

## ***“Gender and Corporate Responsibility in Global Production Networks”***

### **Wrap-up of workshop results**

Berlin, 29 March, 2011

### **Introduction**

Gender discrimination constitutes a crucial and complex problem in global supply chains and production networks. Especially export-oriented, labour-intensive industries like garment, electronics, toys and agriculture are characterised by a strong gender segregation, where women form the dominant labour force in lower tiers of the supply chain. Working conditions in these tiers are usually poor, wages are extremely low and fundamental rights at work are often violated. Sexual harassment and other forms of violence often add to these general structural conditions.

This picture stands in sharp contrast to most corporate codes of conduct, which usually emphasise the right to non-discrimination and decent labour conditions for all workers regardless of origin and gender. Whereas many corporate and multi-stakeholder initiatives have developed comprehensive codes for social standards and detailed handbooks for their implementation in supplier factories, their success with regard to non-discrimination has stayed opaque. Given existing poor conditions on the one hand and broad corporate commitments on the other, we need to question the success that corporate social responsibility (CSR) approaches have had in respect of gender discrimination in the context of global production. Also, with regard to state actors and development agencies who actively support various corporate and multi-stakeholder initiatives, it is crucial to clarify the impact that these initiatives have on gender equality and which factors could contribute to a stronger impact.

Against this background, Bettina Musiolek has conducted a study<sup>1</sup> as part of the project on “Human Rights, Corporate Responsibility and Sustainable Development”. This project is carried out by the Institute for Development and Peace (INEF) at the University of Duisburg-Essen and is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ).

In her research paper, Bettina Musiolek identifies critical areas for gender equality in the workplace within global supply chains and assesses how far codes of conduct and implementation documents include these areas by defining norms and offering practical guidance. She also analyses existing impact assessments in relation to gender equality at work and finds that this issue is under-represented among the already limited impact of code implementation.

Based on her research, the author gives policy recommendations for corporations, civil society and development actors. In order to present and discuss these recommendations, the international workshop “Gender and Corporate Responsibility in Global Production Networks” brought together participants from civil society, trade unions, business, state agencies and academia who discussed major challenges for the goal of gender equality in global value chains.

The following will give a brief overview of the gender-specific problems that were presented and complemented by workshop participants. Based on these problems we summarize recommendations for CSR initiatives and related actors that have been discussed throughout the workshop.

### **Summary of gender-specific problems in global supply chains:**

- **Gender discrimination is a human rights issue.** It cannot be separated but needs to be understood as a cross-cutting theme. Human rights predicaments within global production networks and supply chains have a strong gender dimension. The most

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<sup>1</sup> The research paper has been published in German only. The full version can be downloaded at: [http://www.humanrights-business.org/files/geschlechtergerechtigkeit\\_und\\_freiwillige\\_instrumente\\_der\\_unternehmensverantwortung\\_musiolek.pdf](http://www.humanrights-business.org/files/geschlechtergerechtigkeit_und_freiwillige_instrumente_der_unternehmensverantwortung_musiolek.pdf).

basic and acute problems with respect to gender equality are related, however not limited, to the following rights:

- the right to a living wage and equal pay;
- access to collective interest representation and the right to collective bargaining;
- access to the labour market and the right to stable, protected employment;
- access to unarmful working conditions and the right to be treated with dignity.

- **Gender discrimination is an important instrument of labour flexibilisation used to enhance corporate competitiveness.** Developing potent strategies to achieve gender equality requires an understanding of the gender-specific dynamics in global supply chains that push women into precarious work.
- **Gender-based discrimination with respect to both hierarchy and type of work remains wide-spread among global supply chains.** Women make up the majority of the workforce in the garment, toy, electronics and agricultural sectors, albeit to varying degrees. Supervisors and senior managers, on the other hand, are generally male, especially in the agricultural sectors. Tasks are assigned gender-specifically, which means it is mostly women who perform low-pay, low-prestige work. As the supply chain deepens, the proportion of women workers grows.
- **The presence of women is strongest where employment is predominantly informal, unprotected and unregulated.** Informality increases with supply chain length. Formal and informal types of employment are not worlds apart; they form a continuum.
- **Working conditions often pose a threat to workers' health,** sometimes to their lives, not only but especially where work is widely unregulated and informal.
- **Wages are systematically and consistently low,** sometimes below the absolute poverty line of USD1 per day, often below the statutory minimum wage and usually far from sufficient to provide a secure livelihood. The lack of living wages and the persistence of unequal wages for equal work are crucial factors of gender discrimination in global supply chains.

- **Excessive overtime is wide-spread** and closely linked to the problem of indecent wages. Due to the persisting double burden of reproductive work and wage labour for most women the issue of working hours has a strong gender dimension.
- **Freedom of association**, collective representation and collective bargaining are largely absent from these sectors. Furthermore, the degree of unionisation diminishes as we move down the supply chain. Where unions are active, women are underrepresented as unions often have a male-dominated structure.
- **Sexual harassment, disparaging treatment and discriminatory recruiting practices** are part of many women's everyday working experience. Women are stereotyped as 'supplementary' earners and cheap 'willing' labour.

