



Supplier labour conditions

Giving workers a voice

By Lisa Roner, North America Editor

US companies' historically strained relations with domestic trade unions are hindering freedom of association in their supply chains in developing nations

For more than a decade, technology, clothing and other sectors with globe-spanning supply chains have been implementing codes of conduct and monitoring compliance through auditing. Today, there is growing consensus among activists, academic researchers and many brands and retailers that the results fall short of the ambition of broadly improving conditions.

Without the ability to maintain "sustainable supervision" in factories through unions or other forms of independent workers' organisations, labour rights experts predict sustainable improvements will remain elusive. Despite brands' strong commitments in principle to workers' freedom of association, few successful trade unions exist in supplier factories in the developing nations that are the core of the manufacturing industries.

Are companies as committed to workers' rights to organise as they profess?

Labour rights experts say the economic squeeze companies place on factories proves they are disingenuous when it comes to their support for the formation of unions. But many large US companies believe other forms of worker representation, especially in countries such as China where independent labour organisations are forbidden by law, better serve workers' immediate needs.

The current system of audits and continuous assessment to ensure suppliers uphold minimum

labour standards is not working, says Dara O'Rourke, associate professor of environmental and labour policy at the University of California, Berkeley.

Recurring instances of the same problems in yearly audits at the same factories and increasing awareness of the ability of factories to "game" the system by coaching workers and maintaining multiple sets of books have left a whole range of "actors looking for a 'version 3.0' of auditing", O'Rourke says.

More than monitoring

Jill Esbenshade, assistant professor of sociology at San Diego State University, agrees that auditing and monitoring have not resulted in "widespread amelioration of the kinds of conditions that brought monitoring on in the first place".

The problems, however, run deeper than the complexities and logistical difficulties of monitoring systems, says Scott Nova, executive director of the Worker Rights Consortium, a non-profit organisation comprising more than 100 colleges and universities committed to fighting sweatshop labour abuses.

There is a reason, he says, that most labour rights advocates view association rights as the single most important element of a code of conduct. When that right is respected, experts agree, it creates a

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robust and powerful mechanism within the factory to promote compliance with every other code provision.

But it costs more to produce under good conditions than bad, he says, and during the ten years since codes came on the scene, production costs have increased while prices at the factory door have fallen.

Buyers must recognise factories that take action to improve worker's rights, says Kevin Kolben, assistant professor of accounting and information systems at Rutgers Business School, and be willing to "pay the extra pennies" to support that effort.

Nova believes brands also must consolidate their supply chains to ensure they are the primary customer of the factories whose fundamental management practices they are trying to alter.

Hollow promises?

Brands' unwillingness to take these fairly simple steps, Kolben says, "reflects a lack of commitment to the goal" and reinforces many labour rights advocates' beliefs that the primary purpose of codes in the eyes of retailers is not to protect workers but to preserve brand reputation.



Safety issues: sparking work place debate

O'Rourke, however, says that while some companies are doing audits just for the sake of the public relations points it earns them, others are truly struggling to clean up their supply chains, spending lots of money and still not reaching their goals. Success, he says, requires totally different mechanisms focused on empowering workers.

He advocates an approach to monitoring that applies attributes of lean manufacturing – such as competitiveness, productivity, quality, timeliness and flexibility – to compliance. "Lean compliance," O'Rourke says, relies on better measurement and root cause analysis, coupled with a commitment to continuous improvement that has been lacking in "check-list" audits.

The approach, O'Rourke says, includes benchmarking and creating learning systems across the supply chain.

Independent labour unions or other forms of worker organisation are still vital though, say O'Rourke and Nova.

Esbenshade, however, sees a "real reluctance" by manufacturers to work with unionised factories. Nova agrees and says that despite formal commitments to associational rights around the world, the stance being taken by most US companies is vigorously anti-union.

"It would not be surprising if hostility to unions in the domestic context spilled over into a lack of enthusiasm for defending associational rights in the global supply chain," Nova says.

Kolben says US companies are resistant to unions in the developing world because of preconceptions and bad experiences with US unions. In addition, he says companies are ill-equipped to compel contractors that have their own anti-union sentiments to work more with organised labour.

Ken Larson, principal of Ken Larson Consulting and former director of corporate responsibility at Hewlett-Packard, says that although there is a small but growing recognition among some companies that unions may be part of the answer, at most, talk of unions is considered "treasonous".

