



Why Corporate Social Responsibility Programs are No Substitute for Workers' Rights to Organize

Mark Anner, Pennsylvania State University

In January 2012, Apple became the latest in a long line of transnational corporations such as Nike, Addidas, and Liz Claiborne to contract with a private social auditing organization to inspect employment practices at its foreign suppliers. Privatized workplace inspection has grown for more than a decade, and today garment and electronics factories in countries ranging from Vietnam to Honduras are more likely to be visited by private social auditors than by government inspectors. Corporations use audit results to establish legitimacy with consumers and others who might otherwise protest when severe workplace abuses are publicized.

But do such corporate social responsibility initiatives really improve labor standards and rights in global supply chains? Defenders argue that initiatives run by private firms or non-governmental organizations fill a gap left by weak states and international governance. But critics argue that corporations cannot effectively monitor their own supply chains and that only governments can defend workers' rights. My research sheds new light on the issue by looking closely at the specific types of workplace issues monitored by corporate-influenced auditors.

Investigating What Corporate-Influenced Auditors Do

A few monitoring programs shun corporate sponsors and are run solely by nonprofits and worker advocates. But most are heavily influenced by corporations that fund most of their expenses and sit on the board of directors with veto power. My hypothesis is that corporate-influenced programs are more likely to emphasize detection of minimal workplace violations than enforcement of worker rights. Enforcing basic wage, hour, and safety standards is perceived to provide corporations with legitimacy and make activist protests less likely. In contrast, workers' rights to form unions and to bargain and strike are much more worrisome to corporations. Worker rights infringe on managerial prerogatives without improving the corporate reputation.

To explore my hypotheses, I coded in detail some 805 factory audits conducted between 2002 and 2010 by a leading corporate-influenced program, the Fair Labor Association. This organization was established in 1999 by corporations and some moderate non-governmental groups. It also includes administrators from universities that buy collegiate apparel, but labor unions have refused to join. Member corporations agree to have supplier factories monitored in accordance with a code covering child labor, safety, job discrimination, worker rights, and wage and hour standards. Three percent of factories are audited each year, with reports posted online.

Revealing Findings

Quantitative data allowed me to probe variation in what hundreds of factory audits reported in various countries and issue areas – and I could also track if violations were addressed after their detection, and what sorts of violations were lodged through third parties complaints.

- The vast majority of the code violations detected by the Fair Labor Association fall in two general issue areas: 40% were violations in health and safety areas, and 31% had to do with benefits, substandard/unpaid wages, or required caps on hours of work.
- In contrast, violations of standards referring to workers' freedoms to associate make up only a tiny fraction – five percent – of the violations detected. What my findings indicate is that workplace standards violations are indeed much more frequently detected than violations of workers' rights. In contrast, one third of the violations alleged by workers or their representatives (when they could voice concerns) dealt with violations of freedoms to associate.

- What happened when violations were found? According to the Fair Labor Association's own reports of successful corrective efforts, the small number of freedom of association violations detected were fully or partially corrected only 38.5 percent of the time, the lowest remediation rate of all issue areas. The average rate was 72.18 percent.

My fieldwork cast further light on the Association's extremely weak performance in protecting worker rights to associate. In an audit done for Russell Athletic in Honduras, for example, the Fair Labor Association was given two auditing reports, one that dismissed claims of freedom of association violations and another that confirmed the claims. Tellingly, the program's headquarters decided to accept the report that dismissed the claimed violations, even though the report that substantiated violations was carried out by a top expert with ties to the International Labour Organization. That expert noted that workers were often interviewed with managers nearby, which created an atmosphere of intimidation. But the Fair Labor Association concluded, in contradiction to standard labor jurisprudence, that workers had the burden of proof to show beyond a shadow of a doubt that their rights were violated.

In sum, this corporate-influence social monitoring Association uses practices that tip the scales almost insurmountably against workers who want to organize. What is more, approximately half of the production facilities currently approved by the Fair Labor Association are now located in China and Vietnam, two countries that do not permit independent trade unions at all.

What Happens Next?

If corporate-influenced monitors of global labor conditions continue to fall short in protecting basic worker rights, corporations will probably see mounting protests modeled on recent anti-sweatshop movements, where activists publicize and protest violations of worker rights as well as bad working conditions. Organized labor and its allies will increasingly seek solutions outside formal institutional processes. Recently, an activist and student-supported campaign targeting Russell Athletic resulted in the termination of its contracts by over one hundred universities. Wildcat strike waves may also proliferate, as they recently have in China and Vietnam.

One of the main reasons transnational corporations joined social responsibility monitoring initiatives in the first place was to avoid activist campaigns and wildcat strikes. But corporate hopes may be dashed unless workers' rights to organize are much better protected in the future. Corporate-influenced social auditors have proved they will not do the job alone.

Read more in Mark Anner, "Corporate Social Responsibility and Freedom of Association Rights: The Precarious Quest for Legitimacy and Control in Global Supply Chains." *Politics & Society* 40, no. 1 (2012): 604-639.