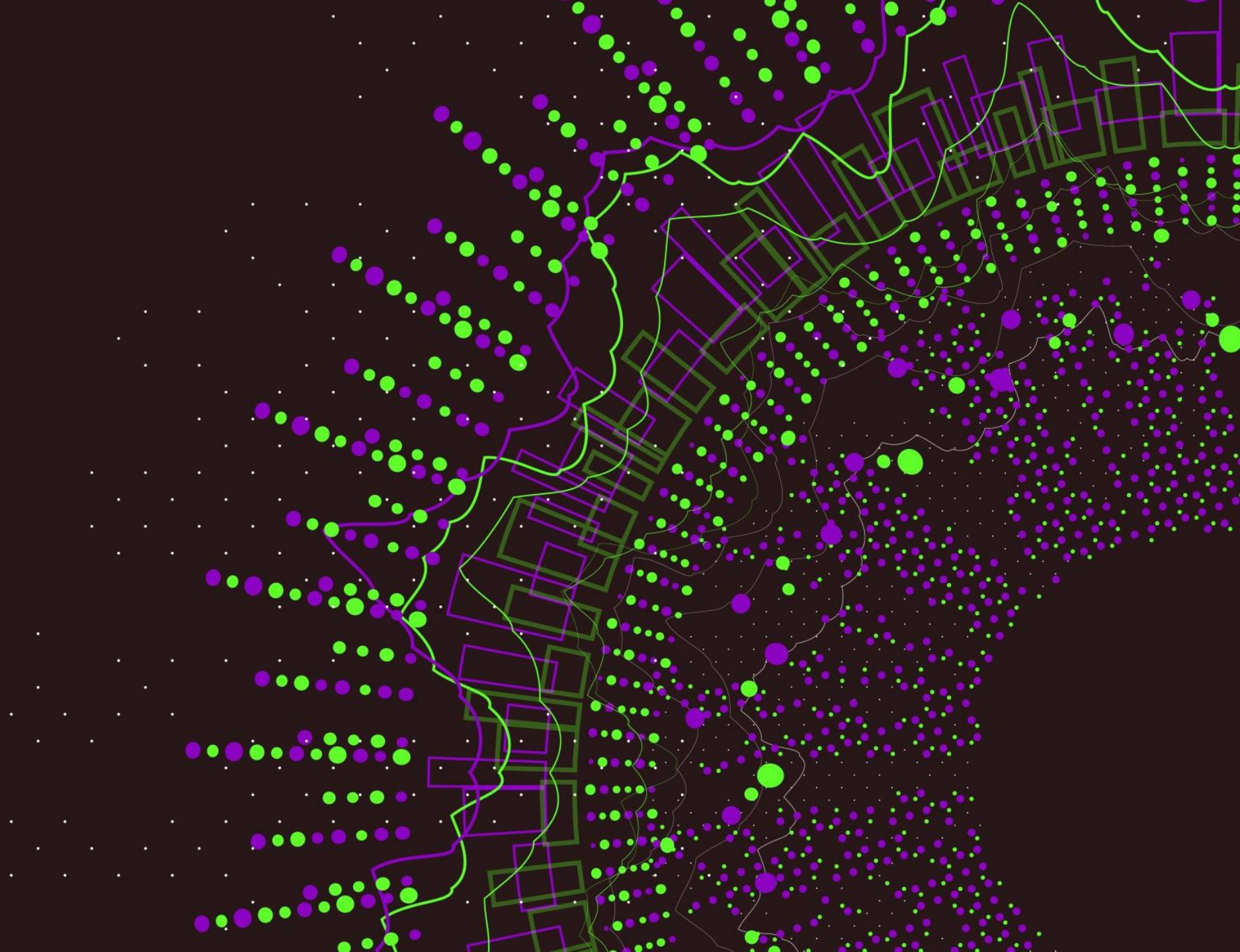


Role of Global Businesses in relation to Ethics

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What we need to know

Here are all the topics this PowerPoint aims to cover from the BME Y12 Syllabus.

