

INDIVIDUAL COMPANY CODES OF CONDUCT

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### Individual Company Codes of Conduct

In recent years, there has been a proliferation of codes of conduct that govern multinational corporations. The emergence of corporate codes of conduct was necessitated by economic developments which led to import substituting industrialization. As a result, multinational companies began to enlist the services of global supply chains to do manufacturing on their behalf. However, the global supply chains are required to be socially responsible in various areas such as upholding human rights, labor and environmental standards. There have been instances where global supply chains have not adhered to human rights standards; hence, such instances have casted multinational corporations in bad light. Therefore, there has been a need for multinational corporations to develop codes of conduct that govern the activities of global supply chains. The objective of this paper is to analyze how individual company codes of conduct will help multinational corporations to promote human rights accountability.

In the past two decades or so, human rights accountability was considered to be a concern of the state(s). It was unusual to come across the expressions business and human rights in the same sentence. However, this trend has changed as companies are required to be socially responsible by upholding minimum standards of human rights. The concept of social responsibility is often applicable to multinational corporations that have contracted their services to global supply chains. In recent times, plenty of multinational corporations have recognized the essence of respecting human rights wherever they operate (Ritcher, 2012 p. 77). International organizations such as United Nations have developed tools that are meant to help multinational corporations to understand the meaning of human rights in the course of their daily operations. Furthermore, these tools are meant to help the companies to identify potential risks that may

arise as a result of human rights abuses. In the process, major multinational corporations have realized that profits are inversely proportional to respect of human rights.

Multinational corporations are required to adhere to the culture of sustainable business practices. These practices are meant to ensure MNCs achieve economic, social and environmental progress. In fact, multinational corporations should have in place a philosophy that allows them to be accountable and responsible especially when they are doing business with global supply chains. Although global supply chains play a critical role in the sustainability-oriented value chain, it is imperative for them to live up to the standards and principles that are outlined in the codes of conduct. Therefore, the onus is on multinational corporations to ensure that global supply chains are committed to implementing the company's codes of conduct especially those that touch on human rights accountability. Codes of conduct help to ensure that multinational corporations live up to the global-binding principles that often require their global supply chains to behave in a law-abiding and ethical manner. In addition, the codes of conduct require the supply chains to conform to all existing laws and regulations, especially those that require them to uphold human rights standards.

When multinational corporations compel global supply chains to sign individual codes of conduct, it helps to ensure that they will respect the fundamental human rights as spelled out in the international conventions. Of concern is to analyze how individual codes of conduct will help to promote the culture of human rights accountability on the part of global supply chains. For starters, the codes of conduct will require global supply chains to put in place internal regulations that govern the respect for human and labor rights. Second, in the process of carrying out personnel-related activities, the global supply chains are required to respect the principles of equal treatment and equal opportunities. For example, the supply chains should discourage

discrimination on the basis of skin color, race, or gender. The supply chain should discourage forced labor as it is considered as a human rights violation under the conventions of International Labor Organization. As part of respecting human rights, the codes of conduct should compel supply chains to provide fair remuneration to their employees based on the statutory minimum wages. Moreover, individual codes of conduct should prohibit supply chains from employing workers who have not attained the minimum age of employment. In fact, the supply chains should adhere to the minimum employment age as stipulated by the conventions of the International Labor Organization (Cohen, 2007 p. 136). As a result, the supply chains will be required by the codes of conduct to verify the dates of birth of any individual seeking employment. The supply chains should comply with regulations that prohibit child labor.

The existence of individual codes of conduct allows multinational corporations to ensure that supply chains are responsible for the health and safety of their employees. The codes of conduct will compel the supply chains to provide a commitment to occupational health and safety. The supply chains will be required to assess the possible effects of activities that are likely to have an impact on the health and safety of employees. The codes of conduct will make it imperative for supply chains to get rid of dangerous and unsafe working conditions that are likely to put the lives of employees at risk. Furthermore, the supply chains will be required to control hazards by putting in place precautionary measures against occupational diseases and accidents. Therefore, possible hazards should be assessed so as to devise ways of minimizing or eliminating the risks and effects posed by these hazards. The codes of conduct should contain a provision which requires multinational corporations to lend support to their supply chains in implementing health and safety standards. The codes of conduct should make it mandatory for the supply chains to provide their employees with protective equipment which is necessary for

their job. The supply chains should train and educate employees on how they should detect risks as this will help to prevent accidents. In the event that supply chains fail to comply with the codes of conduct that seek to uphold human rights, multinational corporations are required to pull out from further business transactions.

