

## What place would companies have in an economy that would include consideration of solidarity?

In the past few years, there have been many changes in the field of economy and the behaviour of its actors: new practices and new actors have appeared that are attempting to reconcile, with varying degrees of success, the economy, companies, and citizens. New forms of communication have emerged, which are not just the fruit of conflictive situations, even though these latter are also part of the new forms of relations.

*[We can distinguish several concurrent factors that have probably marked 1999 as a turning point in the implementation of societal criteria in company management standards: the acceleration of globalisation and the relocation of certain labour-intensive activities, the Millennium Round, big corporate consolidations, the rejection of genetically modified organisms by European then by American consumers, most of the big corporations' concentration on shareholding value and other financial factors, the shocking measures taken by certain companies to further improve their financial performance (lately Michelin, but also Elf at the beginning of 1999, and Renault in 1997 with the shutdown of their factory in Vilvoorde), a French parliamentary commission on the involvement of the oil industry in the politics of oil-producing countries, the rift between big companies and European opinion, the offensive of Anglo-Saxon funds on the French market and the new concept of corporate governance, the limited ability of a number of traditional measures to modify the social behaviour of companies, etc.]*

Starting from this finding, we can wonder what place companies would have in an economy that puts solidarity in a central position. We could further ask, what types of companies are those and what is the place they can be in? What are the conditions and risks incurred? We can also consider, however, that companies, as they are usually seen, are incapable of taking into account the idea of solidarity without constant pressure by the civil society, or at least that the value of solidarity remains outside of company projects.

In our consideration of these issues, it could be interesting to start out from the following typology of companies that do respond to the issue of an economy of solidarity.

- Companies that become involved only when they are given an incentive to do so. In such cases, we should be careful to note that the principles of a company can include responding to this issue only if the “market” is sufficiently “demanding”. Some can also react by refusing any sort of dialogue (as was the case, for example, of the French hypermarket retailer Carrefour and the André Group in the framework of the “*De l'éthique sur l'étiquette*” campaign – Ethics on the label).

- Companies that take initiatives without any particular pressure. It seems that the beginning of the 90s marked a number of changes – new fields of action for citizenship, the opening up to each other of worlds that ignored one another, etc. – with initiatives such as the Copenhagen Charter at the end of 1999.

- Companies that reverse their values and attempt to place the human person and the environment at the centre of their project. There are several types of these, but we can mention Patagonia, Body Shop, and Le relais.

Companies of the first kind seem hard to reconcile with the other two in a spirit of dialogue.

We can distinguish, to start with, (at least) two main groups to consider:

- The present actors
- The new professionals (inside and outside of companies),

## ***The present actors***

### *Shareholders and investors*

Today, it is more the investors than the individual shareholders who influence the policies of big groups. This comes from the fact that the latter's share in company capital is relatively low compared to that of collective-management products and reference shareholders, and that they are scattered. There are a number of organisations attempting to bring these shareholders together (Déminor, Adam, Anaf, etc.), but this remains on the level of the financial interest of minority shareholders. The latter's degree of influence is not, however, negligible because they bring about some degree of democracy in shareholding, and mutual funds are responsive to the individual voices they represent.

In France, there is an increase in the statements, in particular regarding social concerns, voiced at shareholders' meetings. This phenomenon is amplified by employee shareholding. In addition, since the beginning of 1999, mutual funds of a new kind are appearing, called "ethical funds".

### *Employees*

Traditional forms of employee action have been enhanced with new processes and new alliances have been established (although they are still in their very early stages). These alliances are expressed at the shareholding level (positions taken in shareholders' meetings and influence of employee shareholders in take-overs bids) and at the investment level. Thought is being given to what leverage could be used to induce companies to be "socially responsible". The "*De l'éthique sur l'étiquette*" campaign initiated these forms of alliance among unions, consumers, and NGOs. Although strategy divergences subsist (a company with a "good rating" with respect to working conditions in low-cost-labour countries, for example, can very well raise problems in terms of the social situation in its own country), convergence today is manifest and this new type of alliance was the object of recognition by the highest bodies of the CFTD (French labour union) at the Lille convention in 1998.

### *Consumers*

At the end of the 80s in the Netherlands and in the middle of the 90s in France, several awareness campaigns were conducted to prompt the big brands, Nike in particular, to adopt quality codes of conduct for the improvement of working conditions in low-cost-labour countries. This impetus is indicative of an evolution in the behaviour of citizens, who have begun to understand, among others, that sustainability of development projects will be all the more likely if the market economy moves in a similar direction or who, at least, are particularly sensitive to the damages that the market economy can cause (consciously or unconsciously) on fragile development projects. Nevertheless, the relationship between the promotion of "local development" and a demand-driven market economy is not yet established in people's minds.

