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**SWP 7/92 SOCIAL RESPONSIBILITY IN THE UK
TOP 100 COMPANIES**



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INTRODUCTION

Businesses in the UK are increasingly expected to behave in socially responsible ways, especially towards the environment. In particular the "dirty" industries such as coal, steel production and others are under the watchful eyes of the environmental lobby groups.

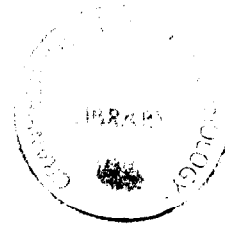
Businesses which do not have intrinsically damaging processes are also under pressure from society in general to be more socially responsible in their relationships with the community. The term "good corporate citizen" has been coined to encourage businesses to take a more responsible attitude towards societal needs.

In both cases, there is a haze over the definitions and the activities as not enough is known about some of the best practises in the UK and indeed corporate social responsibility is viewed as a contradiction in terms at best and as whitewash by the more cynical.

However, if one takes an entirely negative view of corporate responsibility, then nothing can or will be done. It is perhaps more important to build on the information available from the top 100 companies and debate how else one might disseminate these practices to smaller organisations, or indeed improve on what is being done by the larger organisations. The purpose of this paper is not to question the motive for socially responsible behaviour, merely to report it, in the interest of stimulating debate on the "how" rather than on the "why".

This paper is in three sections. The first reviews the American experience in order to put the British situation in perspective. The second part is made up of the findings which throw light on what the UK top 100 companies do in the area of social responsibility. The survey is based on a content analysis of corporate annual reports. The final section provides a discussion of the findings.

AMERICAN SOCIAL RESPONSIBILITY IN THE 1970S



Contemporary interest in corporate social responsibility can be identified as commencing in the 1970s in the USA when Heiskell (1) noted that the biggest sources of donations to charities were large corporations. Among the list of "givers" he noted Coca Cola, IBM, Xerox and many others.

The corporate "giving" was supplemented with initiatives and activities, developing into corporate citizenship, which in the USA includes help to the minorities, local development in the community, better conditions for workers and so forth. The increased awareness and adoption of social responsibility was made more urgent by the suggestion that political forces were just as real as economic forces and companies had to respond to these as well, which often meant that they may have had to be content with optimising rather than maximising their profits. (2)

American concerns with socially responsible behaviour were listed by Schwartz (3) and Dahl (4) in 1975 as follows:

- * Disclosure of information to stakeholders
- * Membership of the Board of Directors
- * Monopolistic behaviour
- * Equality in employment, treatment of minorities
- * Profit sharing
- * Environmental protection
- * Ethics of advertising
- * Social impact of technology

These early concerns have moved on since the mid 1970s when the wave of consumerism was at its height.

Certain of the earlier concerns are taken for granted now, such as product quality and safety. Meanwhile environmental protection has moved up the agenda, as indeed has ethical behaviour by managers, particularly in the financial services industry which has grown in importance over the past few decades.

Since the early 1970s, there has been a resurgence of interest in ethical behaviour exemplified by Harvard Business School's highly publicised development of teaching in this field through the grants it received (\$30 million) (5).

This recent impetus is further reinforced by the list below which sets out the current thinking in the area of social responsibility and ethical behaviour in American and Canadian companies. The list is based on recent literature which is set out in the bibliography.

AMERICAN SOCIAL RESPONSIBILITY IN THE 1980S AND 1990S

1. Reduction of emission and industrial waste. These include the chemical, lead and other heavy industries. It also includes such organisations as McDonald's hamburgers.
2. Where possible donate waste or surpluses such as food from banquets or used bed linens. These are products which are an integral part of the organisation and instead of throwing the materials away they can be given away.
3. Increase the use of recycled materials. Throwaway products such as packaging and internal paperwork is collected and re-used.
4. In certain industries such as plastics, move towards environmentally benign products. A major move has been made in this by Du Pont who are exiting the CFC market

(worth \$750 million) and increasing their research in benign products. However, other organisations such as DOW Chemicals appear merely to have increased their PR spend and done little real cleaning up. Indeed the Exxon Valdez experience is also one of lethargy in socially responsible behaviour.

