

AMRC
CSR CONSULTATION MEETING
METROPARK HOTEL, HONGKONG 13-14 MAY 2010

Minutes of the Meeting

1. Participants

1. Cecile Tuico (WAC, Philippines)
2. Jeff Ballinger (U.S.)
3. Sujata Gothoskar (IUF, India)
4. Monina Wong (LAC, Hong Kong)
5. Yi Yi Cheng (SACOM, Hong Kong)
6. Tony Fung (WRC, Hong Kong)
7. Anwar 'Sastro' Ma'ruf (PRP, Indonesia)
8. Apo Leong (AMRC, Hong Kong)
9. Hilde van Regenmortel (AMRC, Hong Kong)
10. Sanjiv Pandita (AMRC, Hong Kong)
11. Omana George (AMRC, Hong Kong)
12. Doris Lee (AMRC, Hong Kong)
13. Sri Wulandari (AMRC, Hong Kong)
14. Fahmi Panimbang (AMRC, Hong Kong)

2. Background of Consultation Meeting (*refer to concept note*)

Purpose of the CSR Consultation Meeting:

1. To share experience amongst critical CSR practitioners and to learn from each other.
2. To consult participants about their experiences, so as to develop a position paper on the impact of CSR on the building of an Asian labour movement and its potential to impact global corporate power, to be shared with Asian labour organizations.
3. To discuss the possibility to develop a position paper, that is more widely supported by the Asian labour organisations.
4. To discuss other possible ways to counter-balance importance of CSR strategies.

Outline of the consultation:

1. Introduction

During this session we will give an overview of the various forms of CSR practices, and through discussion, we will surface the foundations upon which this model for change is

being built. It is this foundation that determines the potential and the limits of the approaches. Based on this, we will try to describe what CSR potentially can change, but more interestingly, what it will 'not' be able to change, in spite of its claims.

2. Mapping and assessing the CSR impact beyond CSR

Building the workers movement and advancing workers' struggle basically comes down to changing the power relations between workers' organisations and the power holders in a capitalist economy. The main question then becomes: does CSR (and its tools) contribute positively and sustainably to a change in power relations?

We can distinguish power relations on different levels.

- On the factory level: between workers' organisations and employers
- On the national level: between national labour movement and employers' associations or big corporations or government.
- On the international level: between regional or international labour movement and global corporations and regional or international institutions.

For each of these levels we will bring up our experiences on how CSR influenced the power relations. Were these negative or positive? If positive, what are the risks involved? What is the sustainability of the impact? Does it make a difference whether or not a Trade Union is present? Can we see differences according to the sector or the nature of the supply chain? What is the impact of environmental claims?

3. Ways forward

Based on the outcome of the discussion we can assess together if CSR is indeed doing more bad than good on the longer term for the labour movement. Do we feel there is a need to expose this type of impact of CSR, and to whom? If so, what can we do to make our voices heard? Where to put the focus on?

3. Main points of Historical Background of CSR Development

Hilde's presentation:

The demands for 'ethical business practices' are nearly as old as capitalism itself. The current forms of CSR emerged in the eighties and nineties, when many developing countries' economies shifted to an export-oriented production in global supply chains. Many scandals in corporations, including in the supply chains, saw the light (fraud, child labour, environmental damage, etc...), cause for protests by western activists and NGO's.

At the same time, the failure of international development aid became more obvious. Structural adjustment programmes did not result in real gains for developing countries, neither did aid delivery. International institutions came up with more norms and standards. In 1992, the UN Earth Summit in Rio de Janeiro introduced the 'triple bottom

line' business model (people, planet, profit) and the idea of using sustainable development to a company's competitive advantage; "the business case of CSR".

While CSR is basically considered a business practice (whether rhetoric or not), it has largely been shaped by the interplay between business interests and the external environment, mainly NGOs and governments. This interaction evolved and took many forms; initially a **confrontational** form but gradually also more **cooperative** forms, taking the "business-case" or 'win-win' as a starting point, as well as a combination of **insider and outsider** strategies.