## *Public authorities*

The involvement of public authorities in the economic game has changed considerably in these last few years. Their presence is not as strong, and it sometimes seems more like an abdication. Yet the state has an ever-important role to play in the regulation of the game among economic players, who could orient their acts toward greater solidarity. The state can still play its role by backing or adapting legislation (through intervention in the new fields under discussion: GMOs, property of the living, the environment, etc.). But it must also reinforce its role at the international level. The recent wreck of the oil tanker Erika off the coast of France shows, in particular, the gaps between international law and its applicability. In this context, the project to build a pipeline between Chad and Cameroon and the financial contribution of the World Bank to this project shows how public authorities and, as a counter-action, the civil society, can be involved in private projects. But new regulations of the incentive type can also be developed (as in the January 1999 European Council resolution favourable to the establishment of a “social label”). On the reverse side, states and local communities can also be solicited for economic operations that are illicit or favour some particular interest group (acts of corruption, favourable responses to influence networks or lobbies).

Thus, new professions and new professionals are emerging.

## *The new professionals*

### *Societal analysts*

Financial investors are becoming aware that the demand in terms of ethical investment is progressing and methods for the evaluation of the “ethical quality” of the assets managed in mutual investment funds are being developed. In France, between the second quarter of 1999 and today, seven ethical funds were set up, bringing the total to twelve. Although “societal analyses” are still not fine-tuned enough to determine which companies are the most dynamic in this area (not even for companies that present important risks; TotalFina, which was taken out of several funds following the Erika wreck shows that its responsibility has been recognised, but also that the analyses had not seen this problem previously), we are witnessing the emergence of a new form of leverage to weigh on the social and environmental behaviour of companies. Moreover, it can be observed that the emergence of agencies specialising in the societal rating of companies is pushing companies to make their own diagnosis, particularly in the area of human resources.

### *New roles in companies*

This process is progressively modifying the organisation of companies, which are opening up new positions: “deontologists”, “ethicologists”, etc. are cropping up within the big groups. In France, their roles are not yet very well defined, and they are often still connected to the communications department, which is a sign of the lack of importance that is given them, although in regard to the aspirations of the civil society, communication constitutes an essential position ... provided that it is not one-way. In the Anglo-Saxon countries, there is greater reaction in the organisation of companies. Thus, Shell lately set up a department in charge of managing relations with the civil society. It is something of the same for Nike, which opened a specialised service following the numerous awareness campaigns targeting the company. We can

observe, however, that these new departments are also commissioned to establish connections with the countries' political bodies in order to explain the companies' positions.

### *Auditing and certification firms*

The Copenhagen Charter, supported by three of the world's major above-described auditing firms (PriceWaterhouseCoopers, Ernst & Young, KPMG), highlighted the great interest that these firms have in the relations between companies and the civil society. For them, the "bad reputation" risk is a major one and therefore a significant source of new markets for them. On the certification side, interest is identical. It was noted after the Erika wreck that certification (in fact classification) agencies wield significant power. Certification activity was developed strongly in the wake of quality and security standards and it is becoming quite significant in the environment sector (in particular for forest certification). In 1997, the American non-governmental organisation Council of Economic Priorities (CEP) drafted a reference framework intended for the evaluation of the working conditions in production units. The world's main certification firms (ITS, SGS, DNV, and BVQI) have already picked up the "market". Although contested on certain points, this reference framework demonstrates the dynamics opened in the field of respect for social values.

### **The issues that need to be analysed (this is not, of course, a complete list):**

#### *What are the sincerity and the scope of a phenomenon?*

It therefore appears that initiatives are taken by companies to enter into processes that take solidarity into account. Are these processes sincere or not? Why now, and not earlier? Is it due to a deterioration of the overall context, to greater awareness of the issue, to the fact that citizens have more and more means at their disposal? In what direction are these processes developing (corporate philanthropy, charters, codes of conduct, environmental integration, corporate governance, etc.)? Is there is not the risk of seeing the emergent professions (social auditors, societal analysts, deontologists, etc.) drift toward commercial practices and forgetting the solidarity issue that brought about their emergence?

#### *What position can the civil society take?*

Many orientations taken by companies on solidarity issues came as reactions to public opinion. Today, NGOs are solicited to facilitate the implementation of commitments. Can such action truly help to guarantee a proper implementation of these commitments and avoid their being taken over by "technicians" (who are sometimes far from the realities) or will companies merely use them to sanction their overall policy? Should organisations representative of the civil society be limited to positions of demand, or of proposal, or both? What are the necessary conditions for preserving their independence? Generally, with regard to the field of the activity itself of the companies, the involvement of the civil society can take the form of a direct partnership (or can be in direct confrontation), through pressure on the new professionals, and/or through action with regard to states or international institutions.

*What can be the balance among the different actors?*

Does this convergence of actors toward a common objective foreshadow an improvement in the relations between worlds that have hitherto more or less ignored one another, or a formalisation of the civil society relying on models imposed by the imperatives of company communication, with, as a corollary, a shift of the conflicts to other fields? It is possible to imagine a position for everyone, but in different places? Relations between the different actors involved in an “economy of solidarity” are founded on agreements, divergent interests, and disagreements. A middle road could be to set up new places of negotiation between companies and the stakeholders (employees, shareholders, consumers, NGOs, suppliers, etc.).

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