5. Donate a given percentage of profits to certain charities or social causes. Some firms donate around 5% of their taxable profits thus creating a "good neighbour" image in the community in which they operate.
6. Sponsor particular social causes. Reebok sponsored a tour on behalf of Amnesty International to promote the issue of human rights.
7. Participate in education programmes to alleviate illiteracy, inform the public on environmental issues, deal with misconceptions on AIDS, retraining of communities to meet employment shortages etc.,
8. Work towards employment and small business creation through development of infrastructure or investments in seed capital.
9. Work in partnership with City authorities to meet specific local community objectives. One example is the provision of subsidised interest rates to small firms. In this situation the Banks play a developmental rather than a commercial role, but help to raise the wealth of the community which has longer term benefits for them.
10. Environmental conservation is made a strategic option within the company. In Louisiana, oil exploration is carried out in the Wetlands, a sensitive area, and the company working there puts aside considerable margins towards minimising the impact of its presence.

11. Set and work to higher standards with occupational health and safety and indeed with environmental protection.
12. Make ethical purchases, from companies which pursue high standards and use recycled materials.
13. Ensure that investments are ethical, in the sense that pensions and insurance is with companies which have nothing to do with arms industries or are proactive in that they involve low housing schemes.
14. Recognition that managers are increasingly having to deal with greater authority, responsibility and information closer to the customer so that they need to have clear ethical values and standards which reflect societal expectations.
15. Treat the staff particularly well through such things as job-share, part-time working, good working environment and so on.

In addition to the list above, there are moves by consumer organisations to lobby industry through the publication of pamphlets and books such as "Shopping for a better world" produced by the Council on Economic Priorities. This publication rates 168 companies behind 1,800 products in such areas as charitable giving, community outreach, information disclosure, environmental impact and family benefits. The organisation surveyed its readers and found that 78% had switched brands as a result of the information and the 64% refer to it regularly for making their purchasing decisions.

According to the organisation there are 6,000 individual members but its impact goes far beyond the membership (6) (Davids, 1990).

A further indication of industrial priorities in the area of corporate social responsibility was highlighted by Edgar Woolard (7) who suggested that industry needs to understand that the world's resources are finite and accept that industrial progress in the future must come from sustainable growth rather than growth for its own sake. In such a sustainable development scenario, industry can offer practical solutions and by working with environmentalists, government and community leaders it should be possible to analyse the problems in the economy and to deal with infrastructures of transportation, waste handling and disposal and land use. Since it is not possible for any one industry to tackle the problems on its own, there is a need for a partnership, which further requires a change of attitude from the current competitive and adversarial one to one which construes environmental and social concerns as greater priorities.

SOCIAL RESPONSIBILITY IN THE UK TOP 100 COMPANIES

Recent interest and growth in social responsibility in the UK has been spurred on by the industrial restructuring of the 1980s when several of the State run organisations shed much of their labour force. Earlier interest and activity goes back to the Victorian when many of the "Quaker" owned and operated firms demonstrated a social commitment towards their labour force and customers. However, there is no clear picture of what the current scene is, in terms of the recent initiatives and the former social commitment. The findings below will thus shed some light on this area and help to close a gap in our understanding.

METHOD

The findings are based on an analysis of the annual reports of the top 100 UK Companies, implying a reliance on self-reporting and presumably on the key events which the Chairman has selected. It is also assumed that the activities reported reflect the true position as they are derived from the audited annual reports of the organisations. One can also assume that a

number of other activities which might have taken place went unreported and indeed any "bad news" which could be left out had been.

FINDINGS

Social responsibility as displayed by the UK's top hundred companies can be divided roughly into two main categories. The first would appear to consist of socially responsible or altruistic actions which have a direct bearing on the nature of business undertaken by the company, such as investment in the reduction of toxic emissions by a heavy industrial company.

The second consists largely of charitable donations and sponsorship which bear no direct relation to the company's business, and as well as the obvious benefit to the recipients, fulfil a useful PR function for the company concerned.

The distribution of companies' activities within these groups depends largely upon the nature of business undertaken, but most of the companies who provide details of their social responsibility programmes do come into both categories in varying degrees.

CATEGORY ONE - BASED DIRECTLY ON THE COMPANY'S ACTIVITY

Activities directly based on the company's business, can be further categorised along a scale of the extent of damage or harm which might arise were the company not to undertake that particular activity.