The following graph illustrates different job types. It shows that the less formal a job situation is, the more costs and risks have to be borne by the worker. Women are often employed in job types B to D and therefore bear high risks and costs, such as for maternity leave and health care.

Overview of general job types – A gender segregation is apparent with women working mostly within the lower, more precarious jobs:



Source: Research and Graphics from “Better Jobs in in Better Supply Chains”, Business Brief No. 5, Oxfam 2010.

It was apparent throughout the discussions that gender mainstreaming in the context of workplace-related concerns in global value chains is a real challenge that touches on the very organisation of the chain. Up to now, both state and non-state actors predominantly pay lip service to the quest for gender equality but fail to operationalize and put effective measures for non-discrimination into practice. Therefore, gender equality is still at the stage of agenda setting.

## Recommendations for CSR initiatives and relevant actors

**CSR initiatives have not yet been able to tackle fundamental problems of gender discrimination.** As existing impact analyses show, gender equality has been under-represented among the impacts of CSR instruments. Many workers, male and female, also remain ignorant of the rights granted to them by the codes of labour practice. Improvements concentrate on direct suppliers and on the more regulated and protected areas of the sectors under scrutiny. The less secure but more frequent forms of work like temporary, seasonal, contract and migrant work generally persist and it is here that employment conditions were found to be poorest and codes' impacts were least felt. Therefore, **any CSR instrument will remain weak as long as it does not build upon an understanding of the complex forms of discrimination** at work in global supply chains. At the same time, understanding forms of gender discrimination is closely related to tackling other genuine social problems within global value chains. The following summarizes arguments and recommendations for different actors brought forward throughout the workshop.

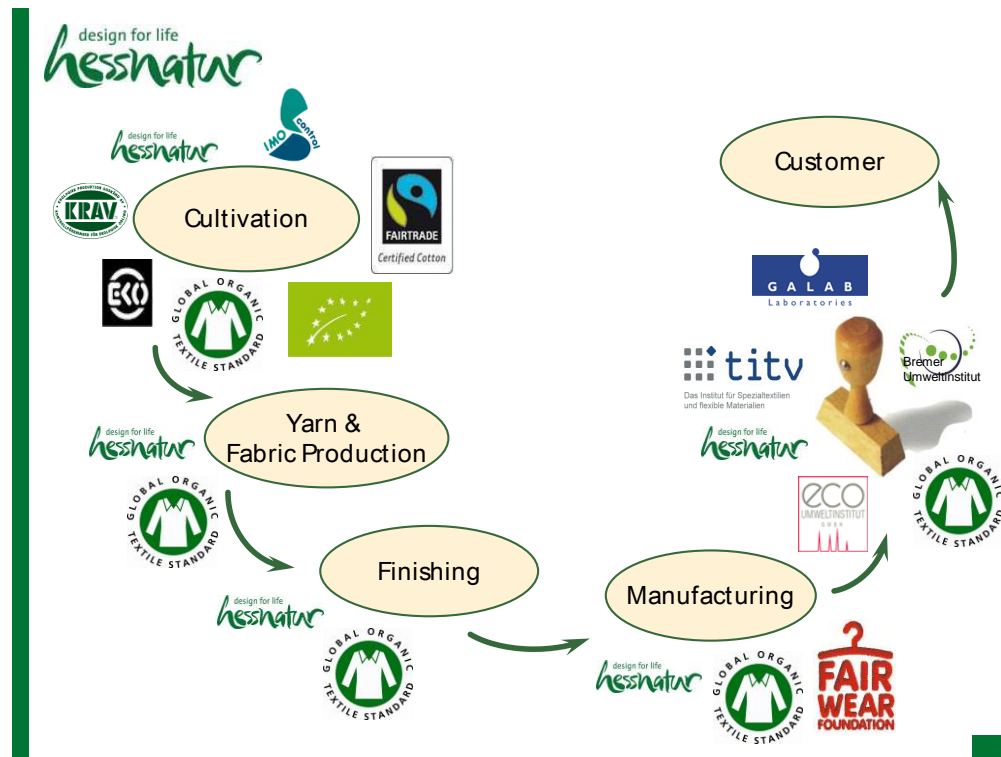
### *Key aspects for Employers:*

- **Human rights due diligence requires a systematic approach** to the problem of gender discrimination in global production networks and supply chains.
- **For CSR instruments to be able to strengthen gender equality, clear norms and criteria must be laid down.** The two main labour standards aimed at securing gender

equality are those referring to a fair remuneration for both women and men (equal pay for work of equal value) and to non-discrimination in the workplace. They are stipulated in the ILO conventions C100 and C111.