From business side, the reaction was at first defensive, characterised by **self-regulation and window-dressing**, but more and more companies accepted the proposals for a more comprehensive approach, as they can be turned into a business advantage. This resulted in a variety of ever more complex practices or instruments, of which the Codes of Conduct, auditing and the Multi-Stakeholder Initiatives are the most prominent ones.

Many of these instruments and practices developed around the role of global corporations in developing countries in supply chains, especially in toys, garments and sportswear sectors, expecting that consumer pressure and stakeholder engagement are more effective means than labour law enforcement. Especially the public-private partnerships and multi-stakeholder standard setting – as a good governance practice- are used to give CSR its necessary **legitimacy**. CSR is believed to address the issues, by its managerial, regulatory, institutional and social potential.

However, but a limited number of companies worldwide engage in CSR (UN Global Compact had but 3.600 members in 2007, out of 78.000 TNCs and 780.000 affiliates registered by UNCTAD). There is a big problem of the 'free-riders', the crucial issues to be addressed are avoided, problems of scale, sustainability and replicability of the impact, and a very low cost-effectiveness ratio.

Nowadays, governments and international institutions have taken over the role of NGOs for the promotion of CSR, this from a perspective of promoting a 'humane capitalism'. A huge amount of money is poured into the business. NGO's seem to be regrouping in what is referred to as the "accountability movement", yet with the same mix of approaches.

CSR has won the battle of ideas, and serves the neo-liberal agenda of reduced role of state in favour of expanded role of corporate sector.

Comments and Reactions from participants

- Trade unions joined the band wagon as quickly as NGOs did and collaborated with companies on CSR initiatives. Figures from Corporate Responsibility Officers (CRO) 3 years ago stated the budget for CSR global initiatives spent annually as much as USD 31 billion. It should be acknowledged that in the OSH area, CSR has made important changes for the health of the workers, or in some

- instances rehiring of terminated workers - 'triage', because of NGOs appealing to CSR.
- Flaw in the CCC campaign as they never tried to make the labour law works or the Government works and this is the same problem with the ILO. Relying on CSR is worthless in enforcing governments to enforce the law, which is what their task should be. Organizers need to see how to use labour law to reinforce worker power. Rather than using labour law, however, governments are voluntarily taking part in self regulation driven by CSR initiatives.
 - CSR practices have been dividing the grass-root organizations. Certain initiatives get taken up by groups in the South, but then there can be an action from the North that completely wipes the fight of workers in the South. For example, SHARPS – a victims group in Korea which identified 10 young workers died and 26 others are injured due to occupational disease in Samsung factories – obstructed by the Basel Action Network (BAN) which on the other hand grants Samsung a certificate for responsible e-waste recycling in the US.
 - As matter of fact, corporations are stronger than states and we have to grapple with this fact. When we say we want power back to the people – is it to the state? Do we want the state to have more power? We need to clarify our position and crystallize the position.

4. Critique on CSR from Participant Experiences

CSR is as a tool of neoliberal globalization project in which corporations generate legitimacy and licences to continue their sweatshop practices.

Our situation

- Many people/workers in many parts of Asian countries do not understand what CSR is really about. Popular perception and understanding of CSR is very different.
- We have different experiences of CSR practices in many different industries.
- There is a complete divorce between company practices – which keep workers under the sweatshop practices – and the charity programmes running in society within neighbouring places. For example: Tata Tea in India, and Samsung. Samsung has Cancer Hospital but at the same time it keeps putting young workers in their 'silence killing factories'.
- CSR tends to merely incorporate social and environment requirements, NOT labour. Much of CSR activities are in the form of 'community development'.
- Lots of changes in market and society. We are not on top of them enough, and we need to look at our intention regarding CSR in different levels.
- Lack of transparency, we need to gather alternative information and let people know.
- Campaigns and persistent protests in early 1990s Indonesia were a key in raising the minimum wage, and popularizing it.
- There were failed campaigns/negotiations. We need to pay attention on workers in the ground and beware of company playing the game in breaking movement solidarity.

