

Corporate social responsibility – new morals for business?

More and more companies think that “corporate social responsibility” is good for business. But is it good for workers? We asked Philip Jennings. He heads UNI, the international skills and services union representing more than 15 million workers worldwide. He also currently chairs the General Conference of the sector-by-sector Global Union Federations, of which UNI is one.

Philip Jennings

General Secretary

Union Network International (UNI)

Chairperson

General Conference of Global Union Federations

Labour Education: *Corporate social responsibility (CSR) is a major new business trend, centring on the “triple bottom line” of companies’ economic, social and environmental performance – Profits, People and Planet. Is this a good development for organized labour?*

Philip Jennings: It’s a good thing for organized labour that companies, because of their own transgressions, have finally been obliged to take corporate social responsibility seriously. Business leaders are looking to CSR because, as one commentator said, they “have lost their own moral compass”. We have just been through a meltdown of corporate ethics. Governments, regulators, consumers, investors and trade unions are all insisting that the companies clean up their act.

Environics, a research group on global issues, recently surveyed 20,000 people in 35 countries on trust in leadership and institutions. They found that national and multinational companies were at the bottom end of the table.

CSR can be a positive force for change. It is important that trade unions are involved in establishing CSR standards, not least because union members have a thorough knowledge of the companies where they work.

We have plenty of insights to offer. For instance, when WorldCom wanted to merge with Sprint to form the world’s biggest telecoms company, UNI gave evidence to the European Commission’s hearing on the merger plan. We advised them that WorldCom couldn’t be trusted. The Commission blocked the merger. Soon afterwards, WorldCom was at the centre of the biggest corporate collapse in history.

Is CSR a viable substitute for regulation?

No. The fact that business is suddenly prepared to take all these voluntary initiatives in no way justifies less regulation. On the contrary, the recent corporate scandals suggest that we need more. And we need to reregulate the regulators, many of whom were found wanting. In the United States, for example, the Securities and Exchange Commission has new powers and Congress introduced a raft of new company law legislation. We need tighter legal control not just of non-executive directors but also of auditors, managers and consultants. That is in the wider public interest. Our concern is that deregulation fuelled a lax attitude to ensuring businesses do the right thing. Recent experience shows that they failed the “voluntary” test.

So is CSR the new paternalism? Is it likely to encourage or discourage the signing of further global agreements or framework agreements between individual companies and the Global Union Federations?

New paternalism? No, it's more like a new realism. I think that one test of a good CSR policy is to examine the company's record on union recognition, and look at how that process of CSR is being managed inside the company. However, woolly statements on CSR are no substitute for positive labour relations policies. For example, is the company mainstreaming the ILO standards and the OECD Guidelines for multinationals within its overall industrial relations policy? If companies are looking for standards upon which to base their CSR policy, then they should use the ones that already exist. They should apply the ILO Tripartite Declaration and become familiar with the OECD Guidelines. A word of advice to investors: if you're thinking of putting money into a multinational company, ask them if they have a global agreement with the Global Union Federations. If not, why not?

But the global agreements cover only a very small proportion of the world's workforce. Aren't they just a drop in the ocean?

At the moment, the global agreements cover around 2 million workers. I think that's already quite impressive, but all right, I agree there's still a long way to go. What we urgently need these days is some benchmarking of companies' respect for global trade union rights. Global framework agreements help to meet that need. If a leading company says it's prepared to sit down and sign an agreement with unions at the world level, it is setting a good example to other companies in its sector and beyond. I'm confident that many more of these agreements will be signed in the near future, and they'll no longer be seen as a novelty.

It's sometimes said that the initial impetus behind CSR came from the environmental move-

ment, rather than organized labour. Do the global unions have some catching up to do?

The unions are certainly not Johnny-come-latelies in all of this. If anybody thinks that, I'm surprised. The whole point of trade unions' work and struggles over the past century has been to instil some social responsibility into employers. If anything, some of the NGOs were rather slow to recognize the importance of the trade union agenda, and its close relationship with other current concerns. Who achieved legal regulation of workplace health and safety – and then went on to emphasize the close link between the environment inside the workplace and the environment outside? Who championed women's equality at work? Who secured new European-wide rights for workers, to information and consultation where we can raise the CSR agenda?

But in any case, this is a rather sterile discussion. The important thing is that the NGO community and the trade unions have realized that we have interests in common, and that together we form an alliance for real global change.

