

Commentary

Working the system

Writing in this journal, Ward (2007) provided a timely reminder of the importance of company–government relations in his commentary on the Casino debate, with his conclusion: “And, of course, lobby, lobby, lobby!” Ward’s piece suggests that local authorities’ representations to central government, and the alignment of major international casino operators with them, were important routes to influence. Whilst lobbying per se is not a new phenomenon, there are wider issues here concerning the involvement of large commercial organisations in the political and democratic process. The following commentary explores these ideas through focus on the UK’s largest retailer, Tesco. This is not a critique of Tesco itself; rather, the company presents a highly illustrative case of corporate interactions and relationships with government in a UK context. Much of the ensuing discussion echoes some of the deliberations in Reich’s (2007) *Supercapitalism*. Although he looks primarily to the US, Reich argues convincingly that democracy is being increasingly enfeebled as the spheres of big business and politics become ever more entwined.

With Tesco’s increasing market share has come, what some such as the Friends of the Earth (2006) and Simms (2007) would argue is, an almost unfettered dominance in the supply chain. This hegemony owes much to a store building and acquisition programme that has, at turns, seen the retailer: circumvent local planning guidance, such as adding floorspace to its existing Stockport store which eventually required a retrospective planning application; purchase the 850 T&S store chain in 2002 without recourse to the competition authorities; and exercise influence in an array of national policy arenas. It is this last point that is of particular salience, as it sheds light on the subtle and ‘long game’ necessary for organisations to both gain friends and influence them.

It is hard to imagine that the ‘pile it high, sell it cheap’ origins of Tesco would metamorphose into an organisation that participates in the policy-making processes of the UK. This is especially so when one considers how retailers like Tesco often seem to ignore or belittle policy, as witnessed in the company’s belligerence in the face of planning legislation described above, or its stance against new food labelling rules (Lawrence, 2006). However, there is good reason for such large organisations to become involved in the policy-making process. Aside from any contentious debates about influencing things in their favour, if policy development simply leads to a stricter regulatory framework in a given area, then this can work to the benefit of operators like Tesco by sheer dint of their dominance within the sector. As Ambler and Chittenden (2005) explain:

“One reason why large companies quite like regulation, though they would hardly admit it, is that regulation creates a barrier to competition and especially from smaller firms. As a previous CEO of Asda (Archie Norman) told a meeting in the House of Commons on 31 March 2004, large supermarkets like Asda or Tesco can afford compliance departments which smaller grocers can not. This is an important area for consideration as the nature of regulation is to make business more rigid and change more difficult.”

Determining the degree of influence organisations have in government is never easy. But in the case of Tesco, the public record of a Department of Environment,

Food and Rural Affairs Select Committee session held on 29 June 2004 offers some initial insight. Here, the following question was posed by Austin Mitchell MP to David North, Tesco's Corporate Social Responsibility and Government Affairs Director: "How frequently do you have contact with Government on these issues?" North responded:

"I think contact of one sort or another would be almost daily, whether it is on an individual issue or on wider ranging issues like obesity. Contact with Government is frequent" (House of Commons, 2005).

Responding to such calls for information from the government machine and providing evidence for a myriad of policy areas might be viewed as onerous, but it is, seemingly, considered a worthwhile investment by Tesco. The company has provided written evidence on subjects like fair trade and development (House of Commons, 2007), and appeared in front of a committee on issues such as obesity (House of Commons, 2003). Indeed, large companies in general, and Tesco in particular, are often invited to provide oral testimony for government. Recently (2 May 2007), for example, Dan Jago, Category Director of Beers, Wines and Spirits for Tesco, was quizzed on European wine by a House of Lords European Union Committee.

Tesco's influence also stretches further than its core business of food retailing. At one stage it became an organisation of choice for civil servants to garner information and enact policy in relation to urban regeneration. As Wrigley et al (2002, page 2109) put it: "Martin Venning, Tesco's Regeneration Manager and, significantly, also its Corporate Affairs Manager with responsibility for handling media reaction to planning applications for new stores" was seen as "a high profile source of information on the company's programme of urban regeneration development and partnerships in areas of social exclusion." One such area of social exclusion was Seacroft in Leeds, which received prominent news coverage when Tony Blair visited to see for himself the physical improvements there resulting from regeneration effort. On his visit he spoke with those long-term unemployed recently returned into the workplace as a result of a new grocery store opening. He also heard how this store had helped improve the local population's access to fresh fruit and vegetables; a major plank of the government's healthy eating campaign. The grocery store in question was a Tesco (<http://www.prnewswire.co.uk>).

Thus, the wide range of issues on which Tesco is consulted directly is impressive. The purpose of this is arguably to safeguard and improve market share through a process of enlightened self-interest; a process the company is readily invited to engage in by Whitehall, no doubt due to a perceived legitimacy garnered from its market position. There is nothing unusual in this. Indeed, the practice of civil servants seeking to consult experts in a field and having dialogue with a few large organisations is, historically, a well-trodden path (Hawes, 1993; May et al, 1998).