- In China, the most significant mechanisms to push for improvements of labour rights have been wildcat strikes as public pressure, media reports, and Chinese *Netizens* who have been putting pressure on the Government. There is also some passive resistance of the workers by not willing to migrate to other provinces. This has resulted in creating ‘labour shortages’. The fact encourages Government to make policies providing assistance to peasants.
- In China context, training (as CSR activities) viewed as an entry point to organise workers. CSR is a tool for the effort of improving labour rights as workers need to be organised and have strong pressure. -- Ten years ago most activists in Hong Kong/China avoid the training, but now ACFTU is very active in carrying out the trainings. Yet the content of training always avoids negotiation and mostly designed on labour law which avoids collective bargaining and freedom of association (FOA).
- Some companies are using strategy of beyond monitoring. They run the training which is away from the importance of freedom of association. There are really tricky games played by companies.

Impacts on labour

- CSR has been undermining the workers as it has divided the labour movement; resources as a factor for dividing the movement. It is also co-opting the labour movement, moderating, and pacifying the movement, and mostly intended to moderate the movement and push the harmonious industrial relation.
- The implication of CSR in grassroots level makes people think that it is the obligation of corporations to fulfil people’s rights (good education, clean water, health care), instead of State. At the same time, this has made the State/Government escapes from the obligation fulfilling people’s rights.
- CSR/Code of Conduct enables company making self regulation (privatization of labour law).
- CSR has been legitimizing corporation to continue their sweatshops activities.
- CSR affects alliances building between various sectors; CSR has element of ‘divide and rule’ tactics in dividing various sectors of society.
- Distortion of the media frame from “workers fighting the bad bosses” more to how good the companies are doing in terms of Codes of Conduct, etc.
- CSR and the general ideological war: CSR is not the cause but one of the consequences.
- Opportunity costs – We might spend time in reforming the state rather than the corporation.

Our position

- We have to criticize and dismantle CSR practices, and taking up anti-CSR by engaging collective struggle from labour, peasants, and fisher folk; our aim is for grassroots mobilization and opposing business-led CSR.
- We need to be critical to labour law as it contained lots of interests from multinational corporations; try to go beyond labour law.
- We ought to have similar perspective or collective point of view on CSR issue.

- We say NO to Trainings! Just surveys, what are the real wages and working conditions of the workers, do they meet legal requirements? “We can embarrass the companies.” See how much they spend for the workers.

5. Issues to address and strategy

CSR issues to address

Plant/Community Level

1. Philanthropy giving free ways for union busting
2. Bribing and co-opting union
3. Initiatives over a time in corporate in management structuring

National Level

1. Privatization of labour law
2. De-legitimatization of democratic process/state
3. Role of state in enforcement
4. Lack of resources/ information/perspective
5. Lack of access to workers
6. Workers are susceptible due to lack of unions

International Level

1. CSR as vehicle for neoliberalism
2. Integration of Asia into global factory
3. CSR often used in northern campaigning and sometimes imposes it on the south.

Strategy to be taken

- We should be looking at how CSR issue affects labour movement as a whole, NOT just an aspect of formal workers (as they accounted for only small number).
- We need to revisit aspects of CSR: Ideological, political and economic aspects. It would be more concrete if we could classify the practices and aspects into more detail example.
- The case of Basel Action Network (BAN) granting Samsung a certificate for responsible e-waste recycling in the US is one of the obvious examples that consolidation of Southern grassroots collaboration should be strengthened and prioritized rather than emphasizing on North-driven initiatives.
- We need more interventions. Observing the upward trend of Fair Trade in food, how can we make use of it? Corporations have clout across countries. NGOs have some leverage, against governments. We should look at these different levels, and then we can have a more nuanced view both to use for worker empowerment and to bash CSR.
- Empower workers to supervise the government.
- Engage grassroots and look at how we get through CSR issues; link up our effort with them to share experiences each other.

- Build alliances and resources to solve what things to do after the spotlight have faded, and also to deal with campaign fatigue that comes after continuous uphill struggle.
- Set up decision making mechanism, and grassroots should have right to decide.
- We have to gather alternative information on CSR and do massive campaign.
- Apart from the campaigns on bad practices of big companies, we also need to pay attention to small/medium companies or brands which have been violate workers rights.
- There was suggestion to do solidarity work, analyze macroeconomic framework – FTAs framework agreements. We need common analysis at regional level, like China-ASEAN Free Trade Agreement (C-AFTA) affected workers at the ground.