1. The most obvious of these is the reversal, reduction, or avoidance of environmental damage caused directly by the company's activities, which in recent years has become a necessity for companies engaged in heavy industrial manufacturing, or the processing of fuel products.

Heavy industry is the most obvious perpetrator of environmental damage, and not surprisingly many such companies have found it to be in their own interest to write an environmental policy into their corporate goals. British Airways have agreed on a policy to review aspects of air business such as noise, congestion on roads, use of chemicals, waste, recycling, and aircraft emissions. Similarly, British Steel states that the avoidance of unnecessary environmental risk is part of its policy.

British Coal stress their awareness of public concern over environmental issues, and appear to be at pains to balance the contributions they are making with the necessity of their product to the world economy, and their own success. They have launched a "Framework Policy for the Environment", of which, part is the Opencast Executive, which encourages public consultation, environmentally responsible activities and site restoration. Clearly aware that in the public view, the burning of fossil fuels is a large contributor to the acceleration of global warming, they adopt the view that its importance has been overstated and publish seemingly reassuring figures to demonstrate that their industry is only a minor contributor. Various working groups and research programmes have been established to investigate environmental aspects of the industry.

Many of these companies have invested in equipment and processes to reduce the harm caused by their activities. A number of "cleaner" technologies are already used by British Coal, such as combined cycle clean coal technology and flue gas desulphurisation, designed to eliminate 90% of acid rain gas emissions.

British Steel's new plant developments incorporate environmental control facilities; older ones are monitored by annual improvement programmes. Pollution control equipment and a gas recovery system have been installed in some sites, and others are under trial elsewhere. BP are investing in developments to reduce discharges and

emissions, and British Gas has invested in pipe renewal to prevent leakage. In addition, £100m has been spent over the last five years on energy efficiency programmes.

Esso UK claims to be making "significant progress" towards reducing the impact of drilling operations and in monitoring all aspects of environmental performance. Distribution of oil products is now 70% by pipeline, which is the most environmentally acceptable method. A standby response team is available to deal with spillages. The company has achieved a reduction in hydrocarbon emissions, and has developed a canister system to reduce emissions from cars. Concargo, a BTR company, has reduced its production of CFCs by 50% and is confident that it will eliminate all by 1992.

ICI have committed funds to the development of more environment-friendly fertilizers, water-borne resins, CFC replacements and better production of chlorine. It is taking steps to minimize the discharge of waste into the environment, and is also investigating the cleaning up of old waste disposal sites. British Aerospace claim to be producing products which are more environmentally acceptable, involving lower fuel consumption, lower noise, and reduced use of CFCs.

Shell UK have taken "specific steps" to reduce emissions from manufacturing sites, and have improved methods of processing chemicals without waste. CFCs and sulphur and nitrogen emissions have also been reduced. The Electricity Council is actively encouraging its suppliers to develop energy efficient products to be sold through its shops, and is investing in wind turbines and flue gas desulphurisation equipment. BICC describes measures taken to avoid risk of contamination, although the precise nature of these measures is not clear.

2. Other activities are aimed at caring for the environment generally, but do not reflect the nature of the business conducted by the company. They reflect a responsible attitude without the obvious publicity benefits of financial donations, and demonstrate that there is much that companies can do even if their main activity is not in itself damaging to the environment.

* The most common form of such peripheral responsibility is the use of unleaded fuel in company cars, adopted by Bass, Tesco (both of whom also pledge future use of catalytic converters), British Airways, Allied Lyons, Reckitt and Colman, Sears, Tate and Lyle, and Reed International.

* Some companies have introduced ranges of products which satisfy environmental requirements in terms of content, biodegradability, or the rejection of animal testing. Sainsbury's have launched a range of cleaning products, Royal Ordnance (part of British Aerospace) has developed biodegradable cartridges and non-toxic shot for sporting use. Tesco have introduced free-range poultry and non-animal tested cosmetics, and Safeway have launched a range of recycled paper goods and environmentally safer cleaning products. Many of W H Smith's own brand goods are printed on recycled paper, and Reed International claim to be the first UK company to introduce recycled newsprint.

* Similarly, many companies have modified existing products with the aim of producing more environmentally acceptable goods. Bass companies Crest and Charrington have eliminated CFCs in aerosol products, as has Tesco, whose suppliers have modified products and packaging where necessary, resulting in the introduction of phosphate-free detergents and chlorine-free tissue products. Reckitt and Colman have also eliminated CFCs, and have introduced refill packs to minimise packaging.

