



The Alliance for a responsible, plural and united world

A citizen's dynamics of reflection and action. Movements and people from 115 countries
Preparation of the *Assembly of citizens of the Earth in 2001*
Local groups, colleges and thematic workshops

PRINCIPLES FOR THE CONDUCT OF COMPANIES (first draft)

Several meetings on the responsibilities of the enterprise vis-à-vis the society were held in Paris at the headquarters of the Foundation Charles Léopold Mayer for the Progress of Humankind.

Those meetings were in keeping with the endeavour of the Alliance for a responsible and united world, which, after participating from 1994 to 1998 in the drafting of an *Earth Charter*, a document that intends to draw up a set of common values and principles, began a second phase that involved criticising, amending and validating the final text by a number of “colleges” representing the different milieus and the different regions of the world.

The objective was to begin to constitute a college of business leaders in order to draft an Earth-Charter-based text that applies to the enterprise world the principles and the values put forward by the Charter. A first document, titled “Principles for the behaviour of enterprises - elements for a contract between enterprise and society” was written by Pierre Calame in order to stir up the debate.

During the first meeting, a range of viewpoints were stated on the ways to raise the awareness of enterprises with regards to their social and environmental responsibilities.

For some people, a few encouraging signs show that there is an increasing number of concerned business leaders that seek to conciliate their professional activity with ethics and that would, therefore, be ready to sign a charter.

For others, enterprises undertake citizen sustainable actions only when they have a direct interest on them, namely when they are driven by pressures exerted by their partners, and notably by their clients. Otherwise, any charter, even if they agree to sign it, will have a limited effect on their behaviour.

Beyond these divergences, the idea emerged that the three kinds of actions to hold enterprises responsible for their actions - writing a charter, exerting pressure by mobilising the partners, and convincing the enterprise that citizen action is in their own interest - were not mutually exclusive and even complementary: Once the enterprise is involved in an ethic or citizen endeavour, either by virtue of its partners' pressure or in its own interest, it needs to have a code of practice, a reference framework or any text that provides a “vision” that will turn its endeavour meaningful.

The main aim of the group is still drawing up a code of practice for the enterprises that builds on the principles of the Earth Charter, yet its form and title (*charter, terms of reference, code of practice, list of criteria for citizen action, deal, contract, manifesto, etc.*) should be defined by the group in order to take into account the specificity of the enterprise world.

One possibility would be to draw up a *multi-purpose* text, namely, a text that can be used as a *charter* by an entrepreneur who wishes to undertake an ethical endeavour, as a *contract* by someone compelled to adopt ethical principles by his partners, or even as a *set of arguments* by someone that undertakes a citizen action in his own interest. At the same time, concrete examples need to be gathered, since it has been often said that words are empty until convincing new models are invented and their feasibility has been demonstrated.

Actually, the final text could be presented as follows, by having recourse to typographic features:

- In bold characters, the principles put forward by P. Calame's text, such as: **Enterprises have the duty to foster partnerships with each other and with the rest of society.**
- In normal characters, the different elements of a "contract", corresponding to every principle. For example: "When an enterprise closes a unit in a given geographical area, even if another one will be opened elsewhere, it needs to care about the social consequences of its departure and assume the responsibilities to this respect".
- In italics, the translation of this principle in strategic (and non-moral) terms for the enterprise. e.g.: *Tying multiple partnerships with its economic and social environment enables the enterprise to find innovative solutions to its problems, to meet its clients' expectations, to mobilise its workers and to take advantage of the local industrial ecosystem.*
- Finally, in small characters and with a larger indent, brief descriptions of concrete experiences would provide examples of how the principles may be applied, with strategic advantages for the enterprises. For instance:

Working in partnership with the Association for the Development of Energy Cultures (ACDE), DRIRE, the Water Company, the FAIR programme and SEDE (an irrigation enterprise located in Beaurain), the firm Leroux S.A. created a wastewater treatment system based on the spreading of wastewater on a short-rotation willow grove that enables reintegrating in the food chain the biological pollution derived from the production of chicory: The firewood is used by the "Eighth day" association that manages a shelter for handicapped people and, in compensation, is in charge of harnessing the plantation. Leroux S.A. is ready to share its experience and has already organised information sessions with other industries (Source: Alliances for the Citizenship of Organisations).