Other routes to influence are arguably through the commissioning of research and its subsequent publication and level of dissemination. This could be viewed as being dependent on the research outcomes and their 'fit' with the organisation's objectives. For example, the work undertaken by Wrigley (2007) highlighted the positive role carried out by the new Tesco Express format in providing access to local shopping provision, findings that are also displayed on Tesco's website (<http://www.tescocorporate.com>). This can be contrasted with the work carried out for Tesco by Bennison et al in 2000 (as reported in Guy, 2007, pages 183–184). A key finding of this unpublished commissioned research on linked shopping trips, an espoused aim of extant retail planning policy guidance, was that:

"linked trips were more likely to occur in the case of town centre stores, smaller stores and for non car users",

but perhaps more critically,

“...that in absolute terms, the volume of linked activities ... was relatively small given the overall number of trips recorded in the database.”

Such findings provided minimal benefit in helping make the case for Tesco's store development programme at the time. It is noteworthy that this research was seemingly never reported other than partially through Guy's recent book.

But large organisations such as Tesco seek to influence policy not only individually and independently of other organisations, most ostensibly competing retailers, but in concert with them through a network of trade and professional bodies. Whilst large companies have credibility, trade associations are also seen to be an important form of business representation (May et al, 1998) in the policy-making process. So, in the case of Tesco, its membership of the British Retail Consortium and the National Retail Planning Forum are but two additional conduits for it to ensure its message is heard by civil servants, but this time through a third party. In some instances, Tesco executives may also take a leading role in subcommittees of these collective bodies. A problem in all of this is that civil servants may keep hearing the same 'story' from different sources. Moreover, in a nod to Weick et al's (2005) thoughts on plausibility and sense-making, there is a danger that what they do hear might not even be *the* story; certainly not in its entirety.

So how has Tesco come to its preeminent position? Whilst it has been the subject of opprobrium by Corporate Watch (<http://www.corporatewatch.org.uk>), Friends of the Earth (2006), and the New Economics Foundation (Simms, 2007), it has not engaged in any underhand dealings. And, although the company has sponsored political events for no fewer than eight parties, the total amount donated has been less than £100 000 over a two-year period (Tesco, 2007, page 21). The company is also 'clean' when it comes to the notions of 'cash for questions' and 'honours for cash' that have embroiled some prominent businesses and businessmen over recent years. Rather, the routes to influence have been carefully managed by a willingness to invest time and personnel in having a dialogue with government. But perhaps most telling has been Tesco's astute recruitment of former senior civil servants with their tacit knowledge of the processes involved in policy making. Most prominent amongst these recruits has been Lucy Neville-Rolfe, who was introduced in Tesco's annual report of 2005 thus:

“Lucy Neville-Rolfe was appointed Company Secretary to the Board on 15 March 2004 in addition to her role as Group Corporate and Legal Affairs Director. She joined Tesco in 1997 from the Cabinet Office and is Non-executive Director of the Foreign Office and Deputy Chair of the British Retail Consortium.”

In 2001 the company also recruited Tony Blair's private secretary, David North.

Where does this lead our understanding of the policy-making process? Certainly, organisations with significant sectoral dominance or market share are afforded an almost automatic legitimacy to converse independently with government officials. However, these large organisations often have a multiple channel approach to the policy debate, inasmuch as the umbrella associations and trade bodies they belong to may also represent their views in the policy-making process. As a result, despite government consulting and interacting with a seeming wide variety of stakeholder and interest groups, there is danger that this variety may sometimes be contrived, at least to a certain extent. If this is so, then it will be no surprise if the advice and messages received from 'multiple' consultation in a given organisational area or sector are often recognisably similar.

At best this suggests an inherent laziness on the part of the government machine in gathering research and garnering opinion from what should be the widest variety of stakeholders. The more cynical may suggest that, just as there are clear benefits for

leading companies like Tesco in getting the ear of policy makers, there might be gains for government in cosyng up to such organisations by not seeking to gather opinion much beyond their corporate view. Reece (2006) hints at this reciprocity with his contention that “over the last decade Tesco has reduced the cost of weekly shopping (helping create the low inflation this Government boasts about).”

What is clear from the above is that, if developments akin to the ‘Tescoisation’ of the UK occur in retailing, or any other sector, it may be unfair to lay the blame for this entirely at the door of the organisation in question. Rather, it may also be a failing of government for allowing itself to be influenced by these organisations so closely in the first place. Thus, in the case of Tesco, whilst it may be fashionable to portray the company as chthonic [the devil-horned ‘o’ and fork-tailed ‘y’ on the cover of Simms (2007) *Tescopoly* epitomise this], its preeminence is also a function of the system in which it legitimately operates. One is reminded of Alan Bennett’s assertion (2006, page vxi) that:

“... the damage done out of conviction by self-confessed traitors like Burgess and Blunt does not compare with the far greater injuries done to this country by politicians and higher civil servants out of cowardice, self-advancement and a need to save their own skins.”

Notwithstanding these comments, whilst Tesco retains such an edge in developing and implementing new policy initiatives that coalesce with the government agenda, such as healthy eating and urban regeneration, then we will see the company becoming even more centrally placed in the moves towards a capelocracy. Such situations suggest that the relationship between big business and government is worthy of reassessment and reform. As Reich (2007, page 14) explains:

“Companies are not citizens. They are bundles of contracts. The purpose of companies is to play the economic game as aggressively as possible. The challenge for us as citizens is to stop them from setting the rules. Keeping supercapitalism from spilling over into democracy is the only constructive agenda for change. All else ... is frolic and detour.”

John Pal, Manchester Metropolitan University Business School
Dominic Medway, Manchester Business School

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