

guest column in association with Vodafone

platinum performers must shine all the way through

You can't overlook bad practices when identifying responsible companies, argues Rory Murphy



Rory Murphy

As a professional with nearly 30 years' experience of representing finance sector workers, including those from Barclays, I was surprised to see the bank being honoured so highly in the Business in the Community Corporate Responsibility Index in June this year. Despite being described by a recent BBC One *Whistleblower* programme as 'having a

culture of ruthlessness and lies which will shock their customers', Barclays was one of the Bitc Index's Platinum performers – the highest possible grade.

Whistleblower illuminated the attitudes of some Barclays managers 'mis-selling' and not respecting customers they dealt with. All companies encounter problems from time to time, and large institutions like Barclays will be no exception; the bank says the problems were unrepresentative. But for CSR policies to be widely valued, ethical practices must run through an organization in its entirety, and not just be for strategic self-promotion. Just as being a good Catholic isn't only about going to mass on a Sunday, nor is good CSR solely about ticking certain boxes for an award.

It is of course invidious to single out Barclays for particular criticism. But the wider point is: how can a company display bad practice in some areas and simultaneously be a Platinum performer in the Bitc Index? This raises the question of what purpose the index serves, how accurate its measurements of a good company are, and whether these measurements can be trusted.

What does the Bitc Index do, if not accurately sort the wheat from the chaff of ethical corporations? Whatever the specific awards were for, unethical behaviour in any section of an organization should affect its overall credibility. Otherwise it leaves the impression that businesses are implementing minimum best practice for publicity, and such minimalistic ethics are being rewarded by bodies that should be undertaking more comprehensive analyses of best practice.

It is not surprising that participation in the Bitc Index is decreasing. If the Index is not able to carry out its primary function, which is to distinguish good corporations from bad, then it has failed in its purpose of providing a genuine measurement of what constitutes a responsible company, and is degenerating into a promotional tool. For an index that sets out to be an unbiased and accurate assessor of best practice, it is in danger of delegitimizing the very function that makes it of value.

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CR Dialogues

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indices

FTSE4Good stands firm over Smithfield inclusion

FTSE Group has resisted a call for a US meat products manufacturer to be thrown off the FTSE4Good Index for alleged antipathy to trade unions.

Human Rights Watch had urged FTSE to exclude Smithfield Foods, which makes pork, beef and turkey products for the US market, due to its 'egregious workers' rights record', which has led to legal tussles in the US.

The United States Court of Appeals for the District of Columbia Circuit, in a May 2006 decision, concluded that Smithfield was 'exceptionally hostile to union organizing activities' at its Tar Heel plant, and had threatened to discipline staff who engaged in union activity.

The National Labor Relations Board, an independent agency created by Congress to administer the National Labor Relations Act, announced earlier this year that it was looking into allegations of threats to workers at Tar Heel.

Human Rights Watch said it was 'deeply concerned that the company's continued inclusion in FTSE4Good misleads individuals

and institutions seeking to invest in responsible companies'. It argued that this undermined FTSE4Good's credibility.

However, Mark Makepeace, chief executive of FTSE Group, said Smithfield had retained its place in the index, which underwent its semi-annual review last month, because it was making efforts to improve. FTSE had convened a subcommittee to look into Human Rights Watch's concerns and had 'engaged directly' with the company on the question of workplace rights, Makepeace said.

Smithfield introduced a human rights policy in July this year, which according to FTSE has led to changes to their management procedures. Makepeace added: 'We find it more useful for a company to make changes in their management systems and policies and meet the criteria, rather than delete them and lose the opportunity to promote best practice.' Following the review last month 24 companies were removed from the index series and 42 added.

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consultancy

Flag closes down its US base

The communications consultancy Flag has closed its US office and will service clients from Britain.

Flag, which has Chevron, Ford and Wal-Mart among its North American clients, said that closure of its small Chicago office two years after it opened was a logistical exercise and did not indicate falling US orders.

'Business has actually gone up in the States, but the majority of our expertise is based in our Cambridge office, and we've been flying teams out from Britain on a project-by-project basis,' said Flag.

'It just became apparent over time that we were not getting good value out of having a Chicago office, and that flying

people out was a very workable way of doing things.'

Flag's main consultant in the US, Christina Siun O'Connell, and its long-time managing director Rob Cameron have left the company. Cameron becomes chief executive of Fairtrade Labelling Organizations International, which is based in Bonn, Germany.

A number of British-based CSR consultancies and organizations, including SustainAbility and AccountAbility, have established bases in the US over the past two years as more companies there have begun to expand their corporate responsibility programmes and to produce annual sustainability reports.

Further information: www.flag.co.uk