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Corporate Responsibility and Labour Rights: Codes of Conduct in the Global Economy

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Corporate Responsibility and Labour Rights: Codes of Conduct in the Global Economy

model of good institutional labor market research. At a time when many scholars content themselves with running regressions on large national data-sets, the researchers represented in this book demonstrate that an alternative tradition is alive and well. (This is not to say that the authors avoid statistics. There are plenty of regressions, but they are embedded in a textured understanding of their context.)

It is not easy to distill a single story from these chapters. They mostly agree that firms are rethinking how they organize work, and they agree that a combination of competitive pressures, new technological opportunities, and new organizational ideas (such as outsourcing) have reconfigured employment. However, the reported consequences for employee welfare are not always the same. For example, whereas in the hotel industry most employees have experienced bad outcomes, in the auto supply industry and even the hosiery industry the picture is more upbeat.

What most of the authors do agree on is the importance of managerial strategy. In most of the industries studied, at least a few firms choose what is termed the "high road," that is, a competitive employment strategy that entails better outcomes for employees. In other industries the bulk of firms seem to have adapted to new conditions in less constructive ways. To some extent, this variation in strategy is shaped by constraints and incentives, such as the presence or absence of a union or the creativity of local government in supporting firms. However, these constraints and incentives do not appear to be the whole story, and there is much more to be learned on this theme.

It may seem unfair to complain about what is missing from a book as rich as this, but there are three areas that I wish had been dealt with more deeply. As the previous paragraph makes clear, more systematic discussion of the determinants of and constraints on managerial strategy would have been very useful. Second, a number of the chapters mention, almost in passing, the role that immigrants play in the industries examined, but the book provides little systematic discussion of the relationship between immigration and low-wage work in America. There is clearly considerable interaction between the growth of low-wage work and the recent surge of immigration, and it would have been helpful if the book had played this out in more depth.

The final gap is the absence of a chapter on retail work. A large fraction of low-wage workers in America are employed in retail, and the recent attention focused on the employment

practices of Wal-Mart (the largest employer in America) underlines the importance of this segment. The book's neglect of this subject is particularly conspicuous given the attention it lavishes on manufacturing, a sector that represents a small and diminishing fraction of employment.

These concerns do not detract from what is an outstanding book. The topic is important and the research is original and fresh. The authors demonstrate the huge gains from going into the field and learning about an employment setting in depth.

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Corporate Responsibility and Labour Rights: Codes of Conduct in the Global Economy. By Rhys Jenkins, Ruth Pearson, and Gill Seyfang. Dulles, Va.: Stylus, 2002. xvi, 232 pp. ISBN 1-85383-930-2, \$79.95 (cloth); ISBN 1-85383-931-0, \$27.95 (paper).

Market liberalization in the 1990s created a boom in foreign direct investment in many developing countries through the expansion of global production networks. In low-end sectors like apparel and footwear where competitive pressure pushed firms to keep labor costs low, anti-sweatshop activists accused brand-name corporations of outsourcing to factories that routinely violated human rights, labor rights, and women's rights. Corporate executives acknowledged the problem and determined that the best way to end sweatshop practices was not through state regulation but through voluntary codes of conduct. These codes established principles or guidelines that required suppliers to provide decent working conditions, comply with local laws, and—in some cases—respect freedom of association. By the end of the 1990s, there were hundreds of codes in all shapes and sizes.

Corporate Responsibility and Labour Rights: Codes of Conduct in the Global Economy explores the development of these codes, compares their contents, and investigates their impact. To do this, it brings together a qualified group of

academics, practitioners, and activists in a collection of 17 short chapters. The contributors analyze codes and explore their impact on women, unionists, and home-workers. Case studies examine China, Sri Lanka, Central America, and Los Angeles. The volume also looks at big-picture questions such as the role of the state versus private-sector codes, North-South social movement dynamics, and the political economy of codes and global production networks.

The volume begins with the argument that there has been a shift away from state regulation of multinational corporations toward an emphasis on corporate self-regulation. That is, a “retreat of the state” has corresponded with a growth in Corporate Social Responsibility (CSR). The boom in codes of conduct is a part of this trend. Rhys Jenkins explains that there are several types of codes, which vary in the degree to which they are unilaterally established by corporations or business associations, or negotiated with NGOs, labor unions, and governments. Jenkins finds that multi-stakeholder codes are much more likely than unilaterally established codes to have strong language on issues such as freedom of association. Business association codes tend to be the weakest. Jenkins also finds in reviewing 153 codes that only 25% have any sort of monitoring mechanism, most of which involve self-monitoring. Again, the multi-stakeholder codes tend to be better in that they more often provide for external monitoring.

One common aspect of multi-stakeholder codes is their specific reference to ILO standards. Union representative Dwight Justice argues that ILO standards are better than vague “feel-good” notions because they are based on a clear body of jurisprudence. Jill Murray, however, notes that ILO standards were meant to be applied to states, not corporations. For example, ILO convention 87 requires *states* to “respect, promote, and realize” rights of workers to organize, and convention 111 calls on *states* to pursue a *national* policy for equal opportunity. Murray notes that ILO standards can still be used as a point of reference in corporate codes, but only if they are appropriately adapted.

