

April 04



# the inside track<sup>#01</sup>

Highlighting CSR Issues of the moment

## Forthcoming Boost for Advocates of Corporate Social Responsibility

The workplace is one of the key areas of corporate social responsibility (CSR) and as a direct result communication is a key function in ensuring that a Company's values and standards are clearly understood.

The EU Information and Consultation (I & C) Directive will shortly be introduced into UK legislation. Broadly the directive gives employees the right to be consulted on all matters that may affect them. Those organisations with representative consultation facilities already in place should see little change, although for many others it may be necessary to introduce appropriate procedures. The legislation will apply to organisations with more than 50 employees, although introduction will be phased in Organisations with more than 150 employees will be subject to the legislation from 23 March 2005; for those with at least 100 employees, the start date will be two years later and for those with at least 50 employees the start date will be a further year later i.e. 23 March 2008.

For companies seeking to improve their CSR credentials this legislation can only assist the cause. Informing and consulting staff is good practice and there is compelling evidence that where organisations do it well, organisational benefits ensue. Having good I&C procedures in place, particularly where its efficacy can be demonstrated is good evidence that can also be used when completing questionnaires for various CSR indices and City analysts.

Comments on the draft legislation had to be submitted to Government by 7 November 2003. Having received inputs, some redrafting is now no doubt taking place. A key point of the current drafting is that organisations are only required to put in place information and consultation procedures (or amend existing ones) if employees put in a 'valid request' for such procedures. The approach put forward is that there should be an 'agreement', which would ideally set out the scope of the arrangements, e.g. election of representatives, subjects to be covered etc., and this would then drive the way forward.

Hopefully final legislation will be issued later this year but the principle of employees having the right to be made aware of issues that may affect them will not change. Clearly there are potential overlaps with other legislation that requires employee consultation e.g. Redundancy, TUPE, Pensions, Health & Safety, etc., but these are likely to be in the hands of the employer to manage.

TVC comment overleaf 

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# the virtuous circle comment: #01

The Virtuous Circle has always been of the opinion that Corporate Social Responsibility implemented properly is directly related to business performance improvement. A major part of successful CSR implementation lies in the workplace and clearly this legislation will lead to organisations moving their CSR agenda forward – some without realising it!

So has the Government reneged on its position of not wanting to legislate for Corporate Social Responsibility? On this occasion, that would probably be an unfair allegation. The more cynical may seek to suggest that this is just seeking to impose CSR standards by the back door or even 'stealth' legislation. Whatever individual views might be, it looks certain that for companies with more than 150 employees, legislation will apply to them in a year from now.

Whilst many may view this as additional bureaucracy and unnecessary legislation, there is growing evidence that companies with good I&C procedures in place do perform better in their sectors. (This has been addressed as part of the recent report published by the Virtuous Circle and The Work Foundation).

Clearly the legislation has more complexity than the brief outline we have been able to give here. However, TVC have experience of implementing I&C procedures and can expand on the benefits of doing so. We have been keeping very close to the development of this legislation and have a good understanding of its resulting requirements on businesses. One of the key routes to success is to make sure people are properly trained – not only employee representatives but also management.

If you would like more information or practical advice, please contact us.