This January, you and other global union leaders took part in the World Economic Forum in Davos. At the same time, the global trade union movement was equally well represented at the World Social Forum in Porto Alegre. The unions delivered identical messages to the two events. Do global unions occupy the middle ground between a Davos-style "classic globalization" and Porto Alegre's "other globalization"? What do you think of the results of the two forums?

What we were trying to do was to bring the same global union message to both meetings. It was certainly better received in Porto Alegre than in Davos, but that's just too bad. Our views are our views, wherever we go. We still think there's a useful platform for us in Davos, and we intend to go on using it.

In fact, the agenda of the World Economic Forum has changed beyond recognition over the past ten years, largely

due to pressure from the unions and the NGOs. It's a different kind of debate now. There's a more serious attempt to examine employment, human rights, trade and development, corporate governance, world health and so on. The Davos forum is still funded by the private sector, but there's no doubt that its agenda has changed.

As for the World Social Forum, there have been both regional and national initiatives to consolidate its organization and its role. I'm sure that it will be an important force for good.

You recently criticized American-headquartered multinationals for their failure to sign up to the UN's Global Compact. Why are they so wary of it?

Because so many American companies are anti-union.

Unionized American workers earn 26 per cent more than their non-union colleagues, according to figures published this February by the US Government's Bureau of Labor Statistics. And yet, the United States has one of the lowest union membership rates in the industrialized world. Why should that be? Well, let me quote to you from a press release sent out by the American national labour federation AFL-CIO, on the same day as the Government released those statistics:

New research by Peter D. Hart Research Associates indicates that America's workers need and want unions – half of US workers say they would form a union tomorrow if given the chance. That translates into 30 to 40 million workers who would join a union if given a free choice – but too few ever get that chance. Employers routinely violate workers' freedom to improve their lives through unions. Ninety-five percent of private-sector employers fight their workers' efforts to form unions, including a third who illegally fire union supporters, according to Cornell researcher Kate Bronfenbrenner... Independent research shows that the American public does not know what workers must endure just to exercise their right to a

union. Because the freedom to improve one's life with a union is a basic civil and human right, the labour movement will involve community and elected leaders in demanding a free choice for workers.

So there you are. Basic labour rights, including freedom of association, are at the heart of the Global Compact. I'm not at all surprised that so few American-headquartered companies have signed up.

A number of guidelines for companies' CSR reporting are now available, some of which are quite detailed and precise. Do the global unions have any views concerning the various formats proposed?

I read somewhere that there are now several hundred CSR reporting formats on offer in various parts of the world. That's obviously far too many, and most of them are unlikely to survive.

We in the trade unions are involved in the Global Reporting Initiative (GRI), where we are represented alongside the companies, the accountants, the NGOs and so on. So we're fully involved in drawing up GRI's main guidelines and its sectoral supplements. As long as it stays that way, as long as the unions have their full say, then I think it's an important initiative.

Similarly, we are on the inside of the SA 8000 process for standard-setting in social auditing. We're on the SA 8000 Board, and that helps to give legitimacy to the whole process. And unions are part of campaigns like the Ethical Trading Initiative and Clean Clothes.

Frankly, I'm rather more concerned about the role of the International Organization for Standardization (ISO) in all of this. It seems to us that the ISO has been getting involved in this issue without proper consultation with the unions and the ILO. Standard-setting on CSR has more to do with the ILO's competencies and experience than with those of the ISO.

CSR performance obviously has to be monitored by someone. Social rating agencies are beginning to mushroom. Would you see a role for the ILO in verifying the verifiers?

The ILO is *the* global rating agency for social standards. Full stop. It has been setting and monitoring international standards for a very long time now. It has more experience than anybody else in that field.

Of course, the ILO must move with the times. World mechanisms for monitoring multinational corporations still leave much to be desired. The OECD Guidelines for multinationals have recently been strengthened to help ensure greater corporate transparency. The ILO should also revisit this issue, in a sensible way. It already monitors governments' compliance with its standards. Why not take the next

step in relation to what the corporate community is doing? Monitoring of CSR fits in well with the ILO's experience.

Are you saying that the ILO should be able to hold individual companies to account?

It already holds governments to account. Multinationals are no less powerful than governments. The ILO should also be exploring ways of making the companies accountable for their social performance.

Interviewer: Ian Graham