Several chapters focus on the impact of codes on certain demographic groups and regions while raising many questions about their effectiveness. For example, the chapter by Linda Shaw and Angela Hale and the chapter by Marina Prieto, Angela Hadjipateras, and Jane Turner argue that in the garment

industry, where women make up the majority of workers, codes should have a strong gendered perspective and female workers should be carefully consulted when codes are drafted and implemented. Lucy Brill explains that codes often ignore the conditions of female home-workers and can even make their situation worse by moving production out of rural areas and into urban centers. Alice Kwan and Stephen Frost argue that U.S. corporate codes mean little in countries like China where the rules that matter are established by local managers. Laura Dubinsky finds that the Guess monitoring program in Los Angeles “failed catastrophically,” and that for monitoring to work, it must focus more on the right to organize. Dara O’Rourke finds that in the cases he observed in Asia, monitoring by PricewaterhouseCoopers was largely fraudulent because workers were not given the freedom and security to report violations.

The book very effectively presents the many different aspects of codes from the perspectives of a variety of actors. It provides some good general data and several rich case studies that illustrate the many limitations of codes, especially unilateral corporate codes. The book could have benefited, however, by the inclusion of the view of unionists from developing countries. Also, curiously, there is no mention of student organizations, which played a crucial role in raising the sweatshop issue in the late 1990s and establishing a code of conduct. Finally, there is little discussion of whether states, in addition to firms, should be held accountable for rights violations. With a few exceptions, the contributors seem to accept the retreat of the state as inevitable. In this view, the goal is to optimize the private-sphere regulation regime by getting as many stakeholders as possible to participate in the drafting and implementation of codes. As Jill Murray argues, however, employment relations involve an inherent power imbalance that can be rectified only by the organizational power of workers *and the regulatory power of states*. Assuming that there has been a definitive “retreat of the state” that can be filled with private, multi-stakeholder codes could make the decline of the state more inevitable.

Yet for good or ill, codes of conduct and private monitoring have worked their way into the realm of employment relations, and this volume makes an important contribution to our understanding of this development. Its insights

and case study analysis will be valuable to activists, practitioners, and scholars.

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History

State of the Union: A Century of American Labor. By Nelson Lichtenstein. Princeton: Princeton University Press, 2002. xi, 336 pp. ISBN 0-691-05768-0, \$45.00 (cloth); 0-691-11654-7, \$18.95 (paper).

In *State of the Union*, which won the Philip Taft Prize as the best labor history book of 2002, Nelson Lichtenstein critically assesses the American labor movement's shifting fortunes from the New Deal era to present times. Although his wide-ranging analysis is sensitive to the economic, political, and cultural circumstances that have affected union strength, he especially wants to understand why "solidarity and unionism no longer resonate with so large a slice of the American citizenry." Therefore, a major preoccupation of this book is tracing the complex forces that have relegated the labor question and what Lichtenstein calls the "union idea" to the margins of American public life.

The union idea, whose principal components Lichtenstein defines as industrial democracy, working-class solidarity, and the allocation of resources on a social rather than a market basis, was most perfectly realized during the New Deal and World War II eras. The need to boost purchasing power was seen by political leaders and intellectuals as vital to the nation's economic revival, and unions were granted a prominent role in ensuring that this objective was met. The idea of industrial democracy dovetailed with public disgust over corporate malfeasance and galvanized intellectual support for strong unions that could extend citizenship rights from civil society into the workplace. Lichtenstein cautions against romanticizing the 1930s, citing continuing racial and ethnic conflicts that undercut solidarity and the limited scope of New Deal social legislation. However, he hails this period, especially in contrast to the rest of the twentieth century, as a time when "elections, legislative battles, strikes, organizing campaigns, and labor negotiations were seamlessly interwoven," thereby making unions

a full participant in public policy formulation and social deliberation.

The remainder of Lichtenstein's account outlines a steady erosion in the social acceptability of the union idea. Reflecting the thrust of recent scholarship, he persuasively debunks the notion of an extended, mutually negotiated post-World War II accord between management and labor. In contrast to the corporatist stance adopted by their European counterparts, American business leaders pursued what Lichtenstein calls a "managerial exceptionalism" that was deeply committed to circumscribing existing labor power and fiercely resistant to its expansion. Lichtenstein is dismissive of the purported achievements of the social compact, suggesting that firm-centered negotiations and grievance/arbitration systems led to the depoliticization of collective bargaining, the dampening of shop-floor activism, and the declining expression of solidarity. Labor itself contributed to the dilution of the union idea, not only through highly publicized cases of corruption, but also by committing a strategic error of the first order: the contractual negotiation of generous company-based health insurance and pension plans that resulted in a skewed distribution of fringe benefits and a reluctance to press for government-provided universal coverage. Lichtenstein reserves some of his sharpest criticism, however, for intellectuals who promoted industrial pluralism. By characterizing unions as an interest group and suggesting a false parity between the relative strength of labor and capital, industrial pluralists seriously undercut the union idea by blunting social support for displays of solidarity and inhibiting a broader social debate about emerging issues such as automation and capital flight.

Although some unions during the 1960s made common cause with the New Left and public employee unions registered impressive growth, the labor movement as a whole reacted defensively to social insurgencies and lost an opportunity to revive the union idea. As a result, the field was left open for the federal government and the courts to advance a "rights-based model of industrial justice" that addressed race and sex discrimination on an individual basis but further undermined notions of solidarity and collective action that were so vital to the union idea. With some of their most powerful tools dulled, Lichtenstein contends, unions were ill-equipped to deal with the challenges posed by globalization and corporate restructuring. The responses of unions to the anti-labor backlash of the Reagan years, most notably protectionist