

## **Analysing Multinational Companies and Engaging for Change**

**Barbara Hayes**

*Paper presented by Barbara Hayes at the Workshop on Churches, Civil Society, Multinational Companies and Corporate Responsibility in Central and Eastern Europe, Prague, Czech Republic, October 2006.*

In Britain there is a tradition of the churches being involved in economic issues and the world of work. This has been expressed by the appointment of ministers, priests and laypeople to engage with workplace issues. ECCR began when people from the Philippines attended a conference of industrial mission workers. They challenged the participants with the concerns they had about the behaviour of the subsidiary of the British multinational company Tate & Lyle.

The 'domestic' challenges are well known but the international challenges coming from the activities of the subsidiaries of British multinational enterprises were another matter. It was the alleged malpractice of this one company which led to the formation of ECCR.

The people engaged with these issues in Britain had to find a new way to be involved. The involvement of the churches in ethical investment up to the engagement with multinationals, which also found a focus in the campaign against apartheid, had been mainly concerned with the ethical issues such as alcohol, tobacco and gambling.

### **Good work undermined**

We can look at the same problems from another point of view – there are many international development agencies in European churches – such as Christian Aid in Britain. The good work done by them in local communities may be undermined dramatically by the investments of a multinational company. For example, farmers may be driven off their land to allow a new development or the development of intensive agriculture for export. The environment may be threatened by new exploitation of minerals or oil. It may be that the churches even invest money in companies, which cause social, economic or environmental damage.

So we have three different 'corners' to the puzzle. We have industrial chaplains working on economic issues – linking faith and social action; church agencies involved in social and economic development; and the church as an investor.

There is a link between the values of the realm of God and the values of human development and environmental concern. But these values may be undermined by the actions of the church as investor. ECCR was born in attempt to link the corners of this triangle in a way which would further Christian values in the economic sphere.

### **Critique**

As people involved in the work of the church in economic life, the founders of ECCR were very often involved in the ethical and practical critique of the behaviour of companies in Britain. What they began to work on, through a challenge concerning the behaviour of another British multinational in South Africa, was a way of critiquing the behaviour of British multinationals worldwide.

This was not necessarily an act of 'demonising' the companies - ECCR members have very different political views – but of working on the pressing issues of the economic and social rights of people and communities and the need to address environmental harm caused by economic activity. So first, it was a question of analysis and critique. It is out of this activity that ECCR and its partners in different world

regions developed the Bench Marks approach.

Then in terms of engagement, it became clear that since the churches in Britain (not in South Africa) were investors in the company whose policy needed to change, perhaps these shareholdings could form the basis of a means to dialogue. Shareholders have a statutory right to participate in Annual Meetings and this is one route ECCR wanted to explore. Resolutions and questions can be put publicly on the table. Another means is dialogue and advocacy.

### **Consistent position**

From the point of view of the churches, the approach is to take a consistent position in favour of human and social rights and to protect the environment. There is no point engaging in development with one hand if the investments of the church undermine that with the other.

The membership of ECCR is made up both of individuals and investment bodies. You do not have to be an investor to be a member. Members engage in research about the activities of particular companies and subject them to an ethical and theological critique. ECCR then uses the rights of shareholders to engage. The possibilities for this in the UK are not as developed as in the USA but this kind of action is more difficult in some other countries such as France.

The Church is also worldwide community, and the action of ECCR links people affected by the presence and activities in specific local communities. It's a practical outworking of being in the same church, in different places, and linking possibilities and interests. This could happen just as well between communities in CEE countries who are affected, and ECCR and similar bodies in the West. The challenge is the same as the challenge from Southern Africa: This is happening to me in my community; we are in the church and what action will you take now?

### **Centre of economic life**

The basic understanding of corporate responsibility in the eyes of ECCR is that companies are not the centre of economic life; human communities and the environment are. Corporate responsibility has to look at the impacts of economic activity on people and the environment. Companies are a manifestation of economic activity, but the economy starts with people and natural resources. ECCR is challenging companies to take their appropriate role in this, respecting the environment and people.

Shareholders are not always only interested in the maximum rate of return – they have different motives and also may make different (ethically guided) decisions about their investments. The role of churches and charities as investors is also complex in terms of their need to secure a return on investment, but they do not (under British law) have a duty to maximise the return at any cost. Faith-based investor action has a real role within the churches, also in partnership with others, along with more immediate roles such as ethical consuming.

***Barbara Hayes is an ECCR Board member and served as ECCR Chair from 2002 to 2006.***