

Corporate Codes of Conduct

Self-Regulation in a Global Economy

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Acronyms

BGMEA	Bangladesh Garments Manufacturers and Exporters Association
BP	British Petroleum
CEO	Chief Executive Officer
DFID	Department for International Development
ECCR	Ecumenical Committee for Corporate Responsibility
EUROTEX	European Textile and Garment Employers
FDI	foreign direct investment
FIFA	Fédération Internationale de Football Association
ICCR	Interfaith Centre for Global Corporate Responsibility
ICFTU	International Confederation of Free Trade Unions
IFBWW	International Federation of Building and Wood Workers
IIP	Investors in People
ILO	International Labour Organization
ISO	International Standards Organization
ITGLWF	International Textile, Garments and Leather Workers Federation
IUF	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations
NEF	New Economics Foundation
NGO	non-governmental organization
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
PWC	PriceWaterhouse Coopers
RTZ	Rio Tinto-Zinc
TCCR	Task Force on the Churches and Corporate Responsibility
TNC	transnational corporation
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
UNCTC	United Nations Centre on Transnational Corporations
UNRISD	United Nations Research Institute for Social Development
US	United States
USS	Universities Superannuation Scheme Ltd.
WBCSD	World Business Council for Sustainable Development
WRAP	Worldwide Responsible Apparel Production
WTO	World Trade Organization

Summary/Résumé/Resumen

Summary

The 1990s saw a proliferation of corporate codes of conduct and an increased emphasis on corporate responsibility. These emerged in the aftermath of a period that saw a major shift in the economic role of the state, and in policies toward transnational corporations (TNCs) and foreign direct investment. Whereas in the 1970s many national governments had sought to regulate the activities of TNCs, the 1980s was a decade of deregulation and increased efforts to attract foreign investment. A similar trend occurred at the international level, where efforts at regulation had been unsuccessful.

It is in this context that the recent wave of voluntary codes of conduct must be situated. US companies began introducing such codes in the early 1990s, and the practice spread to Europe in the mid-1990s. Voluntary codes of conduct range from vague declarations of business principles applicable to international operations, to more substantive efforts at self-regulation. They tend to focus on the impact of TNCs in two main areas: social conditions and the environment. A variety of stakeholders, including international trade union organizations, development and environmental NGOs and the corporate sector itself have played a role in the elaboration of codes of conduct for international business.

Several changes in the global economy have contributed to the growing interest in corporate social responsibility and codes of conduct. The growth of “global value chains”, through which Northern buyers control a web of suppliers in the South, has led to calls for the latter to take responsibility not only for aspects such as quality and delivery dates, but also for working conditions and environmental impacts. At the same time, the increased significance of brands and corporate reputation makes leading companies particularly vulnerable to bad publicity. Changing public attitudes are also an important part of the context in which corporate codes of conduct have been adopted. Companies in the North can no longer ignore the impact of their activities on the environment with impunity. Developments in global communications, which have enabled corporations to control production activities on an ever-widening scale, have also facilitated the international transmission of information about working conditions in their overseas suppliers, increasing public awareness and facilitating campaigning activities.

A range of stakeholders are involved in drawing up voluntary codes of conduct, or can be affected by their adoption. These include large and small firms, Northern and Southern NGOs, trade unions, shareholders and investors, consumers, consultancy firms and verifiers, Southern exporters, workers in the South, Southern governments, and local communities. All have specific interests that predispose them more or less favourably toward corporate codes, and influence the kinds of codes that they would like to see implemented.

One of the striking characteristics of the recent growth of codes of conduct is their tendency to be concentrated in certain sectors, particularly trade, textiles, chemicals and extractive

industries. Codes addressing labour issues tend to be concentrated in sectors such as garments, footwear, sports goods, toys and retailing, whereas environmental codes are more likely to be found in chemicals, forestry, oil and mining.

Codes of conduct can be divided into five main types: company codes, trade association codes, multi-stakeholder codes, model codes and inter-governmental codes. Codes vary considerably in scope. Many do not even cover all of the International Labour Organization's core labour standards. Company codes and trade association codes often have a more limited scope than those developed in conjunction with other stakeholders. There are also differences in the coverage of codes. Although many do cover the firm's suppliers, they often do not extend all the way along the supply chain, and very rarely cover home-based workers. Provisions for the implementation of a particular code, and for effective monitoring, are crucial if it is to have any real impact. Here, too, one finds weaknesses, with only a small proportion of codes making provision for independent monitoring.

In evaluating corporate codes of conduct, several limitations need to be pointed out. Some of these are practical, arising from the way codes have (or have not) been implemented up to now. Others are inherent to corporate codes as an instrument, and therefore go beyond constraints related to the way codes have been applied in the past. Despite the recent proliferation of codes, their implementation remains relatively limited. Other shortcomings relate to the limited number of issues they address, and who such codes apply to. More deep-seated structural limitations of codes of conduct relate to the "drivers" that gave rise to their proliferation during the 1990s. Not only are they limited to particular sectors, where brand names and corporate image are important, but they are also mainly applied to firms engaged in exporting. Finally, there is a tendency for codes to focus on particular issues – those regarded as potentially highly damaging for companies to be associated with. In other words, issues that have a high profile in developed countries are likely to figure prominently in most codes.

Notwithstanding the limitations of codes, they can and have generated positive benefits for stakeholders. Examples where working conditions have improved show that codes can provide leverage on corporate behaviour. Furthermore, because of codes of conduct, firms increasingly accept responsibility for the activities of their suppliers as well as their own subsidiaries.

