

MNEs, CSR and Management Systems



Corporate Social Responsibility Environment

- Globalization of disaggregated supply chains
- Emergence of global brands
- Developing countries' labour problems linked to developed country products

Questions for Companies

- What is the situation we as a company face and could face in the future?
- Who is responsible for our suppliers?
- What is best for the workers and their communities?
- What is the role of workers, govts, NGOs…?
- What should the world community govts, business, trade unions, NGOs, IGOs do?



"U.S. court nails company that used forced prison labor in China"

Deutsche Presse-Agentur (3/1/01)
November 27, 2000

"Increasingly violent protests against globalization at world trade and other international meetings from Seattle to Genoa have put big business on guard."

The San Francisco Chronicle November 21, 2001

Codes of Conduct

- Parallels growth of global supply chains
- Driven by exposés, protests, and damage to reputations
- Have a relatively short history
- Many things to many people
- Typically environment and labour focused

Labour Issues

Most common Code Provisions address:

- Forced Labour
- Child Labour
- Discrimination
- Harassment
- Freedom of Association
- Working Hours / Overtime
- Occupational health, safety and environment

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IMPLEMENTING CODES OF CONDUCT

How Businesses Manage Social Performance in Global Supply Chains









Research Questions

 What are the management systems that enterprises use at MNE and supplier levels to set, communicate, implement, and evaluate progress in attaining social objectives?

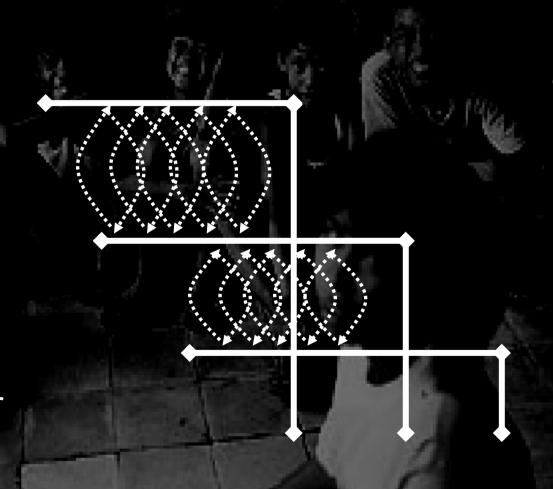
 How are management systems relating to social performance linked between MNE and supplier levels, and how do they interact?

