

## ABSTRACT



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<input checked="" type="checkbox"/>	Master's thesis
<input type="checkbox"/>	Licentiate's thesis
<input type="checkbox"/>	Doctor's thesis

Subject	International business	Date	4.7.2006
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		Number of pages	71
Title	Labor rights in corporate codes of conduct in sporting goods industry. Case Adidas and Nike.		
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### Abstract

Globalization has created new challenges for corporations relating to labor rights. Complex supply chains with labor rights violations have led to the increasing number of codes of conduct. This research focuses on corporate codes of conduct. The main question is *how companies use codes of conduct to avoid the usage of cheap labor in all of their operations*. Sub problems are 1) what is the basis for these codes, 2) what type of labor rights are included in the codes, 3) how are these codes implemented and monitored, and 4) what is their effect on improving labor rights and how are the effects reported. This research is a qualitative research.

Most of the codes are based on the ILO's (International Labor Organization) conventions. The contents include child labor, forced labor, health and safety, discrimination, the right to freedom of association and collective bargaining, living wage, and working hours. The corporate codes of conduct are created to include the company itself and its whole supply chain. Company demands that the code is implemented in the whole supply chain and that the suppliers' workforce has knowledge on the content of the code. The code is being monitored by announced and unannounced visits to the suppliers. Monitoring can be conducted by the company itself, by a third-party monitor hired by the company or by an independent third-party monitor. The last one is considered the most reliable.

These matters are reported in corporate social reports. They are being published annually or at a different time frame. The largest violations relate to the working hours and payment of wages. The legal overtime limits are often ignored and the pay is not sufficient or according to the code. A solution has been back-pay and better record-keeping on working hours. Child labor has been fairly well combated with the codes. Violations relate mostly to the poor record-keeping. Discrimination has decreased tremendously as well and forced labor is merely non-existent. The right to freedom of association and collective bargaining has improved. Alternative means have been encouraged where the law prohibits the freedom of association and creation of unions. Health and safety issues have also improved. Educating the workforce has been one of the good ways to better the matter.

Though, on that aspect quite a lot remains to be done. In harshest cases the violations by a supplier can lead to the termination of contract with that supplier. In general the codes of conduct have helped to improve the labor rights. The movement is towards the right direction. Despite that many issues demand even more attention and more creative solutions.

Key words	cheap labor, child labor, code of conduct, labor rights, monitoring
Further information	