

What makes a company socially responsible?

Panel discussion December 12th, 2013 Geneva, ILO Symposium
Input I. Wick (10 minutes)

1. Background of CSR boom

The worldwide debate on the corporate social responsibility (CSR) agenda of transnational companies (TNCs) has gained an enormous momentum during the past two decades. CSR is the response of business to the protests which non-governmental organisations (NGOs) and trade unions have waged since the beginning of the 90ies against the social race to the bottom policies of TNCs in their global value chains. CSR is a voluntary corporate policy which pretends to complement, but in fact is meant to replace, the legally binding government labour regulation, and which perfectly fits into the neoliberal policy of the privatisation of labour laws.

2. Variety of CSR policies – core elements

There are considerable differences in CSR policies of TNCs which vary according to the degree of compliance with the following core criteria: Substance, scope of application, monitoring and verification, responsibility of the costs, complaint mechanisms and reporting. The most advanced policies of CSR are carried out by Multi-Stakeholder Initiatives (MSIs), such as FLA, SAI, WRC, ETI and FWF in which NGOs and trade unions (the latter not in the FLA) cooperate with corporations in verifying the compliance of their global suppliers with social standards.

3. Impact of CSR and CSR impact assessments

Repeated catastrophes such as the one in Bangladesh, where the collapse of the Rana Plaza supplier factory of major TNCs – previously audited by the Business Social Compliance Initiative (BSCI) - killed more than 1000 people and seriously wounded about 2500 people in May 2013, show that CSR policies of TNCs are fundamentally flawed. As continued research the SÜDWIND Institute and many other organisations as well as impact assessments show there have been some temporary improvements of working conditions in some supplier factories, but CSR policies have by and large failed in solving structural problems, such as guaranteeing trade union rights, non-discrimination, payment of living wages etc. CSR policies have been useful above all as a conscientizing tool, rather than a solution to the violations of fundamental labour rights in global value chains of TNCs.

4. Rising call for corporate social accountability and liability

Against this background, there are more and more social alliances of NGOs and trade unions which call for steps towards a global corporate social accountability and liability. For instance, ECCJ, CorA, ECCHR propose legally binding reporting regulations, or a due diligence law according to which companies would be bound to source globally after thorough basic labour and human rights checks and become liable in cases of gross violations. In the framework of the UN Principles of Business and Human Rights, the access of victims of serious violations of these rights is being tested through innovative judicial means. At the conference “Chances and limits of human rights litigation against corporations” on 28 November 2013 in Berlin, organised by SÜDWIND and ECCHR, amongst others, several court cases against corporations under the Alien Tort Claims Act in the USA were discussed as well as new proposals in international civil law.

5. Freedom of Association and the struggle for non-exploitative economies

The right to freedom of association and to collective bargaining are central to defend democratic and social rights of workers which in capitalist economies are constantly threatened to be undermined. The long-term aim is therefore to build up non-exploitative economies such as co-operatives in which decisions on the contents and methods of production, the use of the output etc. are taken democratically.