate a national plan to prepare school-leavers for work and

to reduce male retirement age'. This motion was carried by a clear majority but was criticised by Mr. Christopher Bailey of Bristol Channel Ship Repairers as being 'completely nutty'. Everyone, he said, would like to see the male retirement age reduced and better education for young people, but it was wrong to pass a resolution without costing it. Employers had to show the public that 'we really care about unemployment and we know what it means'. He therefore proposed another resolution that 'this Conference calls immediately for a CBI action group on unemployment and that group should have the authority to invite members of the TUC to join it to put views to Government to resolve the problem of unemployment' (CBI Conference Report, 1981, p. 27). The resolution was carried by a large majority and the suggestion for a new group was later endorsed by a subsequent CBI Council meeting. The Steering Group on Unemployment was set up in January 1982, though so far there has been no direct TUC/CBI liaison, as suggested in the Resolution. (There is, however, precedent for CBI/TUC co-operation in the field of unemployment. For example, Community Industry is a scheme established in 1972, on the initiative of the National Association of Youth Clubs, NAYC. It is similar to YOP and currently provides 7,000 places, financed by the Department of Employment and run by a management board consisting of the CBI, TUC, MSC and NAYC). The Steering Group on Unemployment is chaired by Sir Richard Cave, Chairman of Thorn EMI. The Steering Group, which meets every six weeks or so, set itself five main

objectives:

- (1) to co-ordinate the CBI's own work on unemployment.
- (2) to look at what business itself can do, e.g. in collaborating in local communities to help new firms, to inspire larger firms to assist smaller ones, and to help sustain inner city areas.
- (3) to look at the opportunities to rethink and experiment boldly in the way we organise our working time - for example, through schemes of early and flexible retirement, through extending the concept of part-time working, through job sharing in the true sense of sharing one job between two people and in the concept of an annual hours budget.
- (4) talking directly to the Government, because so much that the Government does must have a bearing on unemployment.
- (5) to look at the potential for working with the unions.

The Group's first (25,000 word) Report Unemployment - A Challenge to Us All, was published in October 1982. The Report reflects the difficulty, which business faces, of needing to be competitive and profitable at the same time as trying to develop a wider community role - particularly in response to unemployment. Moreover the CBI is advocating a general economic strategy which, in the short-run, is not particularly conducive to reducing unemployment. Thus it rejects any general reflation, as advocated by the Labour Party and TUC (though has, like the TUC pressed for some increase in public expenditure). The Task Group is, therefore, operating under fairly severe constraints. The result is that its Report is strong and broad analysis of "the problem" and relatively weak on practical measures to deal

with unemployment. It's six point strategy at times, verges on the platitudinous, though does contain support for specific policies already in existence. For example the first of the six strategic aims - "Increased Growth in the Economy through a more dynamic and competitive economy" - seems to be of such a high level of generality as not to amount to very much in practice. Similarly "reducing the personal costs of unemployment by making unemployment a less destructive experience" might be thought to be rather marginal to the size of the problem or alternatively somewhat patronising to the unemployed.

In contrast four of the strategic aims contain fairly specific policies. Thus the Group favoured a modest stimulus to the economy by encouraging labour intensive sectors such as construction and tourism. It also favoured job sharing or job splitting, provided that it does not increase business costs. It also supported the proposal to reduce the actual demand for labour by taking out of the labour force school leavers who would undergo training and older workers wishing to retire early. It also favoured special assistance to particular geographical areas and individuals on whom the burden of unemployment falls most heavily. The Group's Report is currently (Spring 1983) being discussed within the CBI, via special meetings throughout the regions. The next phase of the Group's work will be to examine specific means of reducing the uneven spread of unemployment (through regional and urban policy, and company recruitment

practices) and to lower the 'personal costs' of being out of work.

Critics will no doubt view the work of the Steering Group as a relatively small mouse to result from so much trumpeting. It is important to note, however, that in addition to the vital work of the Special Programmes Unit the CBI has taken other practical steps to respond to the UK unemployment crisis. For example it has joined the developing climate of opinion which sees a "constructive" purchasing policy as having some real potential. Whilst a British Government is (in the context of EEC & GATT rules) trying to develop a low-profile "buy British" policy, the CBI is less reticent. In 1983 a Scottish campaign covered 150 hoardings with the slogan "British business means British jobs - think before you buy!" and was a continuation of the "Think British" campaign launched by the CBI in 1981. In April 1982, the Confederation, in conjunction with the London Enterprise Agency and the Institute of Purchasing and Supply mounted the "Can you Make It?" London exhibition, giving 2,000 small firms a chance to supply engineering components worth over £100M, which large UK companies were currently purchasing overseas. This was followed by similar regional exhibitions. The Confederation has also produced a detailed guide for companies on the legal complications to be borne in mind when trying to favour British firms. Other specific initiatives include a conference on New Initiatives on Working Time (particularly job splitting,

part-time work and early retirement policies; a conference on Company Responses to Unemployment; and publication of detailed guidelines on pension schemes for employees who retire early.

CONCLUSION

The unemployment issue, because it is now perceived by business leaders as one of the central problems facing society, has been closely linked to, and has encouraged the development of a wider sense of corporate responsibility. It is of course difficult, without the benefit of much more detailed research, to gauge the full extent of this development. It may be the case that a clear sense of corporate responsibility, to the extent of giving it organisational expression in the form of units such as IBM's Corporate Affairs Department, is still mainly confined to multinational companies whose experience outside the UK has prepared them for such activity. Unemployment may, however, be developing into a rather 'special' issue, because of its strong cross-sectoral implications, because of its sheer size, and because it is unlikely to be subject to a relatively short-run issue attention cycle. Unemployment like the new technology, could well jolt many traditional attitudes and prompt quite new alliances. Like it or not, business in Britain has been increasingly drawn into attempts to deal with the problem.

Business involvement in the unemployment problem has, we have argued, a perfectly respectable element of self-interest - namely a need to maintain a stable non-violent society and the need to avoid further statutory obligations being forced upon companies. The involvement also reflects a social conscience on the part of business leaders who are reflecting the very high levels of concern in the community as a whole. It also reflects the heavy dependency of public policies, designed to alleviate unemployment, on the co-operation of business (and of course trade unions) for their successful implementation. Finally, it seems reasonable to expect that 'unemployment' will succeed in bringing about a permanent change in the relationship between business and the wider community. Thanks to 'unemployment' the burgeoning corporate responsibility function is here to stay in British business.

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