"That bias is very much alive, particularly among corporate executives, but it's not a very well thought out rationale," he says.

Doug Cahn, principal of corporate responsibility consultancy TheCahnGroup and former vice-president for human rights programmes at Reebok, agrees that commitments of US companies towards freedom of association are tarnished by the contentious history of labour management relations.

Giving workers a voice

Workers need a voice, the influence and the ability to negotiate over the problems they think are the most important, O'Rourke says. And although the most obvious form of that voice is a union, particularly in countries where the political environment precludes unions, workers still must be included "in a serious way", he says.

The current system of supply chain monitoring, O'Rourke says, creates incentives for factories to hide problems and to give an illusion that all is well. Instead, incentives for airing problems and solving them through collaboration are needed that put workers at the centre of problem identification and resolution.

"Brands and retailers must do some serious work to create the space to facilitate workers' participation in risky ventures, including issues related to wages, overtime, and health and safety, particularly in countries like China and Vietnam," O'Rourke warns.

He says companies must not simply offer a union that looks like a US union, but must examine best practice today for worker participation.

Despite an aversion to formal trade unions, Larson says that in the technology sector there is a strong commitment to employee representation that gives workers a voice. Most companies, he says, believe the best solutions are based on good employee management communications, and many say that can be accomplished without a union.

Current best practice is to establish protocols to open up employee-manager communication, particularly through employee health and safety committees, he says.

"I think that's the mode that people are moving toward and even that is a big step for a lot of plant managers," Larson says. "Brands and the mainline manufacturers running the supply chains are all pretty committed to that."

One corporate responsibility manager for a UK fashion brand operating in Asia says most brand managers believe worker-led health and safety committees are a valuable alternative to the "freaking out" of management over union issues. Management training and worker education programmes can be just as helpful in getting results, without union contention, she says.

Larson says brands and factory owners realise that such approaches help to blunt some of the union effort. If workers feel they have a voice and see things being remedied, the need for a union

College clothing, ethically sourced

The Worker Rights Consortium and the student activist group United Students Against Sweatshops are pushing universities to write new demands into the multi-million-dollar collegiate clothing contracts they sign. The new rules would strip companies licensed to make college clothing and accessories of exclusive control over prices and supplier sourcing decisions.

Clothing companies in the Designated Supplier Programme would have to agree to produce increasing percentages of collegiate garments and gear in factories where workers were represented and received steady work for living wages. The programme would reduce the number of factories producing collegiate clothes to a small pool that either already met the new DSP standards or agreed to meet them.

Brands have argued that the programme ignores technical issues, like ensuring sufficient specialisation of eligible factories. Universities, however, have been quick to point out that brands are welcome to bring their favoured factories into the programme, provided they meet the standards.

Jill Esbenschade, associate professor of sociology at San Diego State University, says this niche market offers a unique opportunity for universities to put pressure on manufacturers and influence how production is carried out.

More than 30 US universities have signed up for the DSP, including influential, revenue-heavy campuses like Duke University and the entire University of California system. The WRC will determine which factories the licensees can use.

Cahn says. The sustained protection of workers also relies on governments doing their part to nurture trade union access and a commitment from unions to develop in ways that are reflective of worker's needs, he believes.

Kolben agrees and says that the US and other governments should be working not only to encourage and create incentives to ensure that core labour rights are enforced in supplier countries, but also to focus on how labour rights are incorporated into the main provisions of trade agreements.

Making a stand

Kolben says a better case needs to be made for why unions can be good for business. Brands and retailers should consider the benefit that worker organisations could bring in countries such as China, suggests O'Rourke.

Independent global unions say they can spur true "bottom-up" worker representation and negotiate collective agreements that cover all major conditions in the workplace, while still working within the confines of the official Chinese trade union structure.

Global union UNI says that when workers' rights and interests are properly protected, a company's workers and the union are empowered to help the development of transnational organisations in environments such as China.

The fear in such a country, O'Rourke says, is not that the workers will be extorting you, but more that local officials and factory managers will be. Having a legitimate worker body, he urges, is not that costly and is potentially quite positive for firms.

Cahn agrees that buyers can and should impose an environment on factories where workers are not intimidated to raise their voices and where unions can have access to workers who desire to seek association.

Nova holds out, however, that the biggest

Governments should focus on how labour rights are incorporated into trade agreements



Right of assembly: too often denied

diminishes somewhat, he says.

