

CORPORATE CODES OF CONDUCT IN A GLOBALIZED ECONOMY PART II

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In the last issue of *Starting Points*, we began to examine why corporate codes of conduct have become a necessary part of accountability within the global economy. In this issue, we will continue the discussion of codes and the role they serve in corporate accountability. Company after company has produced these codes with some industries producing a separate industry code which may or many not be considered binding on its members.

The continued movement of companies from their original communities of production to other communities and other countries has been driven by the pursuit of low wages and low environmental and labor standards in other countries. Country standards that do exist are often purposefully low in order to attract business to the country where so many workers need the jobs that come.

Corporate codes of conduct are different from the ILO and OECD codes in several distinct ways. The ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (ILO) and the OECD Guidelines for Multinational Enterprises, while voluntary, exist as part of an international framework of principles agreed to by governments, employers and trade unions and recommended to companies. In contrast, the new codes formulated and adopted by individual companies disregard these established standards in favor of creating their own. At best, they are meant to address the situations created by the failure of national governments and of the international community to adopt or enforce acceptable labor standards.

Corporate codes developed over the recent past are designed to be applied internationally regardless of where the work is being performed. This is in contrast to ordinary company policies with respect to labor practices, which are usually based on specific national law and practice. Many of the new codes are intended to protect workers whether or not they are direct employees of the company adopting the code. Specifically, the codes apply to the labor practices of the company's suppliers and subcontractors.

There are key elements to a viable and useful code of conduct. These elements are the set of minimum standards to which every aspect of the company's sourcing system will comply. They are not a set of standards to which to aspire. They are foundational, that is, they are the standards on which the sourcing system needs to be constructed, evaluated and maintained. Without these elements, the code remains just a document on paper or on a website.

This also means that the owners of factories, farms, and other production elements within the globalized economic system can and should aspire to standards for themselves and their workers that are higher than the minimum.

Some of these key elements of a Corporate Code of Conduct are as follows:

Element One: Wages and Benefits Workers work because they need income to support themselves and their families. This income comes in two basic forms: the actual wages paid and the associated benefits that come with the job. At a minimum, wages paid need to be in compliance with national labor law for the country where the work is located. This includes payment for overtime. Benefits may include work clothes, lunch or other meals depending on the shift, etc. In addition, many countries require payment for “social security” which includes health care, pension, and other legally mandated categories. Payment of these needs to be seen as the minimum standards to which all companies must adhere. When a company’s representatives state they adhere to the national law in the country of production or operation, this needs to be seen as a minimum standard to which we would presume every company would adhere rather than an “above the ordinary” standard for which a company should be rewarded.

Associated with wages and benefits are limitations on the number of hours any worker can be asked to work during a given workweek. While we often hear that workers are eager for overtime because of the increased income, we must recognize that the need for added income is exacerbated by the low wages and resulting low levels of purchasing power accruing to workers during a normal workweek.

Element Two: Right to Organize and Engage in Collective Bargaining. The right to organize gives the worker collective strength. It leads to protection for the worker against indiscriminant firing, mistreatment in the workplace, non-compliance with local labor law. Most importantly, the right to organize plus the right to engage in collective bargaining moves some of the power to improve wages and working conditions to the workers. The right to act collectively strengthens civil society, strengthens the ability of a community to govern itself for its own benefit. The right to engage in collective action for one’s own good is a constitutive dimension of a sustainable community.

Element Three: No Child Labor – Simply stated, use of child labor either directly by the company, or indirectly through its contractors, is forbidden. This includes:

- a) acceptance of the minimum age requirements for the admission of children to employment as stated in the International Covenant on the Rights of the Child,
- b) acceptance of appropriate regulations of hours and conditions regarding the employment of children and
- c) non-interference with the right of the child to an education.

An associated issue is the agreement not to employ persons “under the age of majority” as a means of avoiding the payment of full adult wages for doing the same work.

Each of these beginning elements reflects the inherent dignity of each person and the fact that the workers, anywhere, do not exist simply because of the work they are able to produce.

To be continued....