- the role of business in relation to ethical practice in a global context, including:
 - minimum standards of labour by the International Labour Organisation (ILO), including the use of child labour
 - corporate social responsibility
 - environmental sustainability



International Labour Organisation (ILO)

Established in 1919, the International Labour Organisation (ILO) is a tripartite (having three parts) agency that is a part of the United Nations. It aims to bring together: governments, employers, workers and representatives of all 186 member nations. The focus of this agency is to ensure opportunities for all to obtain decent and productive work conditions.

There are **three (3)** main objectives this agency aims to carry out:

- **Setting and promoting labour standards** that are fundamental in protecting human rights
- **Enhancing the effectiveness and coverage of social protection** for all. Social protection is defined by the United Nations as all policies and programmes aimed at “preventing or protecting all people against poverty, vulnerability and social exclusion”
- **Develop policies and programs** which promote **decent work for all** women and men

This agency operates by having member nations meet at an annual conference in Geneva. Each nation has two government delegates, one employer delegate and one worker delegate represent them.

The Five Declarations from ILO

Adopted first in 1998, and revised in 2022, the ILO's "Declaration on Fundamental Principles and Rights at Work" is a series of commitments by governments, employers and workers to uphold fundamental values that impact our social and economic lives.

The main **five** declarations include:

- i. freedom of association and the effective recognition of the right to collective bargaining (right to join unions without being punished)
- ii. the elimination of all forms of forced or compulsory labour
- iii. the effective abolition of child labour
- iv. the elimination of discrimination in respect of employment and occupation
- v. a safe and healthy working environment





Labour standards are defined as legal instruments legislated by Governments to protect workers' rights. the ILO uses either conventions or recommendations to set labour standards that the governments of nations need to enact:

- **Conventions** – These are legally binding international treaties, which are ratified (scrutinised) by member nations of the ILO
- **Recommendations** – These are not legally binding, and serve as guidelines providing detailed suggestions on how conventions could be applied

With 188 conventions and 199 recommendations, there are **five** conventions which are important to understand in this course: Eliminate Worst Forms of Child Labour, Minimum Age Convention, Equal Employment Opportunities, Health and Safety, and Unlawful Dismissal

