

Taking Care of Business:  
Corporate Codes of Conduct, Shareholder Value and Global Regulation  
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This paper is a literature review of recent writings and research on corporate codes of conduct and their role as a transnational regulation mechanism, and the final section outlines a research program that I see as pressing to further advance the debate. Although I had originally planned to undertake research on the research project outlined here, which explores the ways that the prioritization of short-term gains in shareholder value limit the possibilities for codes of conduct to promote labour rights, for a variety of reasons that I outline below, such research is methodologically difficult. All I can present here is a modest contribution to the theoretical debate, and to outline a research program that might be undertaken at a later date.

Corporate codes of conduct burst onto the scene in the 1990s as transnational firms selling branded consumer products found themselves subject to campaigns developed by social movements that highlighted the poor labour practices taking place in their overseas factors and supplier networks. The firms that tended to be most exposed to such campaigns were ones that had built a highly visible “brand presence” associating their products with trendy lifestyles. Major brands like Nike, the GAP and Disney all weathered criticisms of the labour practices taking place in their supply chains, including employing children, exposing workers to toxic chemicals and unsafe machinery, low wages, long hours, sexual harassment and violations of the personal integrity of the individual, such as mandatory pregnancy tests. Consumer, human rights, labour rights and trade union organizations in Canada, the United States and Europe forged links with labour and human rights organizations in a number of sites of offshore factory production, documenting the rights violations and conducting a media and public education campaign, primarily in the Northern consumer markets, to shame the companies to improve the situation.

Firms responded by releasing corporate codes of conduct or good practice, which they claimed governed their activities throughout their supply chain. The codes were likely to cover at least some of the following: health and safety protection; prohibition against forced labour; maximum hours of work; minimum age for employment; a minimum wage level (usually the local minimum or prevailing); no physical abuse; no sexual harassment. Most of these codes were written by public relations departments and were not seen as terribly credible by their activist audience, but social movements decided to use them as a statement of commitment to which they intended to hold the firm to account. Subsequent to releasing their code, a handful of firms faced embarrassing public revelations that they had failed to adhere to their own standards, which led firms to bow to social movement agitation and take compliance and monitoring more seriously. Soon, advocates of voluntary codes of conduct were claiming that enhanced state regulation of labour, environmental and human rights was not necessary – that the market and voluntary regulation could do a better job.

The issue emerged hand-in-hand with the globalization of production, and specifically, the growing practice among firms making branded consumer products like clothing, toys and footwear, to reorganize production in transnational supply chains as a means to reduce costs,

maintain quality, speed up the production process, make ordering and production more flexible, and increase profits (McMichael 2004). The concept of a buyer-driven commodity chain (Gereffi 1994) described these kinds of production networks well – the lead firm developed the brand(s) and undertook design and marketing, while outsourcing production and increasingly logistics to specialized and/or low-cost firms. Nike and the GAP famously own no factories whatsoever, contracting out all of their production work. On the production side, costs were minimized and flexibility was maximized, by utilizing a tiered network of suppliers who competitively bid for specific production jobs. The winning contender guaranteed they would meet time-line and quality specifications as the lowest cost. This system reduced costs considerable for the branded firm, but in order to realize any profits in the competitive environment they faced, the subcontractor had to keep labour costs low and keep labour flexible, utilizing contract labour, mandatory overtime, periodic lay-offs and linking wages to productivity. The result was that working conditions on the factory floors were poor – though in some locales they were better (or at least not worse) than those prevailing in firms that manufactured for the domestic market (indeed, this would necessarily be the case or else the subcontracting firms could not attract a labour force). Nonetheless, international attention was drawn to the labour conditions in the firms that were linked into world markets as consumers began to look beyond the product to the process through which it had been made.