Project methodology – Multi-phased Approach

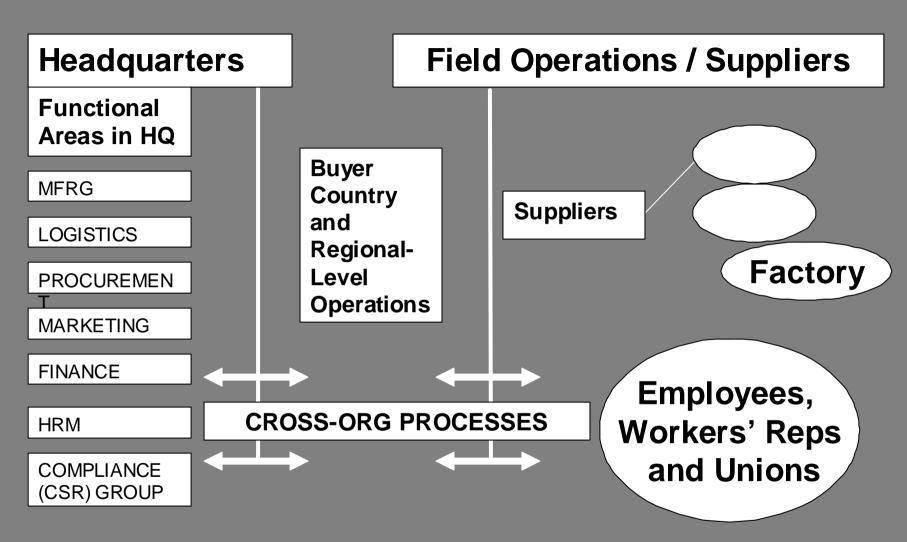
Sector 1 Sports Footwear

Sector 2 Apparel

Sector 3
Retail Sector



Final Report

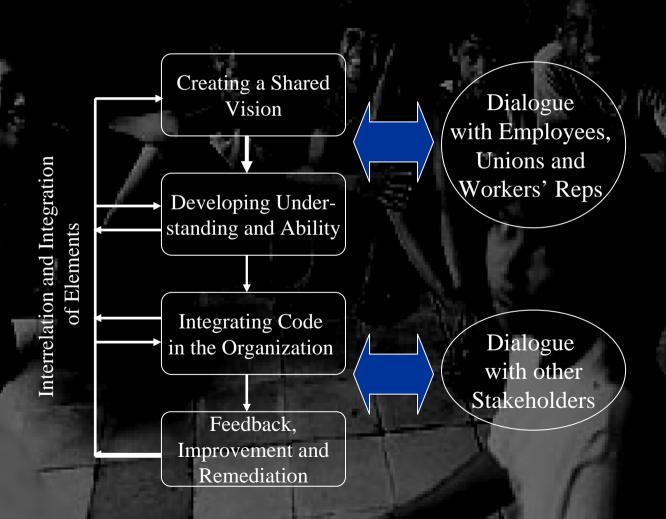


Operating Environment: Governments, Workers' and Employers Representative Organizations, ILO, Civil Society, Others





The Framework



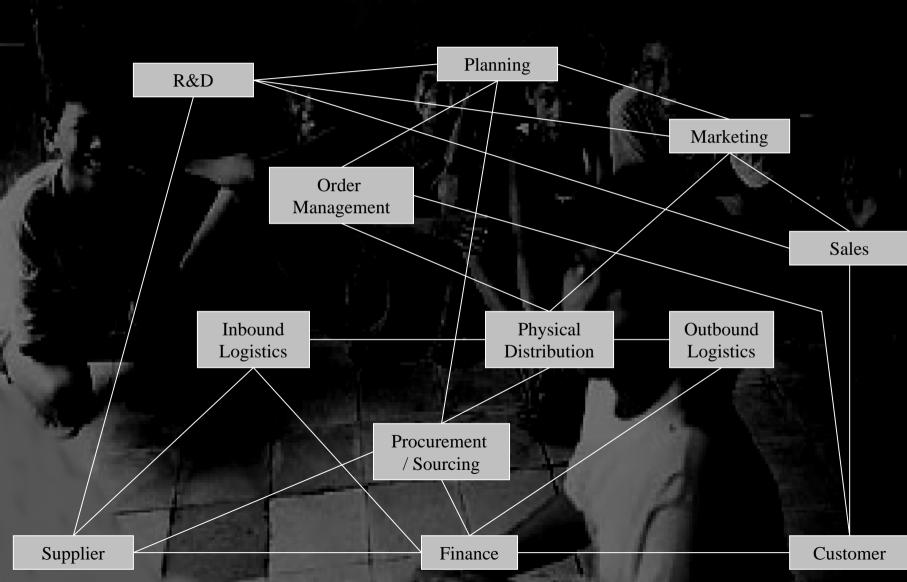
Creation of a vision

- Commitment at all levels (especially top management)
- Vision is company-specific and unique to competitive situation
- Values based on international standards and company core ideology
- Based on a business case
- Input and feedback from stakeholders

Developing understanding and ability

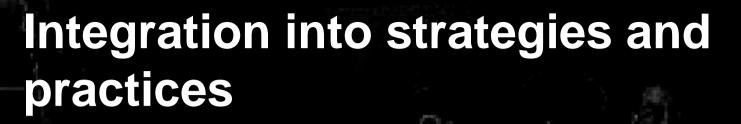
- Need to build understanding at all levels
- Training:
 - Who? Consider those that have power to make decisions and requisite change
- Topics? Consider culture, education levels and skills
- Cost? Consider your entire supply chain

Integration into operations



Integration into strategies and practices

- Provide the tools
 - Guidelines, training materials...
- Convert field personnel
 - They are the front line
- Link rewards and responsibility goals
- Share best practice
 - Within company
 - Among suppliers



- Make it a clear priority with all components of the supply chain
- Communicate, communicate, communicate
- Training for everybody
- No "Rome in a Day" strategy

