



UNIVERSITY OF GOTHENBURG  
SCHOOL OF BUSINESS, ECONOMICS AND LAW

## Making social responsibility matter in global value chains



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# Private regulation: Certification and codes of conduct



## HP Supplier Code of Conduct

Version 5.0, Effective April 1, 2015

The Electronic Industry Code of Conduct (EICC) establishes standards to ensure that working conditions in the electronics industry supply chain are safe, that workers are treated with dignity and respect, and that business operations are conducted in an environmentally responsible and ethical way. The HP Supplier Code of Conduct (also known as the HP Electronic Industry Code of Conduct or HP EICC Code of Conduct) is based on the EICC Code of Conduct and reflects additional HP standards and expectations and the nature of our Suppliers' operations.

This Policy defines the social and environmental performance requirements for HP suppliers.



## Code of Conduct



Issued by:  
Thomas Bergmark

Approved by:  
Anders Dahlvig

Date: January 10, 2007  
Edition: 3  
Date of 1<sup>st</sup> edition: August 31, 2000

IKEA Services AB

## THE IKEA WAY ON PURCHASING HOME FURNISHING PRODUCTS (IWAY)

### 1. The IKEA Code of Conduct - IWAY

"The IKEA Way on Purchasing Home Furnishing Products" is our code of conduct. It describes minimum requirements on social and working conditions, together with environmental demands, at suppliers of the IKEA range. It has been established in order to make the IKEA position clear to suppliers and their co-workers, as well as any other parties. It is based on the eight core conventions defined in the Fundamental Principles and...



### INTRODUCTION

This Code of Conduct is applicable to all suppliers, their subcontractors and other business partners that do business with H&M Hennes & Mauritz AB (publ.), registered in Sweden, corporate organisation number 556042-7220, or any other company, wholly or partly owned, directly or indirectly, by H&M Hennes & Mauritz AB ("H&M").

This Code of Conduct is drafted and valid in the English language. Where there are different language versions of this document these shall be considered translations of convenience only and the English version will prevail in any case of discrepancy

H&M's business concept is to offer fashion and quality at the best price. Quality also means that our products must be manufactured in a way that is environmentally and





## Responsibility boundaries: In or out?

- Problem: Unlimited auditing needs and limited resources.
- Solution: Supplier prioritization models (restricting to first tier etc.)

*If you have 2000–3000 suppliers, it is impossible to audit them all (interview, CSR manager, garment)*



**Unclear and inconsistent responsibility boundary placement**



## Once inside - Compliant?





## Improve over time?

- **No!** Locke et al. (2008) 800 Nike suppliers in 51 countries between 1998 and 2005 show that working conditions did not improve at 44%, declined at 36% och improved at 20%.
- **Marginally!** Egels-Zandén and Lindholm (2015) "Fair Wear Foundation" factory audits (incl. 43 factories with multiple audits) show only marginal improvements in total.
- **Yes!** Distelhorst et al. (2015) show, based on study of HP, large and statistically significant improvements over time in 12 of 20 audit items.



## Codes have uneven impact

### The downside

- Codes are particularly ineffective in relation to labor union rights, gender discrimination and market flexibility (Anner, 2012; Bartley and Egels-Zandén, 2015; Egels-Zandén and Lindholm, 2015).

### The upside

- Several studies have indicated that codes can improve issues such as health and safety, salary, and child labor.

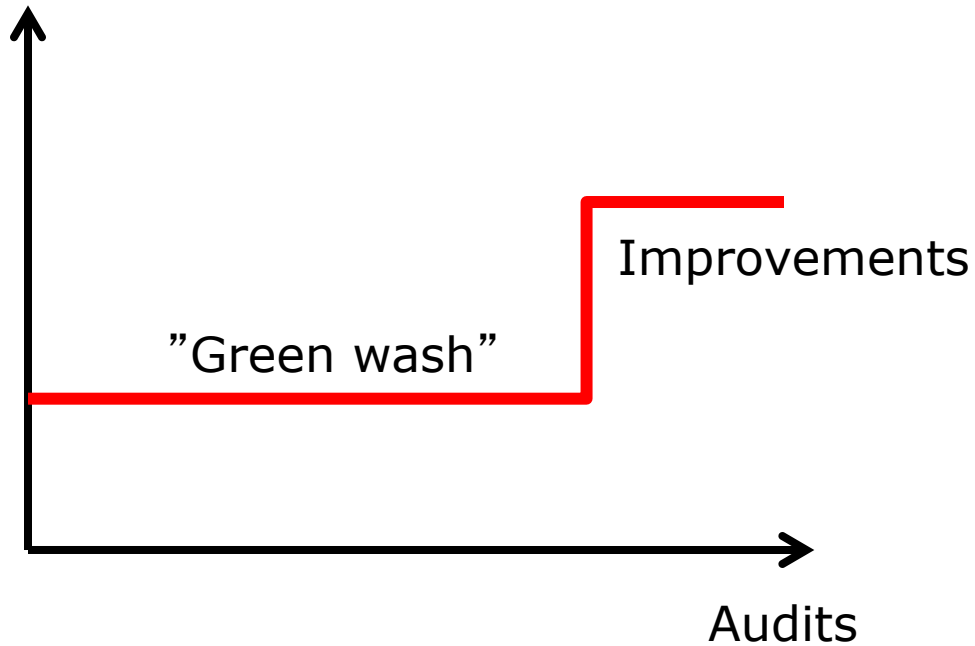
### Context matter

- Codes have greater impact in countries with stronger civil society and regulatory institutions. For example, codes have problems in China (Distelhorst et al., 2015).



## Recomendation I: All or nothing

Working conditions





## Recomendation II: Supplier development

	Factory A	Factory B
# workers per line	6	10
T-shirts per day per line	900	800
T-shirts per worker	150 / day	80 / day
Wage per day (incl. bonus)	\$17.2	\$13.6
Labor cost per t-shirt	\$0.11	\$0.18



## Recomendation III: Integrate private and public regulation





## Recomendation IV: Beyond auditing and codes



Freedom of Association Protocol, 7 June 2011 — English translation

### Freedom of Association Protocol

#### Preamble

The Parties recognise and affirm a joint commitment to uphold the right to freedom of association as part of the body of universal human rights.

The Parties recognise the existence of issues and problems in the implementation of freedom of association for workers in Indonesia which impact upon workers' other rights.

The Parties recognise and are aware that as a result of the violations and problems that arise in the implementation of freedom of association, it is not uncommon for union representatives and members to experience victimisation.





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## Questions