The process of globalizing production had been facilitated by three phenomena. The first was the innovations in management pioneered by Japanese producers, with a core firm at the centre of a network or web of dependent subcontractors, utilizing just-in-time production methods, flexible specialization, computer-aided design and engineering, short production runs, that Western business schools were beginning to teach by the 1980s and Western branded firms began to utilize in a big way by the end of that decade. The second was the coming on-stream of new types of technology, including information technologies that made it inexpensive and feasible to send specifications half-way across the world within seconds, to monitor progress with order fulfillment and shipments, and to solve problems with suppliers. The world-wide move to containerized shipment was equally important in reducing the costs and increasingly the reliability of transnational production and distribution networks (Dicken, 2007). The third change was in the international legal regime, with the liberalizing trends of the late 1970s, 1980s and after encoded in international trade agreements, loan guarantees and other mechanisms designed to make it safer to off-shore manufacturing activities. Governments of developing countries, eager to earn foreign exchange and to develop domestic capital in a context where import-substitution was unfeasible and undesirable, competed with one another to foster offshore production sites with various subsidies and guarantees.

Corporate codes of conduct appealed to firms because then provided a strategy to respond to the concerns of social movement organizations, which if not addressed could spiral into a negative publicity campaign played out in the media and the malls of America, while avoiding new forms of state regulation. Indeed, Western state soon became involved facilitating the voluntary regulatory codes rather than seeking to extend their power over labour rights at the global level. Social movement organizations found themselves give the codes more teeth, albeit in most cases with some skepticism as to their likely benefits for workers.

Approaches to corporate codes of conduct

Corporate codes of conduct have been studied in the academic literature, including business studies, geography, sociology, labour studies, women's studies and political science, with considerable interest and considerable concern. Writers have raised a series of questions about the codes, including their real purpose, feasibility, promise and pitfalls. The following section outlines some of the main academic contributions to the debate, first from liberal and then from critical writers. As we will see, there is considerable consensus (though not unanimity) about the purpose of the codes and their core challenges. Strikingly, writers from a variety of positions concur that the codes are designed to reassure customers they are not buying products that were made under dreadful human conditions, so they are ultimately about protecting the reputation and image of the brand and its relations with its consumer, not with its workforce. The implications of this observation are where we see some substantial divergences among academic writers on corporate codes of conduct. I will first outline the main claims of liberal writers analyzing corporate codes of conduct, noting that there have been both champions and critics within the liberal camp. What unites most of these writers is their concern to facilitate market production through global supply chains, and therefore, the feasibility of codes as a regulatory mechanism designed to facilitate the further consolidation of the globalized production model. Critical writers cover a broader range of approaches, emphasizing three core questions: the feasibility of the codes for empowering workers; the politics of the codes; and the discourses produced through the politics of the codes.

Milton Friedman was perhaps the most famous liberal opponent of the kinds of corporate social responsibility measures typified by corporate codes of conduct, who famously commented "the social responsibility of business is to increase its profits" (Friedman, 1970). More recently, David Henderson, former chief economist for the OECD, said that corporate social responsibility measures have been forced on business and business school professors by 'anti-business movements'. These measures, he argued, are likely to cut profits and hamper business performance without any offsetting gains (Henderson, 2001). Strikingly, both Friedman and Henderson allowed that firms might strategically adopt corporate social responsibility measures in order to deflect the criticisms of social movement organizations, and agreed they could be effective in that context – as long as managers did not take them very seriously, and used them only to preserve shareholder value by enhancing, rather than reducing, profits.

Liberal proponents of corporate social responsibility have been well represented in the academic literature. Focusing on those writers who have discussed corporate codes of conduct, liberal analysts have considered corporate commitment to ethical practices as a 'competitive advantage', addressed the questions of monitoring and compliance, as well as interpreting codes as 'near law' that may eventually show the way to new international norms to regulate labour and human rights. Michael Porter called for firms to integrate corporate social responsibility into their strategic planning, focusing on specific issues that are particularly relevant for their operations and where they can make a difference (Porter and Kramer, 2006). Taking a broader perspective, Fung, O'Rourke and Sable argued that corporate codes of conduct can be used to 'ratchet up' labour standards as long as they are accompanied by independent, third-party monitoring and thorough information disclosure (Fung, O'Rourke and Sable, 2001). The process of ratcheting up labour standards would be broadly based, and therefore not under threat due to competitive

pressures, so it would become a win-win situation for firms (who would gradually access new customers) and for workers (whose wages and working conditions would improve).