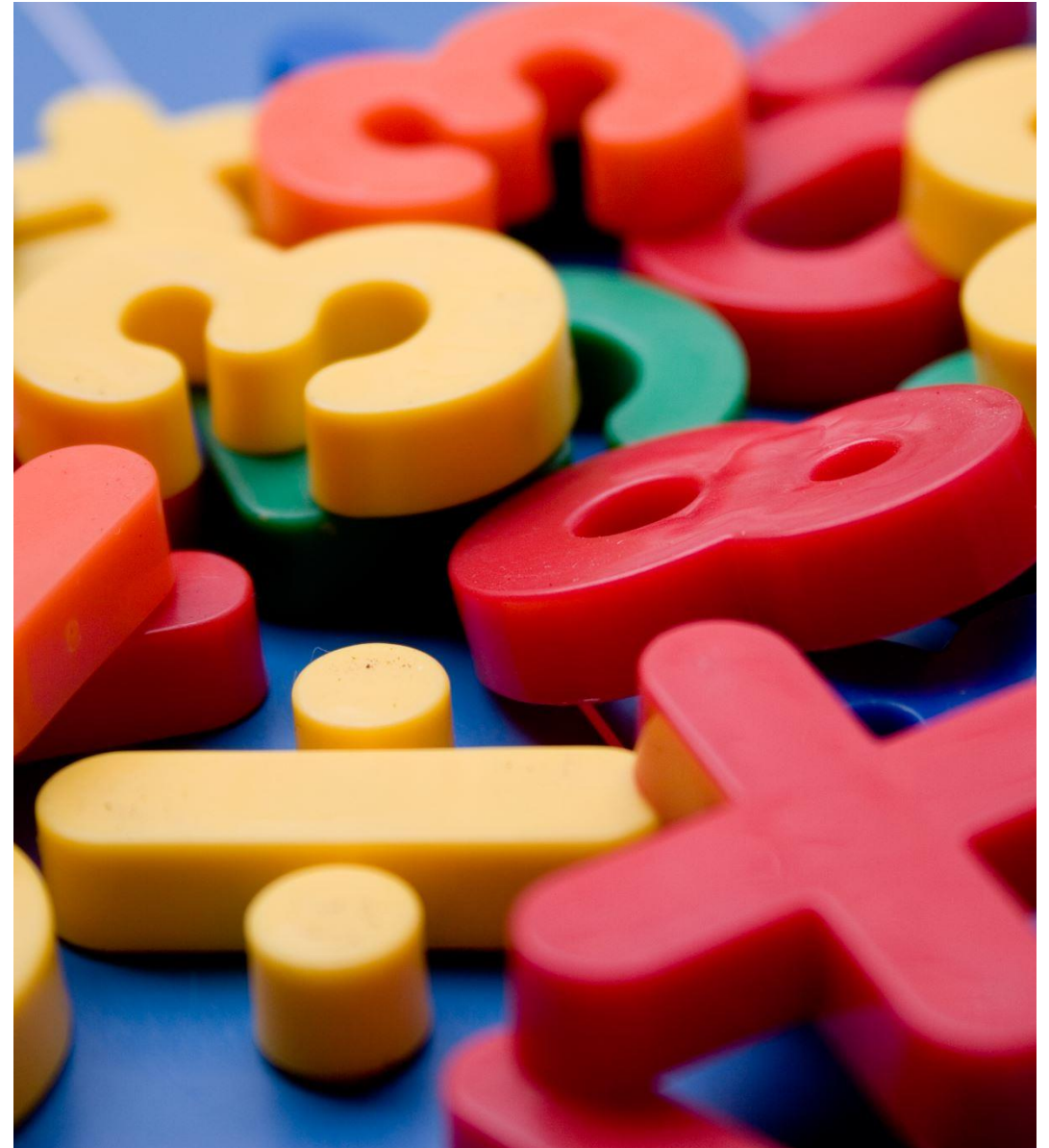
ILO Labour Standards – Conventions

No. 182 Eliminate Worst Forms of Child Labour

Any work that “deprives children (any person under 18) of their childhood, their potential and their dignity, and that is harmful to their physical and/or mental development” is defined as **Child Labour**. Convention 182 requires all member nations of the ILO to eliminate the worst forms of child labour. These are:

- Forced or compulsory labour - which extends to recruiting any children for armed conflict
- Procurement (obtaining) children for illicit activities (drugs), armed conflict, and debt bondage (forcing children to work until a family's debts are paid off)
- Workplaces that threaten children safety, health and morality
- Sale or trafficking of children

All member nations must also work to ensure that there is free basic education is widely available along with vocational training (VET).



No. 138 Minimum Age Convention

In conjunction with the ILO Worst Form of Child Labour Conventions, the ILO sets out minimum age criteria that dictates the standards of work for children.

The minimum age at which children can start work

Hazardous work - 18 (16 under strict conditions)

Any work which is likely to jeopardise children's health, safety or morals should not be done by anyone under the age of 18.

Basic minimum age - 15

The minimum age for work should not be below the age for finishing compulsory schooling, which is generally 15.

Light work - 13 to 15

Children between the age of 13 and 15 years old may do light work, as long as it does not threaten their health and safety, or hinder their education or vocational orientation and training.

No. 111, 155 & 158 Conventions

These conventions are concerned with the conditions in work and opportunities afforded.

- **No. 111 Equal Employment Opportunities** – Discrimination is defined by the ILO as any distinction, exclusion or preference made based on race, colour, sex, religion, political opinion, national extraction or social origin. Exclusions or preferences made based on these factors can outright terminate employment, prevent people from getting jobs, or not provide equal opportunities and treatment when it comes to employment. Australia's Equal Employment Opportunity Act 1984 also addresses this
- **No. 155 Health and Safety** – There is a responsibility placed on the employer and its representatives, as well as the firm's workers, in maintaining a safe and healthy working environment
- **No. 158 Unlawful Dismissal** – This convention states that workers should not be terminated unless there is a valid reason for such termination based on the worker's performance, conduct or on objective operational requirements of the job

