

Chapter 22

CSR and PSR Diversity Engagement Among Ethnic Minority Businesses (EMBs) Within the UK

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ABSTRACT

This chapter attempts to comprehend the complexity, nuances, and inherent challenges that exist amongst corporate social responsibility (CSR) and purchasing social responsibility (PSR) in the public and private sectors, within the context of ethnic minority businesses (EMBs) in the UK. As noted by Carter and Jennings and the Institute of Supply Chain Management, there is now a need to discuss ethnic minority businesses in the same context as human rights as there are such inequalities in both fields.

INTRODUCTION

This Chapter will address the challenges posed by corporate social responsibility (CSR) and purchasing social responsibility (PSR) amongst corporate organisations within the UK, contextualised among the ethnic minority business (EMB) community. This continues to be a topic for debate with an increasing emphasis on the need for further research to deal with the broader economic, social and ethical implications of business practice (Gereffi & Lee, 2012). New (1997) contends that researchers have a duty to take a wider view, as it will have greater social, economic and ethical ramifications, and that it is therefore imperative and incumbent upon researchers to adopt a broad standpoint when addressing this subject area. Smallbone (2005: p.432) describes EMBs based upon whether the businesses' ethnic minority (EM) owners are 'different' from the rest of the small business (SME) community in terms of their behavioural characteristics and in relation to the type of problems that they encounter.

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This conceptual Chapter presents an exploration of the critical issue relating to diversity and supply chain engagement within corporate organisations, which will bring this debate into sharp focus. The Chapter begins with an overview of the construct of Corporate social responsibility (CSR) and Purchasing social responsibility (PSR) within the supply chain. It then proceeds to examine the discourse relating to diversity engagement within EMBs in the UK and to understand what makes this issue different from other SMEs and potentially more problematic than other aspects of CSR.

At the start of 2015, there were 5.4 million businesses in the UK, and 99 per cent of them were categorised as SMEs (National Audit Office, 2016). The clear majority of these were identified as micro-businesses, employing fewer than ten people. The Office for National Statistics estimates that SMEs create around £35 of gross value added to the UK economy for every £100 of turnover, while larger companies create around £24. The European Commission defines an SME as an entity engaged in economic activity that:

1. Employs fewer than 250 people;
2. Has an annual turnover less than or equal to 50 million euros (£39 million);
3. Has a balance sheet total of less than or equal to 43 million euros (£33 million)?

A recent Minority Supplier Development UK report (MSDUK, 2017) indicated that there were over 300,000 ethnic minority-owned businesses in the UK, representing over seven per cent of the total of SMEs within the UK economy. EMB businesses within the UK operate in an eclectic mix of different business sectors and they have been urged to diversify from unfavourable 'low value' niche markets and businesses (Ram & Jones, 1998), to gain greater engagement within the public and private sectors. However, despite the size of this business community a disparity still exists between CSR objectives, PSR performance outcomes and the degree of engagement within the EMB community.

There is still an under-representation in both public and private sector supply chains of EMB engagement. This not only encumbers the wide-ranging PSR supply chain but also inhibits businesses from developing organic economic growth. However, it also deprives purchasing organisations of an alternative supply chain option that may bring new, creative and agile commercial solutions (MSDUK, 2017). This position is consistent with Carter and Jennings (2002) and the Institute of Supply Chain Management who have postulated that there is a need to discuss black minority enterprises in the same context as human rights, because of the inherent inequalities that exist in both (Carter & Jennings, 2004),

The Road to Procurement Report, published by MSDUK (2014), noted that the perception of unequal treatment has continued to infiltrate many organisations, resulting in a reluctance of EMBs to tender for large contracts. This may be on the grounds of size discrimination with assumptions that EMBs are not capable of delivering large contracts. The MSDUK (2012) Impact Assessment found that 36 per cent of corporate members expected EMBs to be slightly behind the standards of their existing suppliers in their ability to deliver large contracts and in the industries, that are represented by the ongoing supply chain.

This assertion is in contrast with Alsop's (2002: p.81) observation which contends that socially responsible behaviour can lead to greater customer loyalty and increased revenues. A survey by the Reputation Institute of over 21,000 consumers suggests that 'almost unanimously, the public assert that they require information about a company's record on social and environmental responsibility to help decide which companies to buy from, invest in, and work for'. This position is consistent with Katz (2011) who maintains that manufacturers who have implemented supplier diversity programmes contend that the

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