Indeed, liberal writers like Florini have advocated for codes of conduct as a kind of “soft law” that may eventually lead the way to developing new international norms of behaviour that will make future state regulation possible, either at the national level or facilitated by an inter-state agreement (Florini, 2003). Many liberal advocates of corporate codes of conduct have followed the development of transnational coordinating mechanisms like the US government-sponsored Apparel Industry Partnership, the UN’s Global Compact, Social Accountability 8000 (SA8000), and the Global Reporting Initiative, with some interest, seeing in them the possibility of systematizing the complex and messy process of developing and monitoring codes, while boosting their legitimacy with an ever-widening constituency of states and corporations.

In addition to reflecting on the possibilities inherent in corporate codes of conduct to reform business norms, some liberal writers have investigated the operation of the codes in practice, focusing on issues of compliance in a bid to develop strategies to improve the credibility of the review process. One of the most important and prolific liberal writers on corporate codes of conduct has been Dara O’Rourke, who has focused on technical and empirical questions of compliance: how well world-market factories follow basic labour rights and employment standards including health and safety standards; and how credible their initiatives have been at monitoring the compliance of suppliers within their network. In terms of his own assessments of compliance, under the auspices of the United Nations Industrial Development Organization (UNIDO), O’Rourke visited a Nike supplier factory in Vietnam and found that despite the company’s code of conduct, which it claimed applied to its suppliers, the factory violated national laws on overtime, minimum pay and health and safety protection, as well as physically and verbally abusing workers, engaging in sexual harassment, and violently breaking strikes (O’Rourke, 2000b). The situation was similar at other factories he visited.

To assess the credibility of initiatives undertaken by firms to evaluate the compliance of their suppliers to the codes, O’Rourke evaluated the compliance report prepared by Ernst & Young, a major transnational accounting firm hired to provide a social audit of the same Vietnamese factory. He found that E&Y missed major labour practice violations, and that they downplayed the severity of their own findings in the summary of their report to Nike, giving the supplier an essentially clean bill of health with only a few minor recommendations for improvement (O’Rourke, 2000a). O’Rourke accompanied another accounting firm, PriceWaterhouseCoopers, hired to inspect factories in China and Korea and evaluated their findings plus a report on working conditions in a factory Indonesia. Again, the auditors reported only minor violations of the local laws, while O’Rourke identified major violations that they missed (O’Rourke, 2000b). In both instances, O’Rourke noted the conflict of interest inherent in a situation where the firm that undertakes the compliance review has been employed by the firm to be reviewed – both payment and future contracts will be based, in part, on an overall positive review. Moreover, any negative findings can be withheld from the public by the firm that ordered the review, since the report becomes their property. Based on these case studies, O’Rourke has advocated strongly for independent monitoring undertaken partially or entirely by non-governmental organizations, and for industry associations to establish arms-length processes for contracting monitors and transparency with regard to reporting findings and follow-up.

Overall, liberal writers have focused on identifying ways to reform the system of corporate codes of conduct to produce more effective regulation. In contrast, although some critical writers advocate utilizing corporate codes of conduct in social movement campaigns for labour rights and social justice, these supporters raise concerns about the codes becoming ends in themselves because they don't believe corporate self-regulation will adequately guarantee working conditions, protect and enhance social reproduction or empower impoverished people in developing countries to be able to continuously organize to improve their rights (Jenkins, 2001). In a position that is typical of many critical writers, Pearson and Seyfang (2001) suggest that corporate codes of conduct have had more of an impact on the image of corporations in the North than on working conditions on the factory floor in the South, when the latter is a much higher priority.