Feedback, improvement and remediation systems

Improvement: remediation, innovation, and learning

Transparency and accountability for results and impacts

Measurement systems

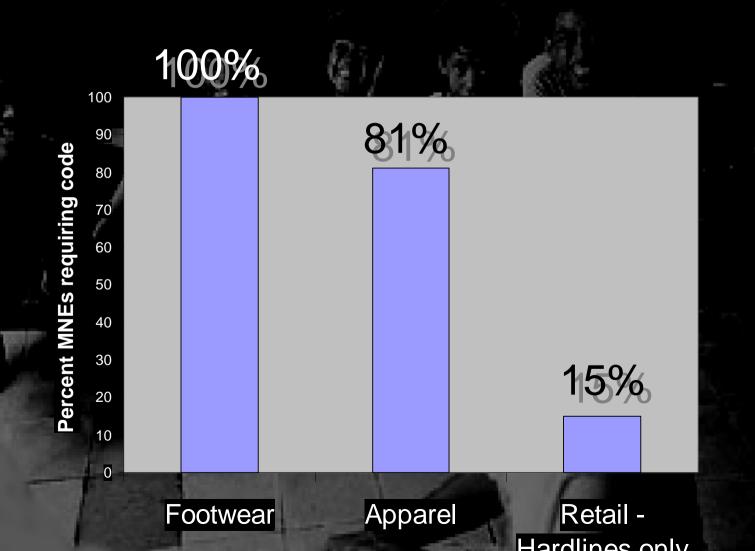
Results: Performance,
Stakeholder, and
Ecological Outcomes and
Responsibility

Remediation and learning systems

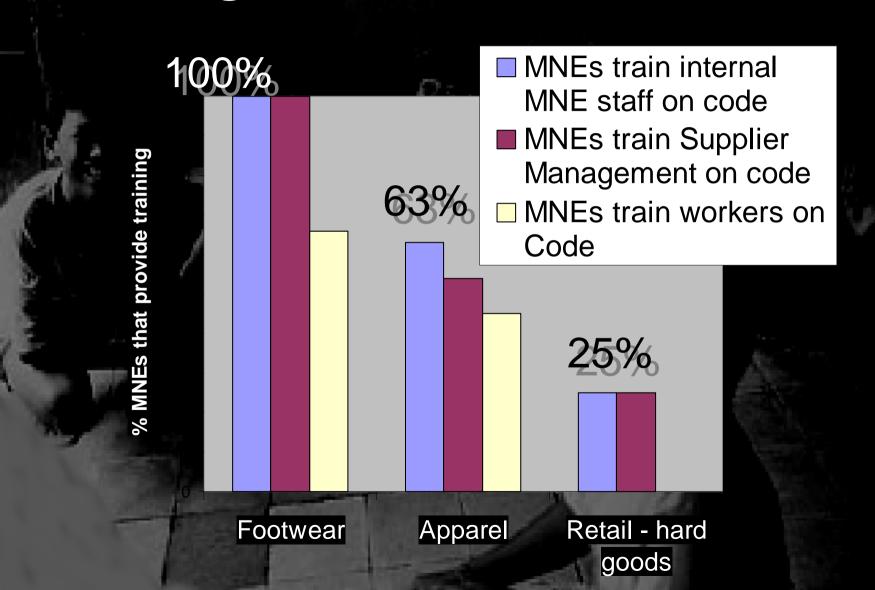
- Indicators: Measurement system
- Monitoring and transparency
- Provide feedback
- Zero tolerance versus improvement
- Responsibility improvement