- * Responsible treatment of waste disposal and the reduction of high waste-generating processes are specifically mentioned by Reckitt and Colman and British Aerospace.
 - * Energy conservation is also mentioned as a specific concern of both companies.
 - * A few companies do not disclose specific details, but make general claims to environmental awareness. Marks and Spencer stress their philosophy of social responsibility, but also stress the need to avoid gimmicks and apparent improvements which may actually cause harm in another area, and Sears claim to influence suppliers to use less harmful materials in products made for the company.
3. **With the recent emphasis on the need to recycle materials, a number of companies have included this in their report of activities.**
- * Companies who report internal use of recycled paper for memos and stationary include Argyll's Safeway, Tesco, and BTR's Newey and Eyre.
 - * Use of recycled paper for packaging of goods is mentioned by Reckitt and Colman.
 - * A number of companies provide collection points for recycling bottles, waste paper, aluminium cans and plastic bags. Safeway and Tesco are the clear leaders in this area, although Reed International have taken initiatives to collect paper and cans, and British Airways staff are encouraged to collect recyclable material.
 - * Some companies are still at the stage of investigating the potential for recycled materials; among them Marks and Spencer, and British Airways, whose catering staff are moving towards the use of reusable cutlery and crockery. Bowater state that suppliers of recycled or recyclable products will be preferred, and Shell UK supported the British Plastics Foundation's study into plastic recycling.

4. One less obvious form of social responsibility is the care directed towards the company's own staff. Not counting compliance with the Equal Opportunities Act, a few companies display a particular concern for the well-being of their employees.

* The most impressive of these is the Post Office, which offers extensive health facilities, including a fitness centre, travelling fitness roadshow, Well Woman screening programmes, and a coronary risk analysis programme. ICI has strengthened its occupational health departments, and BICC emphasises its clean process environment.

5. In a few cases, the nature of business undertaken by the company is potentially damaging on a social, rather than environmental level. This is particularly true of the brewing industry, and it is in the company's own interest to take steps to increase public awareness, even at the possible cost of a decrease in sales.

* Bass, Guinness and Allied Lyons all acknowledge alcohol abuse by the minority and produce a variety of booklets and schemes to promote awareness of sensible drinking.

* On a more general level, Bass restaurants and some pubs have no-smoking areas.

6. The subject of investments in South Africa receives little coverage - although it is possible that only a very few companies actually have interests in controversial countries.

* Pilkington have interests in South Africa, resulting from a merger with another company. They set aside a separate sub-heading to cover this but only say that information regarding working conditions of employees can be obtained on request.

Shell produce a report on their interests in South Africa, sent each year to the UK Secretary of State for Trade and Industry, and available on request.

7. **Some companies have formulated environmental awareness programmes aimed at staff, customers or both. Objectives and participants vary but the existence of a name, and therefore an identity, does much to enhance the company's reputation as being caring and responsible.**

* Tesco has operated its *Tesco Cares* programme since 1988, giving an identity to its environmental policies. British Airways has an environmental suggestion scheme for staff entitled *Greenwaves*, and ICI's *Product Stewardship* campaign monitors every aspect of production through to environmental impact. BP and Shell UK both support the chemical industry's *Responsible Care* initiative, while Shell has a number of its own programmes, namely *Better Britain*, *Brighsite*, promoting the creation of attractive industrial landscapes, *Wastewatch*, to promote recycling, *Young Environmentalist*, for children of employees, and *Livewire*, which is aimed at helping young people set up in business.

CATEGORY TWO - DONATIONS AND SPONSORSHIPS WHICH ARE NOT DIRECTLY CONCERNED WITH THE COMPANY'S BUSINESS.