World Economic Forum – Child Labour Statistics

OF THE 152 MILLION CHILDREN IN CHILD LABOUR

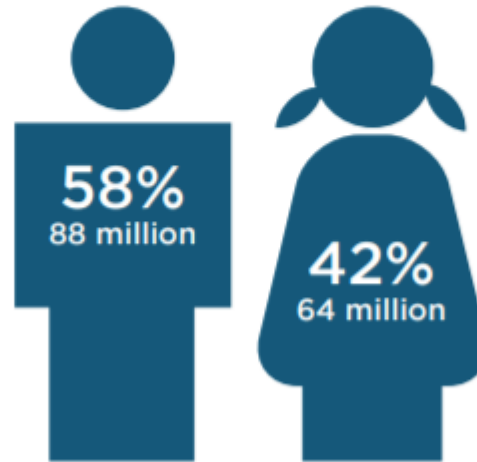
AGE PROFILE

48%
5-11 years-olds

28%
12-14 years-olds

24%
15-17 years-olds

GENDER



ECONOMIC ACTIVITY

 **70.9%**
Agriculture

 **11.9%**
Industry

 **17.2%**
Services



Corporate Social Responsibility (CSR)

Corporate Social Responsibility (known as CSR) is a business model and managerial concept wherein firms recognise they have a responsibility for their impact on **social** (communities etc), ethical (morals etc), **economic** (be profitable etc), and **environmental** concerns in their day-to-day operations and interactions with stakeholders.

- It is an ethical responsibility that firms owe to their stakeholders
- It involves going beyond minimum laws and regulations – proactive rather than reactive

The action of reporting on these issues, while not in this course, is called Corporate Social Disclosure.

CSR can build a positive public image which can increase sales, brand awareness, and customer loyalty. It also acts as a deterrent for certain unethical practises (i.e., poor workplace safety) which can be used to reduce profits.

When talking about the three elements of CSR, mention social, economic and environmental. Ethical isn't distinguished in WACE.