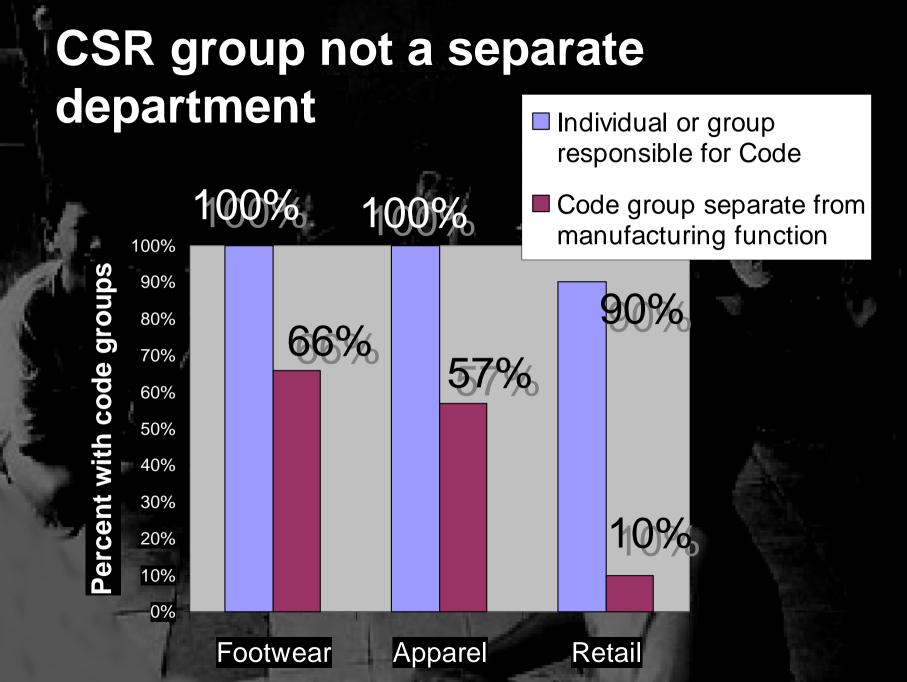
Is it a matter of geography?

Retail sector lags behind others in code implementation

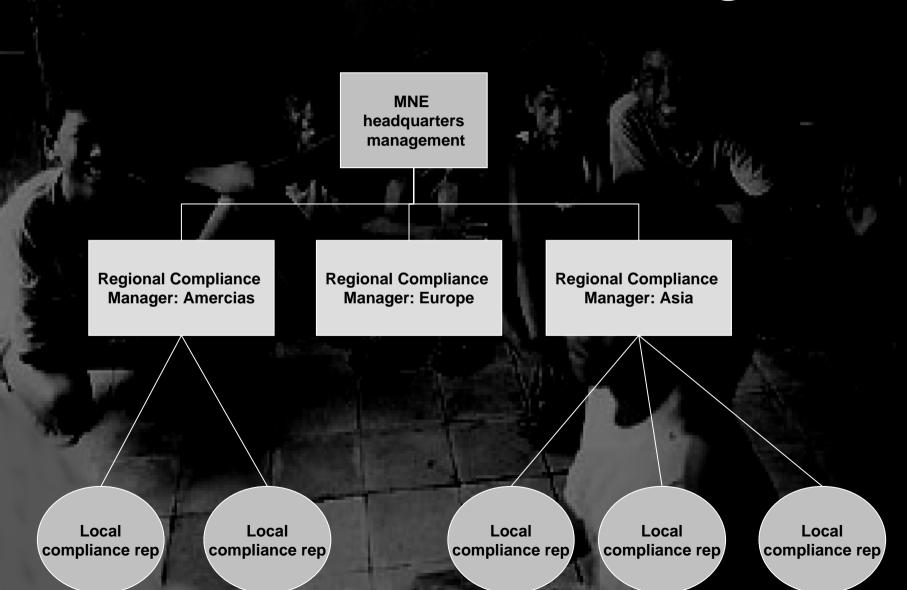


Training is limited





Structures of CSR field staffing



Key learnings Sector 1 – Footwear sector

- Market concentration
- Leverage (size)
 - Systematic approach rep in facility
 - Top management commitment vital
 - Training
 - Role of quality

Key learnings Sector 2 – Apparel sector

- Diversity/multiplicity of approaches
- Diluted leverage smaller production
- Cost of monitoring
- Lean production
- Export vs. domestic production





What is needed?

Sharing of knowledge and experience

Increased capacity at the factory level

Training of both workers and managers

Greater integration at the factory level

What is the ILO doing?

- Factory Improvement Programme / Worker-Manager Factory Improvement Programme
- Cambodia Garment Sector Project -Monitoring and remediation
- Global Compact
- Other enterprise level projects
- Research

The Japanese context

- What does CSR mean?
 - Providing excellent products 93.1%
 - Respect for human rights 32.3%

Based on a 2002 survey of the Japan Association of Corporate Executives

- More research, education needed
- Wakon Yosai Western knowledge with Japanese spirit