The dossier assembled in this way could then be submitted to a larger group of people, by using both everybody's contacts in France and abroad and an Internet-based forum to be created by the Foundation, in order to amend the text, gather as many signatures as possible and enrich the harvest of concrete experiences.

The final text will be presented in the Alliance's continental meeting in July 2001 and then in the World meeting of December 2001.

THE CODE OF COMPANY CONDUCT

The following pages attempt to formalize the first elements raised by the debates of the second meeting of the college according to the four levels of writing proposed above :

- **PRINCIPLE OF THE CHARTER**
- **Statement of the principle applied to the enterprise**
- "Contractual" type proposal based on the principle
- *Emphasis of the “winner-winner” nature of the proposal*
- Account of an experience illustrating the proposal

The following is a first draft to be refined and completed.

2nd principle of the Charter

“RECOGNITION OF THE OTHER IS THE BASIS OF ALL RELATIONSHIPS AND PEACE”

A) Recognition of the other: the employees

- Renunciation of a normative discourse of the type “authoritarian parent/rebellious child” to progress to a dialogue between adults, in particular with the unions.

The enterprise has great responsibilities; the existence of an internal counterweight serves as a safety barrier.

An enterprise that does not make available to its employees rooms where they can meet during working hours and which does not give them the opportunity to express themselves will be confronted, sooner or later, by conflicts, since it will know nothing of the morale of its workforce.

- Developing “conflictive cooperation”

The enterprise's concern for efficiency should lead it to set up a system of robust relations between its employees.

After having observed the lack of a real lack of negotiation in France, regarding both employers and unions, and that the bodies intended for this purpose are powerless to improve the situation, Antoine Martin, several labor unions (CJD, CFDT, CFDT), the Christian employers' federation and several academics decided to set up “Rhône Negotiation Assistance” which opened up a small premises in the center of Lyon. It displayed posters in its windows proclaiming: “Whether employer or employee, if you have problems in your company, come in. We can help you”. The premises has been open for a year and a half and has been very successful, being joined by other unions through time. However, it met with a wave of criticism when it started.

- Recognition of professional competency

- Recognition of the right to have personal projects

A lot of enterprises that focus on generating short term profits fail to benefit in full from the intelligence of their employees, since they do not promote the spirit that could encourage them to involve themselves completely in their activity.

In the United Kingdom, Marks and Spencer's, a retail chain, grants 100 paid hours to all employees who volunteer to participate in actions in the general interest. The personal development of the employees improves their "social perception", which is of interest to the company vis-à-vis its commercial activity.

- Recognition of the right to training and information

Any change in organization demands considerable efforts of adaptation from the employees. Training should not be considered as a relatively independent system aimed at promoting careers but as a genuine means of assisting changes in the organization; likewise with information.

Once, while drawing up a training document for senior managers, the CEO explained to me that there was a very easy way to train them: twice a month the senior managers meet for half a day to talk about running the business with the best specialists on the different aspects of organization (the financial manager, marketing manager, etc.). These meetings simply needed to be organized so that were pedagogic, and they allowed everyone to develop his or her knowledge. Thus, after each exposé, it became habitual to check that everyone had understood what had been said, to re-explain if necessary, etc

- Recognition of extra-professional activities and roles

The enterprise can benefit from competencies outside

When I worked at Evian, I organized an "open day" and decided to invite the mayors and councilors of the mountain municipalities in which our employees lived. We discovered that the workforce of 1,400 included 80 mayors or councilors, meaning that they had responsibilities, voted budgets, discussed with the prefecture, etc. Three of them were foremen while the others were workers on the bottling line, working day and night shifts. What a waste!

The bosses saw that taking responsibilities in the world of sport instilled familiarity with managing schedules, making contacts, organizing events and maintaining discipline, and in certain cases could provide an equivalent to a professional diploma.