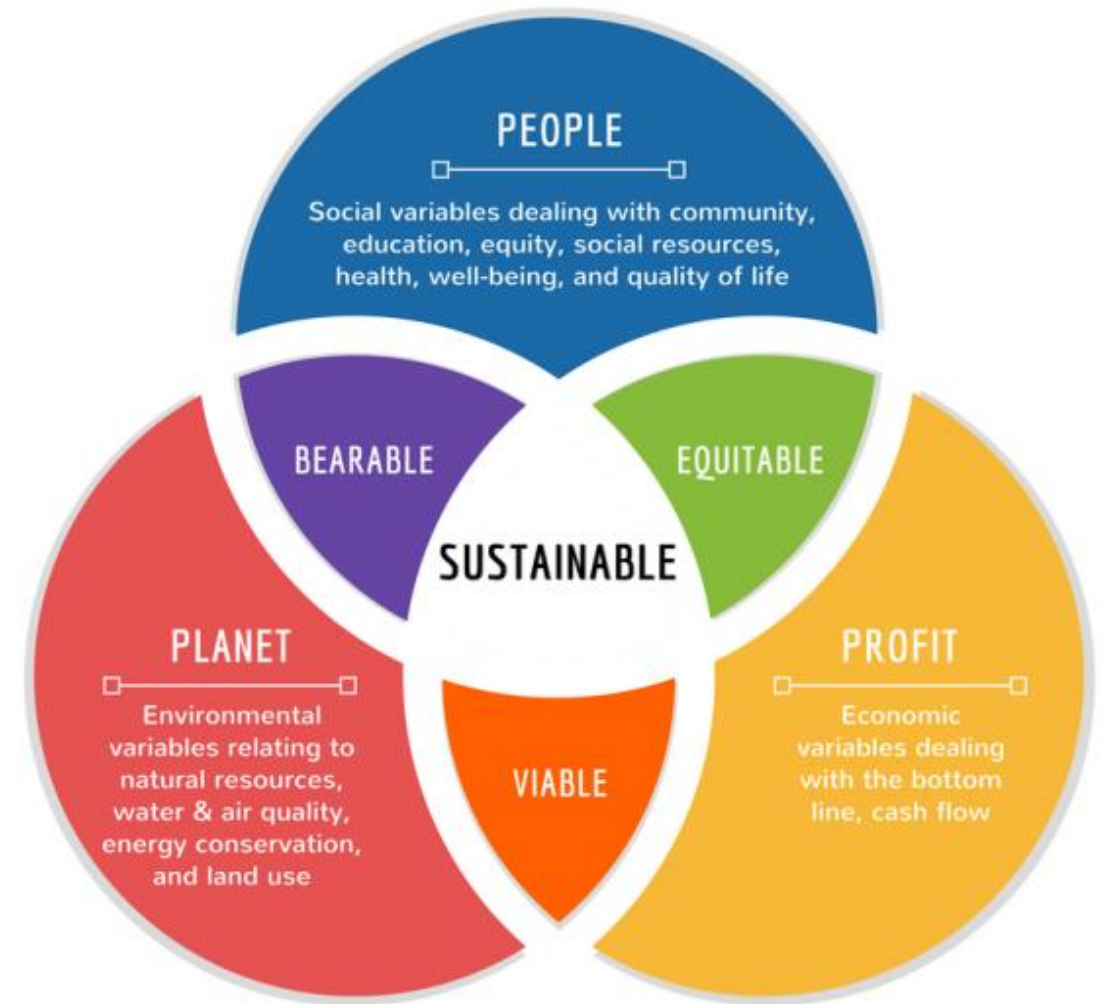
Stakeholders involved in CSR

There are two classifications for stakeholders in CSR, they are: external and internal

Internal (within the firm)	External (outside the firm)
Employees – ensuring fair working conditions, adequate remuneration etc. Business operations should be considerate of employees' morals and ethics in order to retain them and promote productivity	Suppliers – firms that supply to other firms must take into consideration the public image of other firms. Should firms not prioritise CSR issues, it might reflect poorly on them and by extension to partnering suppliers
Shareholders and Investors – investors are increasingly concerned about a firm's commitment to ethical, social and governance issues (ESG). Both shareholders and investors are increasingly considering the economic consequences (i.e., customer boycotting) of not valuing CSR	Government – almost all forms of Government consider how businesses address concerns in CSR in determining compliance with legislation and regulations. CSR also influences Government policy decision making and future legislation
-	Community – like customers, the wider community and population may take concern with a firm's engagement with CSR. A lack of engagement may signal to them a disreputable brand or a brand to avoid
-	Customers – there is an increased demand for firms to align their business practises with morals that customers hold regarding the environment, social issues etc. If a firm engages in CSR poorly/not at all, they risk customers boycotting or shifting loyalty to other firms that engage better with CSR

Triple Bottom Line (TBL)

Annually, firms report on their financial performance to investors. As a part of this reporting, businesses may report on corporate social responsibility through the accounting framework known as the Triple Bottom Line (TBL). If a business is successful in all three realms of TBL, it is considered to have achieved sustainability across its operations.



Environmental Sustainability

Environmental sustainability refers to the capacity of the natural environment to meet the needs of the current generation without jeopardizing the ability of future generations to meet their needs. In business terms, this refers to firms making business decisions that minimise their impact on the environment.

Benefits include:

- Meeting ethical responsibilities held by stakeholders
- Can improve public image, customer loyalty, staff morale and reduces staff turnover
- Can be a form of cost reduction - especially when reducing packaging and reducing litigation (legal) costs from environmentally unsustainable practices
- Can improve sustainability in the long term as resources get used more efficiently to reduce waste
- Avoids fines, penalties and clean up/compensation costs involved in not being environmentally sustainable

What Environmental Sustainability looks like in Practice

- **Carbon abatement**, this is the reduction of the amount of carbon dioxide emitted when oils are burned
- **Utilising technologies that are environmentally friendly** and consider the long-term impact on the environment. This can be solar panels, wind turbines, geothermal heating etc
- **Reducing carbon footprint** by reducing the impact of resources and waste consumption on the environment
- **Carbon offsets**
 - **Carbon Credits** - these are permits which allow a firm to produce a certain amount of emissions and can be traded if not fully used