8. **The most obvious of these is financial contributions to particular charities or disaster funds. Most companies mention such donations, and some are members of the Per Cent Club, which aims to donate at least 0.5% of its total profit before tax to charitable organisations. A number of these companies actively encourage staff to join fundraising operations, and some operate a pound for pound scheme whereby money raised by employees is matched by the company.**

- * Donations of substantial proportions, ranging from £250,000 to £3.6 million were made by Ladbroke, Sears, Boots, Tarmac, Inchcape, Pilkington, Bass, Guinness, the Post Office, Allied Lyons, Tesco, Cable and Wireless, Esso UK, ICI, Shell UK, Hanson, Lex Service, Wimpey, and Tate and Lyle. GrandMet have undertaken to maintain the charitable giving programmes of the companies they acquire, and have made new commitments to a number of charities themselves. Some companies channel their donations into a small number of favoured charities, and quite a few specifically mentioned donations to the Hurricane Hugo and California earthquake disaster funds.
- * Ladbroke's Alzheimer Fund pledges the group and its employees to donate £350,000 to the Alzheimer's Disease Society - the company matches employees' donations pound for pound, and employees are encouraged to become personally involved with caring for sufferers. Guinness also operates a fund matching scheme, as does Lex Service and British Airways, and Cable and Wireless operated such a scheme to raise money for the hurricane disaster fund. Tate and Lyle matches employees' contributions to a rainforest conservation programme.
- * GrandMet, Inchcape and the Post Office have their own community relations units to coordinate the distribution of funds and practical aid, while GrandMet has three staff programmes for community help, education and hunger awareness, and British Airways has two initiatives for sick and underprivileged children.
- * Staff involvement in voluntary work generally is mentioned by Sears, Inchcape, BTR, Allied Lyons, Tate and Lyle, and Reed International.
- * Sears have established a scheme in which shareholders are allocated vouchers to be spent at Selfridges, and any unused vouchers can be donated to the Save the Children Fund.

9. **Other employee schemes involved the secondment of staff to particular projects, and staff involvement in business compacts which build links between schools and industry to improve job prospects for school leavers.**
- * British Rail have seconded fifty staff to Enterprise Agencies and other job creation initiatives, and the Duke of Edinburgh Award Scheme and Operation Raleigh. RTZ seconded six senior staff to Enterprise Agencies and the Prince's Trust. Other contributions of staff ARE mentioned but not specified. A senior executive from The Post Office was seconded as Centre Manager of the Manpower Services Commission, while Inchcape employees give training to members of the community and Guinness staff can be seconded and premises, services and equipment may be made available for specific projects. The Post Office has a £300,000 annual programme of managerial secondments to voluntary organisations. Ranks Hovis McDougall have seconded two managers full-time to Business in the Community.
- * Companies whose staff are involved in business compacts include the Post Office, Tarmac, W H Smith, and Ford Motor Co.
10. **As well as financial donations to charities, many companies are actively involved in supporting different aspects of the communities in which they operate.**
- * Support for youth training and job creation schemes is given by a considerable number of companies, who see their actions as not merely altruistic but as a practical investment in future employees and customers. The job creation scheme Business in the Community is actively supported by Boots, Inchcape, British Aerospace, Tate and Lyle, GrandMet, and British Gas.

A wide variety of youth and employment training schemes are supported by Boots, GrandMet, British Aerospace, Wimpey, Tarmac, Pilkington, Bass, the Post Office, Allied Lyons, Tesco, W H Smith, and Esso UK.

The Post Office is also founder sponsor of the Women in Information Technology Foundation. Overseas, Shell has set up a self-employment scheme for young people in the Bahamas.

- * Youth clubs and community schemes have been supported by Bass, who organised several "good neighbour" awards across the UK. W H Smith is a sponsor of the Willing Hands scheme, but no further details are given. Esso UK is involved with a project providing outward bound expeditions and farm holidays for underprivileged children, and in Gabon, Shell has established a new community village for the company's workforce. Lex Service is a supporter of the RNLI, and funded a play centre at Heathrow Airport. Reed International donated books to a number of charities, and the Electricity Council distributed advice and thermometers to various care agencies. It also participated in exhibitions on the theme of energy, and was active in funding Operation Raleigh.

- * Corporate spending in education was undertaken by the RTZ group, who invested 38m, £1.9m of which was spent in the UK - sponsoring chairs, fellowships and scholarships. BTR companies gave support to local schools, and Cable and Wireless sponsored a telephone help-line for Hong Kong students concerned about exam results. The company has also sponsored a university in Hong Kong, and provides management training courses for teachers. Tarmac has committed £1 million to a City Technology College at Telford. Ford Motor Co sponsor a number of education/skills activities for people from ethnic minorities in London, and GrandMet provide training in English as a second language, literacy and numeracy.