Some critical writers have investigated factory conditions and compared them to the promises made in the corporate codes of conduct, in a similar way to that of O'Rourke. A review of workplace practices at several factories and farms associated with the UK-based Ethical Trade Initiative found that not only was the compliance record spotty, but (and this is the key point of difference with liberal writers) there was a systemic pattern to the areas that saw consistent violations and those that saw improvements (Barrientos and Smith, 2007). Specifically, while employment standards such as hours worked and health and safety practices improved to better match the criteria outlined in the firms' codes of conduct, core labour rights like freedom of association, freedom of expression, the right to join a trade union and collective bargaining rights saw little improvement. The authors argued that this was particularly significant, because firms were avoiding strengthening precisely those rights that would help empower workers to struggle for ongoing and far-reaching improvements in their working situation. Indeed, as a result of the approach taken by firms to implementing corporate codes of conduct, the authors felt that workers in supply chain factories had been disempowered rather than empowered as a result of the introduction of the code of conduct.

Anner (2000) also took a case study approach to assess corporate codes of conduct, focusing on how they might be used by transnational coalitions of worker and consumer movements operating both in production and final market locations. Anner examined three campaigns, two of which were undertaken in support of Guatemalan worker struggles, the other in Haiti. Anner found that movements that lacked an adequate base in organizations of workers – like local trade unions – had little hope of success, but that those that lacked an international component in consumer markets also failed. Strong organization in the factory and among consumer movements promised the best outcomes, although his successful case study, the organization of a plant that manufactured shirts for Phillips-Van Heusen and the successful negotiation of a first collective agreement, foundered a year later when the plant was closed. Armbruster-Sandoval (1999), who also published a case study of the Phillips-Van Heusen unionization initiative, reached a similarly positive assessment to Anner, but the fact that the victory was so short-lived and has not been replicated in many other factories suggests that there are real challenges associated with organizing on the basis of supply-chains rather than geographically-bounded spaces, challenges that some critical writers have placed front-and-centre in their analysis.

Though Barrientos and Smith, Anner and Armbruster-Sandoval see some potential for a transformative politics in corporate codes of conduct, despite their drawbacks, other critical writers have seen them as problematical precisely due to the paucity of victories and the weakness of the new regulatory regime in properly representing the interests of workers. Gereffi, Garcia-Johnson and Sasser (2001) concluded that a similar case study, the well-known campaign in support of garment workers producing clothes for the GAP in El Salvador, could not be deemed a success precisely because the outcomes, though positive, were so limited. In this instance, a GAP subcontractor, Mandarin, had fired workers who were trying to organize a union. US and Canada-based campaigners pressed the GAP to keep the contract with Mandarin, insist that Mandarin re-hire the workers, and follow the GAP code of conduct, subject to independent external monitoring. Though the Mandarin plant remained open and agreed to external monitoring, the specific gains for workers in terms of recognizing their right to an independent union were minimal. Moreover, the GAP treated the changes as a one-off situation rather than a model to be applied to its other subcontractors, and indeed, has agreed to independent monitoring only in a handful of them.

Several critical writers have agonized over the political implications of Western consumers organizing on behalf of workers in the South. Consumer movements may be successful in some high-profile cases, but absent media attention, they have not been able to sustain substantial changes. Gereffi, Johnson and Sasser (2001) note that although in surveys, a large majority of consumers say they will seek out and pay more for ethical goods, their behaviour in the marketplace does not back up these claims. A range of motivations, including style, price and convenience, evidently, shapes consumer's behaviour. One of Anner's case studies indicated that consumer movements that are not directed by a worker's movement based in the locale of the factories are likely doomed to failure (because any gains they achieve will be transitory) but Miller (2004) argues that such an approach would be problematical even if it was successful. Corporations may be more vulnerable at the point of consumption than on the factory floor, but relying on a voluntary code can disempower workers because it implies that unionization has become unimportant. In a study of women working in garment factories in export processing zones, Shaw and Hale (2002) note that although these workers may have been by-passed by traditional union organizing, addressing the problem with codes that are developed in a top-down manner poses dilemmas that are just as serious. At minimum, they argue, the priority should be for workers to play a role in developing the content of codes of conduct, knowing about the code, and utilizing it to strengthen their own organization. Pearson and Seyfang (2001) raise another set of concerns, claiming that even at their best, factories that are subject to codes will become 'social policy enclaves' since the vast majority of workers in the developing world do not produce manufactured goods for the international market. Overall, there is a good deal of disquiet among critical writers about the political implications of corporate codes of conduct, simply because the codes are designed to bypass workers and appease consumers, and there are limitations to 'subverting' them to genuinely strengthen labour rights.