It is worth noting the several news media exposes as well as the awareness of the general public on the role of multinational corporations in upholding human rights, has prompted MNCs to provide their supply chains with individual codes of conduct. In the early 1990s, a significant number of multinational corporations were victims of extensive negative coverage which had something to do with infractions of their supply chains. Most of these supply chains were accused of violating human and labor rights. At the same time, the availability of advanced communication technologies provided an avenue for distributing information that was likely to damage the brand image of multinational corporations. Furthermore, a variety of civil society organizations and NGOs that support human rights initiatives established websites which distributed reports or information on multinational corporations that violated human rights through their supply chains (Marshall, 2016 p. 218). Such developments increased the need for multinational corporations to develop individual codes of conduct for their supply chains, or else they stood the risk of dealing with public relations nightmares. The availability of individual codes of conduct often protects multinational corporations from negative exposure. Such corporations are accused of playing a part in human rights violations such as child labor. It is imperative for multinational corporations to be aware that their brand image stretches beyond the borders of their home countries; hence, they should enhance their brand image by being associated with positive actions that strive to uphold human rights.

Individual codes of conduct often help to avoid production disruptions. Research studies have established that companies that have been accused of human rights violations suffer of disruptions which occur due to factors such as consumer boycotts. Multinational corporations are required to prove that their products are being produced ethically and sustainably. For this reason, codes of conduct often help to mitigate the risk of human rights violations on the part of the supply chains. Apple is one of the global brands that had to confront the nightmare of consumer boycott of its iPhones and iPads after reports emerged of how its Chinese suppliers subjected workers to horrible working conditions. The situation forced the global brand to clear the air and release its code of conduct which showed that the company requires its supply chains to respect human and labor rights. However, the damage had already been done and the company was left with the burden of repairing its public image (Inkpen & Ramaswamy, 2006, p. 43).

Having codes of conduct makes it possible for multinational corporations to establish a rapport with their customers. More often than not, customers want to believe that the products of multinational corporations are produced in an ethical manner. Research studies have established that trust is an integral component of business relationships. It is imperative for global brands to ensure that their supply chains adhere to ethical behaviors that seek to promote human rights. By having a code of conduct, it helps to solidify the trust between a global brand and its customers. Initially, the debate about codes of conduct was prompted by the concerns of countries that hosted the supply chains. However, the tone for codes of conduct has changed as it is spurred by the concerns of consumers in the first world economies which are the major markets of global brands (Kuper, 2012, p. 84). Consumers in the first world economies are concerned by failure of global brands to compel their supply chains to uphold human and labor rights of their workers. Consumers are not interested in purchasing products that have not being ethically produced.

Global brands should ensure that there is a strict adherence of the codes of conduct by the supply chains so as to avoid markets pressures that are characterized by social connotations arising from human rights violations.

The emergence of codes of conduct came in the midst of the New International Economic Order, a concept that was being developed by the United Nations and which was viewed by many as an approach that sought to control economic development. Civil society organizations and trade unions had a difficult time in interpreting the provisions of NIEO although it was a concept that sought to control the activities of multinational corporations and their supply chains. The introduction of codes of conduct allowed multinational corporations to self-regulate themselves; hence, they were required to establish a minimum level of human rights and labor standards. Companies were required to compel their supply chains to respect the principles of the codes of conduct. Global brands were required to develop promotional measures that sought to ensure that supply chains were able to fully implement the codes of conduct.

According to Sornarajah (2010, p. 114), individual codes of conduct are often considered to be statements of intent that allow multinational corporations to remain relevant in the global enterprise. Codes of conduct allow a global brand to be respected by consumers of its products for upholding human rights and labor standards. In fact, such companies are credited for practicing sustainable business practices. However, the fact that multinational corporations are required to provide their supply chains with individual codes of conduct is proof to the fact that the minimum human rights and labor standards are yet to be universally observed. Other than fearing consumer backlash, most global brands have realized the need for sustainable business practices and they would want to ensure that they are on the same page with their supply chains.

In conclusion, codes of conduct are integral to the success of global brands that have enlisted the services of supply chains. Multinational corporations are required to put in place broad-based codes of conduct that seek to promote human rights accountability. The need to have codes of conduct is meant to ensure that multinational corporations and their supply chains share the same values. Codes of conduct seek to ensure that multinational corporations compel their supply chains to uphold the minimum human rights standards such as providing a guarantee for health and safety of their employees, avoiding child labor, fair remuneration, and discouraging discrimination. The onus is on multinational corporations to monitor their supply chains so as to ensure that they implement the codes of conduct to the letter, or else they will be forced to contend with consumer backlash.

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