Esso UK hosted a series of conferences on energy for teachers, and Sainsbury's supports the Food Advisory Safety Centre. ICI offers "taster" courses for older people contemplating a scientific career, and Shell Singapore has funded the videotaping of O level texts. Tate and Lyle has established five different scholarship schemes, and works with the Industrial Society on its Challenge of Industry conferences. It has also committed £50,000 to the establishment of the Food and Nutrition Gallery at the Science Museum. Bursaries for RIBA students were put up by Reed International, and the Electricity Council funded a number of chairs and fellowships.

- * Sports sponsorship has been provided by the Tarmac Schools of Sport in the Midlands and Scotland, Bass' sponsorship of the National Association of Boys' Clubs sporting activities, and support of unspecified sporting events by BTR, Hanson, British Gas and Allied Lyons.
- * The arts are actively supported by a number of companies, including Bass, which has pledged £250,000 to Glasgow's City of Culture initiative as well as supporting rock music in conjunction with the Prince's Trust Scottish Youth Business Trust, and the Galway Arts Festival. Guinness Brewing Worldwide sponsored a tour of the National Theatre, and United Distillers sponsored the Scottish Ballet's tour of Japan in 1990. Allied Lyons also gave support to cultural activities, as did Esso UK, British Gas, Lex Service and Cable and Wireless, who sponsored gala performances to raise money for cot death research. W H Smith is a joint sponsor of Music for Youth and the European Music for Youth Prize. ICI funded the restoration of a painting in the Louvre, and Shell UK and Reed International are active in sponsoring music concerts and arts workshops.
- * A variety of projects orientated towards the environment have been sponsored, such as Inchcape's funding of a book on the environment, and research programmes into

activities related to its various interests. Bass have funded tree planting schemes in Birmingham and improvements to a canal, as well as sponsoring the London Wildlife Trust and the Staffordshire Best Kept Village award. Marks and Spencer support groups such as the Conservation Volunteers, Groundwork Association, and the Tidy Britain Group. British Airways has its own Assisting Nature Conservation initiative to help threatened species, and Allied Lyons purchased 12,000 trees to surround a new factory for the company, as well as sponsoring the Marine Conservation Society's Clean Beach campaign.

ICI has helped to establish an advisory service for developers under the auspices of the Nature Conservancy Council, and Lex Service is a supporter of the Royal Society for Nature Conservation. Two major environmental exhibitions were organised by Reed International. Guinness presented vehicles to the Kenya Wildlife Conservation Department to patrol game parks for elephant poachers, and BTR companies have been involved in a number of projects, one of which involved restoring one of its old quarries to agricultural land and a sailing centre, and another donated equipment to the Gambian Wildlife Department. Inchcape claim commitment to regeneration and plantation programmes, and have been planting at the rate of 50,000 seedlings per month. Metalastik, a BTR company, has been involved in a project to investigate alternative energy sources, while another company, DCE, is involved in projects investigating incineration, acid rain and air pollution. Cable and Wireless is sponsoring a scientific expedition to study rainforests in the Solomon Islands, and ICI has sponsored a study of an ecological sanctuary in Brazil. BP have surveyed their activities in tropical rain forest areas, and have undertaken a number of scientific projects in these areas. British Gas mention an "extensive research programme", and the Electricity Council researching reduction of emissions, renewable energy sources and wind power.

- * Urban regeneration programmes have been supported by Pilkington, through the Ravenhead Renaissance consortium which develops derelict areas.

SUMMARY OF FINDINGS

The table below summarizes the way the top 100 Companies in the UK have operationalised their socially responsible behaviour.(10)

1. Reduce impact of production technology, such as in coal production.
2. Waste reduction through changes in day to day operational activities, e.g. use of recycled paper, unleaded fuel etc.,
3. Treatment of staff, equitably or improved benefits in-kind.
4. Helping to raise environmental awareness in the public domain by linking own activities to PR effort.
5. Increased information about products to encourage responsible behaviour by consumers (e.g. beer).
6. Controversial investments, such as in South Africa are minimised (or withdrawn), but mostly the firms have kept a low profile !
7. Donations to charities on a general basis, through membership of the Per Cent Club.
8. Donations to preferred charities.
9. Matching employee fund raising schemes.