6. Area of Discussion

Engagement of NGOs

- As there are lots of NGOs, academics, and experts who are working on CSR, we should engage them in our effort.
- We want to convince fence-sitters, so they should be engaged. We need to frame the position paper differently.
- Discuss and engage with those who are still engaged in CSR activities, but NO engagement for companies.
- We leave room to continue co-working with groups like CCC.
- Other targets: environment, peasants, and fisher folks. We can't just keep at labour unions and use territory or community-based strategy. Keep labour movement as part of social movement.
- We need to have united front among NGOs and unions. Are NGOs and workers setting the conditions, or the company is setting the conditions (in a CSR engagement of NGO-company)?

Role of state

- We need to shift our focus away from self-regulation (CSR/Code of Conduct) to government regulation/labour law.
- Attack the Government and put forward the alternative information that CSR has undermined Government.
- Put information out about violations. Put it back on the governments; shift away from corporate hands.
- We have to demand government to do proper factory inspection, and law enforcement.
- There should be punitive sanctions for corporations violating code of conduct. Calling for the enforcement of labour law is necessary.

Role of consumers

- We should be looking at how the consumer movement should be strategically places in the whole labour movement and what role it can play.

- We can engage consumers in our efforts by bringing them really close to a workers campaign and how their action can bring some solidarity to change in workers struggle and lives to the ground. It will be a specific leverage point to workers struggle.
- However, building stronger solidarity between workers in North and South is more important rather than merely focusing on consumer campaigns. Consumer movement does not address contradiction of capitalism. If we look at CSR consumer campaign it uses consuming power to influence the profit making. It never works and is misleading. What we really need is to catch up with capitalist contradiction (economic crisis impacts everyone in North and South).

Role of Media

- Media strategy is all about timing and sensationalism. Workers stories are not really covered and not given importance. On the other hand, we have to be careful about the media as it is not impartial. Mainstream media are belonged to capitalist/employers. But now to a certain extent internet has liberalized media.
- We need to have a media strategy – selecting media to whom to talk, avoid those who will distort an interview.

7. Further Step

Concrete planning

- AMRC is to draft the anchor document about CSR critical evaluation, and to be translated (by each participant) into different local languages and developed further for local contexts.
- First step: make a draft in two weeks (by **28 May 2010 – too short, will be extended up to?**). Everyone participates in the drafting of concept. AMRC will put points together from this meeting. AMRC will consolidate and put together in the critique paper. Later everybody can add/delete.
- Around **November 2010** AMRC planned to have a meeting on international solidarity.
- China meeting will be in May, and will be discussing this issue. Also the paper will be disseminated in **September, October, and November** at AMRC's network meetings (ANROAV and ATNC), apart from posting it on website. In the Philippines the paper would be in a primer format, while in Indonesia the process will be a bottom-up National Consultation. Indonesia has an alliance (Committee for National Solidarity – *Komite Solidaritas Nasional or KSN*), which involve state-owned companies' workers union. The campaigns that have been taken up by KSN are anti-union busting, anti-privatization, and anti-outsourcing practices.

Content of paper

- Contents of critique paper shall incorporate the following elements: (1) Arguments that CSR has failed and the success only for the corporations; (2) CSR created problems for the labour movement and substantiated with examples; (3)

Exposing different aspects of CSR by putting more practices examples and experiences.

- Analysis shall come from solid case studies, bringing out real cases of demonstration, and with perspective that state should take back its sovereignty to serve the people. Need to pay attention to local context, be supported by strong local movement. Keep the character of struggle: collective, independent, and democratic; make sure we are not asking for REFORM of CSR. We should attack CSR how it deviates labour movement.
- The paper can be in two forms or two sections: one for commonly agreeable points; and others which are more for discussion, to work out some debated points more fully. It is to use extensively in the region; for workers in the ground, the paper may be phrased differently.
- Endorsement will be requested through email of networks. AMRC will enlarge the impact by disseminating it in their several networks' meeting this year.
- Keep one person as contact point in each country. Main objective is to build solidarity among progressive organizations at regional level.
- Problem: in many countries like in India, NGOs and unions are not really communicating and working together. Identify what are the issues that prohibit meaningful collaboration.