Not all critical writers have considered corporate codes of conduct in instrumental terms. One hallmark of critical analysts has been the consideration of ways that corporate codes of conduct could be used as a rallying point for social justice campaigns by reshaping ideas and discourses about the role of the corporation and the consumer in the global economy. One of the most well-known depictions was contained in the book *No Logo*, produced by the heterodox researcher

Naomi Klein. As Klein reported, once corporate codes of conduct that specified specific standards became part of the public domain, the codes themselves could be used by social movement organizations as a standard against which to evaluate corporate practices. Firms that did not live up to their own codes risked being publicly disclosed as hypocrites as well as human rights violators (Klein, 2000). Klein does not support corporate codes of conduct as regulatory tools, but she does see them as useful campaigning devices, ripe for utilization to point out the unethical behaviour and hypocrisy of transnational corporations. Pearson and Seyfang (2001) note that the codes have been useful as tools for educating consumers about global human and labour rights issues and legitimizing the right of workers to be part of the globalization discussion.

Several critical writers have emphasized the new discourses produced by the creation and critical engagement with corporate codes of conduct. Sadler (2004) notes that codes are one of the few discursive spaces where corporations and social movement organizations engage with one another directly and thus is a site of a new kind of politics. The ultimate shape of this politics is indeterminate – indeed, Sadler is concerned to ensure that the corporate form is destabilized rather than enabled. For DeWinter (2001), the space is not so indeterminate, indeed, the corporate social responsibility movement has successfully reconstituted the corporation as a moral agent, forcing it to legitimize its activities as upholding the general good, in striking contrast to the amoral, (psychopathic), profit-maximizing entity featured in the documentary film *The Corporation* (Achbar and Abbott, 2003). DeWinter also claims that the discourse of corporate social responsibility is inherently pro-capitalist, imposing on corporations only a moral obligation not to transgress certain basic human rights in their pursuit of profits, thus simultaneously reconstituting movements at the discursive level as reformist rather than revolutionary. She argues that it similarly legitimizes the neo-liberal claim that many regulatory activities rightly belong with society or the market rather than with the state – though both liberal and critical writers may see the voluntary codes as a stop-gap or a first step rather than a substitute for state regulation. More broadly, critical writers have been concerned that corporate codes of conduct may be inherently reformist, and therefore, produce a politics that ultimately legitimizes neo-liberal global restructuring rather than challenging it on a number of bases, including the regulatory role of the state and the role of trade unions and worker self-organization.

### Research program

Both liberal and critical approaches have tended to conduct empirical research by way of one or a handful of case studies, which has produced some helpful insights but inevitably ensured that there are many gaps in the research. Indeed, given the structure of production created by buyer-driven commodity chains, it is very difficult to access relevant empirical information (such information is deemed commercially sensitive and politically sensitive), but even if the information was more widely available, it would be an enormous challenge to collect and integrate the masses of information needed for systematic empirical study – Disney's various production chains alone contract from 30,000 suppliers (on this point, see, for example, Barrientos, 2002). But there has been another challenge as well – assessing the broader impact of and prospects for corporate codes of conduct in a way that is empirically grounded. There are undoubtedly many projects that could be pursued in this regard, but I have identified and

outlined two below that I see as particularly pressing. The first seeks to assess the role that short-term investment horizons associated with maximizing shareholder value has played in limiting the scope for codes of conduct to modify outsourcing and offshoring practices; the second considers the grounding of political education campaigns in daily consumption practices as part of the emerging political culture associated with neo-liberalism and resistance to neo-liberalism.