Cahn says there is "no shortage of activity to raise awareness and to create some fundamental initiatives to respect the right of freedom of association", although tremendous challenges remain in every country. And while he acknowledges such efforts fall short of the promotion of trade unions, he believes they go well beyond "ignoring the freedom of association requirement".

It would be helpful to learn from unions what they view as the beneficial interim steps to unionisation, Larsen says. Right now, he says, there is an "all or nothing" approach.

Such steps are just part of the solution, however,

obstacle to workers' ability to organise is the economic squeeze that brands and retailers place on factories. Even when companies step in to support the formation of independent unions or worker organisations, if labour rights concessions result in factories being unable to remain competitive on price, quality and delivery time, he says, the result may be a loss of jobs.

Until brands encourage factories to support freedom of association and stand behind those that do for the long term, even if it means modest price increases, labour rights scholars say no substantial

progress can be expected on association and the broader array of code standards.

"We've only scratched the surface of eliminating the fear, creating credible unions around the world and promoting the responsible behaviour of buyers and factory managers," Cahn says.

And the anti-union "home culture" defines US companies' perspectives, he says, giving US brands a potentially steeper experiential curve to go through than their European counterparts. The good news, however, Cahn says, is that the journey along that curve is well underway. ■

Useful links:

www.workersrights.org
www.studentsagainstsweatshops.org
www.behindthelabel.org
www.clrlabor.org

Child exploitation

Shining light into tourism's dark corner

By Lisa Roner, North America Editor

Carlson Hotels Worldwide is leading the tourism industry by example with its work to curb child sex exploitation and trafficking

When Queen Silvia of Sweden and Marilyn Carlson Nelson, chief executive of Carlson Companies, became friends, they quickly realised they shared an interest in helping women and children at risk.

Together with others who share their interest, they founded the World Childhood Foundation in 1999 to raise awareness and financial support for disadvantaged children around the world.

Leslie Kupchella, director of executive communications at Carlson, says it became apparent to Nelson in early 2000 that tourism was a vehicle for child sex exploitation and trafficking and that the industry was inadvertently playing a role in perpetuating the problem.

Australian charity Child Wise reports that more than one million children are trafficked annually for sexual purposes and an estimated ten million children worldwide are subjected to sexual exploitation. While the group says the tourism industry is not responsible for child sex exploitation and trafficking, it does provide increased opportunities for abuse and easy access to vulnerable children.

The World Childhood Foundation, Kupchella says, has become an important tool for Carlson as the company works to address the issue.

The company formalised its commitment to ending child sex exploitation in 2004 by signing the Ending Childhood Prostitution and Trafficking (Ecpat) global code of conduct. It is a declaration of awareness of the problem and a commitment to combating it through educational outreach to the public, staff education and other measures.

Carlson was among the first companies to

sign the code, and remains the largest signatory in the travel and tourism sector.

Living the code

As a family-owned company approaching its 70th year in business, Kupchella says the World Childhood Foundation and the Ecpat code are a natural fit for Carlson. Employing guest donation campaigns throughout its hotel groups, including its Radisson, Park Plaza and Country Inns & Suites chains, Carlson has raised nearly \$300,000 for the World Childhood Foundation in the past two years.

The company has also developed an in-house training approach it calls "Meeting in a Box", designed to raise awareness of the problem among general managers and employees and to develop partnerships between hotels and local communities to combat the problem. Awareness is also encouraged through support for the Ecpat code on airline ticket jackets issued by Carlson Wagonlit, the company's travel agency group.

Carlson understands that the unpleasant nature of child exploitation and trafficking and broadly differing legal considerations from country to country make the issue a daunting one for companies to tackle.

Therefore, Carlson is working to raise awareness within the industry. "Marilyn has solicited support from other hotel and travel companies to help combat the issues," Kupchella says. "The process of building that support network is moving ahead slowly, but we continue to make progress in spreading the word about the tremendous work World Childhood is doing."

Carlson's leadership on the issue of child sex exploitation and trafficking stems from keeping the message out there, says Sam Macalus, the company's public relations director.

"It's not the flavour of the month, but an ongoing awareness campaign," he says.

Carlson stands out in an industry that should take this issue – no matter how unpleasant – to heart. ■



No more turning a blind eye

Useful links:

www.carlson.com
www.ecpat.org
www.childhood.org
www.thecode.org