10. Provide management skills through secondments to community projects and programmes.
11. Local community initiatives in such areas as:
 - Job creation and urban regeneration
 - Community and social centres
 - Health facilities
 - Education and training sponsorships
 - Conferences
 - Youth sports and programmes
 - Support for the Arts
 - Nature conservation
 - Environmental projects in the local community

DISCUSSION

As stated earlier, this paper is about the "how" and not the "why" of social responsibility, so the discussion will focus on issues around the question of "how". There is clearly quite a lot that the top 100 companies are doing, which provide societal benefits. One must then ask the questions:

1. How effective is corporate social responsibility ?
2. Are companies focussing on the right issues ?
3. Are they doing enough ?
4. Are the statements in annual reports an adequate or an exaggerated description of their activity ?

EFFECTIVENESS OF SOCIAL RESPONSIBILITY

Measuring the unmeasurable is quite a feat (8). One must therefore consider the issue of effectiveness with care. Some activities can be measured, such as waste reduction, environmental changes through investments in technology, reduction of complaints through improved product safety and so forth.

Other activities within the community are harder to measure, such as those with the sponsorship of the arts or the building of a community centre. If the company conducts a cost - benefit study on social responsibility, these activities may not show up tangible benefits, thus it is perhaps more worthwhile to note the activities and record the changes which have occurred in a qualitative sense over a period of time.

On the downside, there may be side-effects of corporate responsibility which could be undesirable. For example the large number of small businesses which were started in the early 1980s on the back of the so-called enterprise culture. Corporate support was provided due to the industrial re-structuring which was taking place. However, there was considerable "hype", largely pushed along by government, but the hopes and expectations which were stimulated often came to nothing for the thousands of businesses which could not survive.

Many of the small businesses were started with the help of redundancy payments and the creation of supportive infrastructure, such as the Enterprise Agencies. There is clearly an ethical dilemma in pushing people into areas in which they lack competence and will eventually suffer economic and other costs of failure.

ARE THEY DOING THE RIGHT THINGS ?

In the annual reports, there is evidence that some of the companies contributed towards disaster relief, such as the hurricanes in America, including California. It is a curious fact that companies should feel the need to make charitable donations to one of the richest areas

of the world ! Presumably there are local community links between the company and the people who suffered from the hurricanes in America, links which clearly do not exist in Bangladesh or many African countries where there are natural disasters every year.

The charitable donations being made by the companies are clearly based on the principle that charity begins at home, rather than one where it needs to be targeted at the most needy. It seems that the companies are doing things which are right for them, in terms of a strategic fit, whether it is donations, links with education and training, recycling of materials or the use of unleaded (and cheaper) fuel for a large fleet of cars.

ARE THEY DOING ENOUGH ?

The top 100 companies dominate economic and social life in the UK through their presence, products and investment decisions. They are also influential in industrial relations and play a role in the global market. Thus they have a multitude of areas in which they can be active and have an impact on society.

Some of these might include provisions for women returners, the likely impact of labour movement in the new Europe, trade terms in line with GATT agreements, treatment of suppliers and customers, for example with trade terms of credit and payment on time.

Societal expectations tend to grow with time, as more information becomes available and as the influence of pressure groups takes root. At the one end of the scale Friedman (9) would argue that all the top 100 companies which have spent their shareholders funds on altruistic donations have been irresponsible, since their obligation is to maximise shareholders profits. He argues that it is upto the shareholder to decide what to do with the profits.

However, corporations are a part of society and need to maintain a good neighbour attitude as part of their value system. Indeed, corporate social responsibility in all its manifestations

is supported by shareholders, while poor performance in this area can result in shareholders moving their investments elsewhere or the value of shares dropping.

VALIDITY OF ANNUAL REPORTS AS A SOURCE OF DATA ON SOCIAL RESPONSIBILITY

The annual reports cannot report on everything a company does or indeed does not do, thus the snap shot we have is very useful in getting a glimpse at the kinds of socially responsible activity of the top 100 companies in the UK, but this study would have to be followed up by a much wider survey to find out whether the claims are under reporting real life or are wishful expressions of the Chairmen.

Indeed, annual reports cannot deal with the diversity of activity which might be taking place, often on a personal basis, where employees might be active in a number of ways in society.

In addition it would appear that the differences between American and UK companies are a matter of detail and not substance. The study therefore provides a most useful insight into some of the best practices which other companies can replicate in the area of corporate social responsibility.

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