

# Global Business Standards and Sustainable Capitalism: the ILO project

## "Sustainable Development through the Global Compact"

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The CSR phenomenon is not recent, however the debate on corporate social responsibility (CSR) has resurfaced in recent years in response to the challenges generated by globalization. In a context of expanded trade of goods and services, technological development, international capital transactions, liberalization, deregulation and privatization policies, and growing civil society activism, CSR has re-emerged as an issue with multiple implications.

There is considerable debate on CSR and on the role of enterprises in society. Some are concerned that the expectations on CSR initiatives extend well beyond what might be considered as the legitimate role of an enterprise in society: CSR cannot substitute for the role of government. While others might agree with the primacy given to the law and its implementation, they note that CSR should not be confused with what society considers as the social responsibilities of enterprises: CSR is a voluntary concept involving responsibilities unilaterally identified by enterprise management. There is also criticism that in some instances CSR commitments represent little more than declaratory statements of intent. There are concerns over the number and quality of audits being conducted by buyers. Some argue that this is introducing a multiplicity of demands and unnecessary costs in supply chains with little return to suppliers in terms of market expansion, or to workers in terms of an improvement in working conditions. The International Labour Organization can be considered as the UN agency which is most suited to promote a CSR culture among companies, since CSR relies to a large extent on the respect of fundamental principles and rights at work. In addition, its unique tripartite nature makes the ILO particularly suited to ensure the real promotion of social dialogue which is fundamental to obtain a large involvement of all stakeholders interested in the advancement of a real CSR culture. The point of reference for the ILO's work on CSR is the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration). The MNE Declaration is the only universal instrument addressed, among others, at enterprises which has been agreed to by governments, employers' and workers' organizations.

Today the MNE Declaration is seen as the main voluntary instrument as regards labour aspects of CSR. The principles of the MNE Declaration, which are based on a number of ILO conventions and recommendations, are intended to guide multinational enterprises (whether they are of public, mixed or private ownership), Governments, and organizations of employers and workers in home countries as well as in host countries.

The ILO also plays an important role within the United Nations Global Compact initiative. ILO participation in the Global Compact focuses on the promotion of the four labour principles of the initiative, which derive directly from the ILO Declaration on fundamental principles and rights at work.

Since 2003 ILO is implementing a technical cooperation project "Sustainable Development through the Global Compact" funded by the Italian Ministry of Foreign Affairs. The project promotes corporate social responsibility on the basis of three international instruments: the UN Global Compact, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and the OECD Guidelines for Multinational Enterprises. The project aims at encouraging enterprises and the world of work to contribute to strengthening the social dimension of globalization and achieving sustainable development. It targets mainly small and medium enterprises and operates in Italy, and in three developing countries which are particularly relevant for the Italian cooperation, such as Tunisia, Morocco and Albania. In these countries, project activities are addressed both to local enterprises and Italian companies operating in their territories with the aim of helping enterprises in internalizing the universal principles of CSR in their own operations and down the supply chain.