- **Purchasing practices as part of the governance of supply chains need to become subject to CSR policies.** Suppliers' efforts to improve working conditions are frequently hampered by the downward pressure on prices and lead/delivery times. Typically, order changes at short notice (while production or harvest is under way) lead to unplanned and excessive overtime work and additional costs for suppliers. Also, arbitrary complaints by buyers put additional pressure on suppliers and increase insecurity for both employers in lower tiers and for workers. Voluntary CSR instruments can help enforce human rights only when they are seen as an integral part of supply chain management across the sector. Purchasing strategies should strengthen, not impede, compliance with human and workers' rights.
- **Addressing the whole supply chain and tackling informal employment.** So far, legislation and CSR initiatives have primarily affected the formal, regulated spheres of the economy, not the whole supply chain. To take stronger account of informality, more research and analysis of experiences from which to deduce strategies need to be done. Another matter for further discussion and field experiments is the question of how precisely brands' and retailers' responsibilities for the whole supply chain is to be conceived. In view of the hierarchical structure of production chains, delegating large parts of companies' responsibility for social standards to suppliers does not seem advisable.
- **Sometimes the devil is in the detail:** E.g. possibilities for maternity leave are important; qualitative data is needed in order to understand gender-related issues throughout the supply chain.

Example of a combination of partners and codes: Illustration of Hessnatur's attempt to cover the whole supply chain:



### Key aspects for workers:

- **Empowerment and participation** are crucial. Improvements with regard to the freedom of association and forms of collective bargaining on a factory level are seen as important preconditions for dealing with various forms of gender discrimination at work. New forms of participation, e.g. through multi-stakeholder organisations and local civil society groups, need to complement trade union representation, which is often weak or absent.
- **Awareness-raising** is often necessary in order to inform workers about their rights, about existing forms of discrimination and possibilities to complain. Trainings can be done by local organisations or workers themselves.

### *Key aspects for governments and state agencies:*

- **A human rights approach** could be a starting point for development actors. This approach would depend upon an understanding of the interrelatedness and interdependence of all human rights, i.e. both economic, social, and cultural rights as well as civil and political rights. Gender discrimination transverses different rights and therefore requires such a systematic understanding of human rights as the basis for development. A human rights approach would require a consistent and comprehensive definition and the political will to mainstream human rights throughout different policy fields. An active dialogue on this approach would be a first step in this direction.
- **Lessons learnt** from a project level are crucial. However, a project level is often insufficient because it does hardly tackle structural issues. Long-term approaches are needed. Part of such long-term approach has to be a stronger **capacity building** within state development agencies for higher gender sensitivity. Also, a more systematic **cooperation** between OECD and production countries is necessary.

### *Key aspects for multi-stakeholder initiatives:*

- **Multi-stakeholder organisations provide a space for dialogue** between stakeholders and the opportunity for supplier managements and international buyers to learn about existing working conditions and related forms of discrimination. Therefore, “strong” MSIs are needed; i. e. there must be an effective participation of all stakeholders throughout all steps of norm development and implementation. Often there is a lack of participatory structures in CSR initiatives, and empirical analyses show that business-led initiatives are often lacking effective mechanisms on a factory level.
- **Clear norms and criteria must be laid down.** The two main labour standards aimed at securing gender equality are those referring to a fair remuneration for both women

and men (equal pay for work of equal value) and to non-discrimination in the workplace. They are stipulated in the ILO conventions C100 and C111.

➤ **However, biggest hurdles are on the level of implementation**

- Audits themselves are often gender biased;
- auditors are female but supervisors are male;
- there is a lack of long-term solutions.

*Key aspects for trade unions:*

- **Increase gender sensitivity** and identify structural discrimination in trade unions.
- Find ways to **organise alongside and across global production systems** and supply chains. One example is the attempt to define an Asia Floor Wage. Also, closer cooperation with multi-stakeholder groups can be fruitful.
- General demands by the International Trade Union Confederation (ITUC) and Global Unions Campaign:
  - Restrict temporary and contract work to cases of genuine need;
  - guarantee equal pay for precarious workers and their right to join unions;
  - long-term temporary jobs need to be converted to permanent jobs.

*Key aspects for labour-related NGOs:*

- In all four sectors, **consumer and transnational labour law campaigns** have been acting as triggers as well as correctives by taking a key role in publicising human rights abuses and/or workers' rights violations at the hands of manufacturers, i.e. within global supply chains. The development of sector-specific constellations of relevant actors depends strongly on these workers' rights movements, their level of mobilisation, the quality of their research and the solidary co-operation between workers and consumers.

## Concluding remarks

The workshop has shown both severeness and complexity of gender-related problems in global value chains. Also, it has made clear that voluntary corporate instruments at hand have so far been insufficient to solve these problems and that the issue of gender discrimination is closely entangled with other major human rights issues in global production networks.

Given this deficiency in current corporate social standards we hope our workshop and our ongoing work in the field of human rights and corporate responsibility will contribute to setting gender issues on the agenda that tend to be marginalised or underestimated in current CSR debates.

We particularly thank all workshop participants for a lively and interesting debate and hope the issue of gender discrimination will become more visible in future work on CSR and global value chains.