- Recognition of minorities

Giacommelli, an Italian company, is a trademark for sports clothes. To open its shop in Lille, it decided to employ only persons in difficulty, mostly immigrants (80% of recruits), with the assistance of the local mission of Lille and the PLIE (Lille Plan for Economic Integration). This operation was successful on both the social level (integration through work) and on that of marketing (customers were very struck by the ethnic dimension of the opening).

- Giving a central place to the management of human resources

One of the new challenges for enterprises will be how to win over employee loyalty.

B) Recognition of the other: the customers

- Listening to the underlying expectations of customers, including social quality.

Develop a greater capacity to react to ethical issues is a guarantee of greater efficiency, more flexibility and better adaptation to environmental requirements. An enterprise that listens to its customers is more aware of market changes and draws closer to its customers and its potential shareholders.

C) Recognizing the other: other enterprises

- Aiding smaller enterprises than one's own: large enterprises should help the small business around them in positions of difficulty.

By paying attention to its industrial environment, an enterprise can forge mutually fruitful partnerships.

This is how, while visiting a gingerbread factory at Besançon, I learned that the eggs used to make the bread were delivered in containers in the form of “liquid eggs”, i.e. already broken and ready to use. They were imported from Holland since the local producers did not have the equipment to break the eggs. I thought it was incredible that it was necessary to bring the eggs from so far so we seconded two experts to help the local producers to develop an egg-breaking machine. The gingerbread produced in this plant is now made using eggs from the immediate region, the Jura, which appears more satisfactory on every level.

Revivre, a company, collects non-saleable products from agri-businesses, which give them free of charge: dented tins, poorly labeled packages, and ends of series. When a pallet of yogurt pots tips over, they have to be picked up and poured out, which costs money. Revivre intervenes immediately with its employees and refrigerated trucks. The merchandise is recovered, sorted, stored and resold at 10% of its price to restaurants for the socially excluded, and to other organizations which assist the poor, thus creating jobs.

D) Recognition of the other: the competition

- Practice fair competition.
- Reduce competition that does not benefit the common good.
- Resist the temptation to forge monopolies.

Competitors are necessary: if the enterprise holds a monopoly, it risks “atrophying”.

- Dialogue with the competitors

E) Recognition of the other: the other parties involved

- Take into account all the parties involved in the enterprise

The enterprise becomes more reactive when it takes an interest in rationales other than economic which may hinder its own strategy.

Every time we appointed a plant manager or director of a branch, he or she was sent to a training center for a week where they met different players in the life of the town or city: a mayor, priest, general councilor, journalist, a fireman, policeman, etc. At the end of the course, an appointment was set for two months later. Within that period, the person had to have met all the players of this type in the region where the plant was installed. This system was most efficient as it struck home the fact that since he or she would be living in the midst of all these people, it was natural to form relations with them.

An enterprise can increase its profits by taking into account its environment.

The Auchan hypermarket of Montgaillard du Havre suffered from difficulties and was scheduled to close down, in the same way as that of Vaux-en-Velin, a suburb of Lyon, a short while before. Gangs of youths entered the store, helped themselves to the shelves and left, spitting in the cashiers. Thus customers no longer came and 250 jobs were to be lost. A sociologist offered to carry out a study to examine the district's difficulties and the reasons for the aggressiveness of these youths. Projects were set up with them: a disused sports facility was rehabilitated, a basketball club and a French boxing club sponsored by a champion were set up; and the gang leaders were identified in these associative activities and hired in the store. Three years later, the store was top of the list of the chain in its control of shoplifting, which often amounts to 1% of hypermarket turnover, as much as the profit margin.

Darty, a household appliances retailer, was regularly pillaged by youths from the suburbs. An association aided by the company set up a workshop hiring these same youths that repaired used appliances which were collected when replaced with new ones. Premises were made available, along with a foreman, who taught the youths the trade. These appliances are then sold at low cost, often to the families and friends of those who repair them, or to managers of the company who want to equip a second home. The company profits on two levels: modest families become familiar with this type of appliance and may become customers.