There is a danger, however, of codes being seen as something more than they really are, and used to deflect criticism and reduce the demand for external regulation. In some cases, codes have led to a worsening of the situation of those whom they purport to benefit. Concern has also been expressed that they may tend to undermine the position of trade unions in the workplace.

The limitations and dangers of codes of conduct identified in this paper are undoubtedly real. It is thus important to develop strategies to ensure that codes are complementary to government legislation and provide space for workers to organize. They are most likely to do so when they are multi-stakeholder codes, rather than when they are unilaterally developed by companies or

trade associations. Codes of conduct should be seen as an area of political contestation, not as a solution to the problems created by the globalization of economic activity.

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Résumé

Les années 90 ont été marquées par la prolifération des codes de conduite et par une volonté plus forte de responsabiliser les entreprises. On sortait alors d'une période pendant laquelle le rôle économique de l'Etat s'était profondément modifié, tout comme les politiques à l'égard des sociétés transnationales (STN) et des investissements étrangers directs. Tandis que de nombreux gouvernements nationaux s'étaient attachés pendant les années 70 à réglementer les activités des STN, les années 80 ont été celles de la libéralisation où l'on s'est efforcé d'attirer les investissements étrangers. On a observé la même tendance au niveau international où les efforts en faveur de la libéralisation se sont avérés loin d'être satisfaisants.

C'est dans ce contexte qu'il faut replacer la vague récente des codes de conduite volontaires. Des sociétés américaines ont commencé à introduire ces codes au début des années 90 et la pratique a gagné l'Europe vers 1995. Les codes de conduite volontaires recouvrent des réalités très diverses, allant de vagues déclarations de principes applicables aux opérations internationales à des efforts réels d'autorégulation. Ils ont tendance à se focaliser sur les effets des activités des STN dans deux grands domaines: les conditions sociales et l'environnement. Diverses parties prenantes, dont des organisations syndicales internationales, des ONG travaillant dans le domaine du développement et de l'environnement et les entreprises elles-mêmes, ont contribué à l'élaboration de codes de conduite pour les sociétés internationales.

Plusieurs changements dans l'économie mondiale ont contribué à éveiller l'intérêt pour les codes de conduite et pour une responsabilisation sociale des entreprises. Avec le développement des "chaînes mondiales des valeurs", dans lesquelles des acheteurs du Nord contrôlent un réseau de fournisseurs implantés au Sud, ces derniers ont été appelés à répondre non seulement d'aspects comme la qualité et les dates de livraison, mais aussi des conditions de travail et des effets sur l'environnement. En même temps, l'importance accrue des marques et de la réputation des entreprises rend les grandes sociétés particulièrement vulnérables à une mauvaise publicité. L'évolution des comportements du public est aussi un facteur de poids parmi ceux qui ont amené les entreprises à adopter des codes de conduite. Les sociétés du Nord ne peuvent plus impunément ignorer les effets de leurs activités sur l'environnement. L'évolution des communications mondiales, qui a permis à des sociétés d'exercer un contrôle plus important sur leurs activités de production, a aussi favorisé la diffusion au niveau international d'informations sur les conditions de travail chez leurs fournisseurs à l'étranger, augmentant la sensibilité du public et facilitant les campagnes.

Participent à l'élaboration des codes de conduite volontaires ou peuvent être touchés par leur adoption des entreprises, grandes et petites, des ONG du Nord et du Sud, des syndicats, des actionnaires et des investisseurs, des consommateurs, des cabinets de consultants et d'audit, des exportateurs du Sud, des travailleurs du Sud, des gouvernements du Sud et des collectivités locales. Ces diverses parties ont des intérêts spécifiques qui font qu'elles sont plus ou moins favorablement disposées envers les codes d'entreprises et qu'elles souhaitent voir appliquer tel ou tel type de code.

Ce qui frappe lorsqu'on étudie la multiplication récente des codes de conduite, c'est qu'ils se concentrent généralement dans certains secteurs déterminés, notamment le commerce, l'industrie textile, les produits chimiques et les industries extractives. Les codes relatifs aux questions du travail portent surtout sur des secteurs tels que l'habillement, la chaussure, les articles de sport, les jouets et le commerce de détail, tandis que les codes environnementaux vont plutôt réglementer l'industrie chimique, pétrolière et minière et la sylviculture.

On distingue cinq catégories principales de code de conduite: les codes de sociétés, les codes d'associations commerciales, les codes élaborés par des groupes d'intérêt multiples, les codes modèles et les codes intergouvernementaux. Leur portée peut varier considérablement. Beaucoup ne reprennent même pas toutes les normes essentielles du travail édictées par l'Organisation internationale du travail. Les codes de sociétés et d'associations commerciales ont une portée plus limitée que ceux qui sont élaborés avec le concours d'autres parties. Les sujets traités varient aussi. Bien que beaucoup comportent des dispositions visant les fournisseurs de la société, ils ne vont généralement pas jusqu'à couvrir toute la chaîne de l'approvisionnement et ne s'intéressent que très rarement aux travailleurs à domicile. Les dispositions relatives à l'application du code en vue d'un contrôle effectif sont cruciales si l'on veut qu'il ait un impact réel. Les codes pèchent aussi par là: seul un faible pourcentage d'entre eux prévoit un contrôle indépendant.

En évaluant les codes de conduite, l'on peut remarquer et signaler leurs limites. Certaines d'entre elles sont pratiques et tiennent à la façon dont ils ont été appliqués jusqu'à présent. D'autres sont inhérentes aux codes comme instrument et vont donc au-delà de la façon dont ils

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