Research on the growing power of financial capital in the neo-liberal era preceded research on corporate codes of conduct, and in many ways, these two bodies of research have addressed a similar set of phenomena in the global economy – most notably, the changing role of national states away from regulating specific activities of capital and towards fostering an attractive investment climate. Yet although writers on corporate codes of conduct have occasionally noted that short-term investment horizons may limit the possibilities for corporate codes of conduct to have a strong impact on the practices of firms, this observation has not been investigated either theoretically or empirically. Indeed, it has been more common to note that corporate social responsibility measures such as corporate codes of conduct have been justified by their commercial benefits, rather than merely their moral benefits (Blowfield, 2005). But in doing so, as Blowfield argues, they simultaneously legitimize the authority of the private sector over investment decisions and favour certain rights over others, as suggested earlier, in a bid to maintain and strengthen private authority. But even as far as that goes, their influence over investors is very limited and circumscribed. If we turn briefly to some of the literature on ‘shareholder capitalism’, Harmes (1998; 2001a; 2001b) has investigated the influence of institutional investors like pension funds and mutual funds on management practices. He found that as institutional investment has been ‘popularized’ (more people buying mutual funds for their retirement savings plans and pension funds shifting from defined benefit to defined contribution), pressures have mounted for mutual fund managers to realize quarterly gains. In response, mutual fund managers have pressured management to emphasize short-term profitability. To be sure, this does not represent a real change in the fiduciary responsibility of pension fund and mutual fund managers, but in the law, the obligation to maximize returns to shareholders contains some flexibility to emphasize long-term rather than short-term returns. But, and this is a point Harmes emphasizes, in the current cultural context, mutual funds are ‘consumed’ by small investors who may flee based on one negative quarterly report, and pension funds may have such an equity stake in firms that they cannot easily sell their shares and instead will put intense pressures on boards of directors and managers to make the changes they see as critical. These structural pressures mean management plans to improve the ethical practices of firms vis-à-vis the treatment of the shop-floor workers of their sub-sub-contractors are necessarily likely to receive short shrift. Corporate codes of conduct become necessary to deflect negative publicity campaigns, but it is equally necessary for them to be ineffective.

Although this seems to an important factor in the overall study of the prospects for corporate codes of conduct, it is also one that has been extremely difficult to investigate empirically. One critical piece of the puzzle in this regard would seem to be whether negative publicity campaigns relating to the labour practices of firms and supply networks affect stock prices. Rock (2001) has undertaken in one initiative to assess the impact on stock prices of a major disclosure of poor labour practices, using “event study technique”, a methodology specific to quantitative economics. His study found that there was a small, but statistically significant effect on the stock market price of several such brands in the short term, even after he controlled for exogenous



factors, and in a few cases, over the longer run as well. By and large, the converse (positive labour practices improving the value of stocks) did not hold true, although the Reebok brand did seem to benefit from the widespread publicity associated with its stronger labour practice standards. Intuitively, however, one would want to temper Rock's findings with the observation that there seems to be no case where negative publicity has had a major impact – none of the firms that have been targeted for labour practice campaigns related to their codes of conduct have gone out of business, nor have specific brands been “wound down” because they became tainted by negative publicity associated with labour practices. Though the GAP and Nike brands may have lost some of their luster, they are still large, profitable brands that, especially in the case of the GAP, are only one component of a range of major brands held by the parent firm.

Considered from a slightly different angle, Harmes' analysis of mass investment as an emerging cultural process suggests that one impact of the growth of individual investments in mutual funds, and the related advertising and public education activities, has been to tie individual perceptions of their interests more strongly with the priorities of financial capital – to maximize the return on investment (Harmes, 2001a, 2001b). Even in situations where total invested capital is small (as is the case for the majority of individual investors in mutual funds), the behaviour of these micro-investors reinforces the attention mutual fund managers must accord to short-term returns – which increases the pressure to squeeze labour costs rather than developing a more stable relationship with suppliers and factory workers based on a more ethical set of labour practices. Quarter, Carmichael, Sousa and Elgie's (2001) study of the investments of the pension plans of unionized workers and labour-sponsored investment funds similarly show that most focus exclusively on the return on investment and all focus primarily on returns, both due to fiduciary responsibility and a perception – including among labour trustees – that this is best reflected in short-term returns on investment, regardless of the quantitative or qualitative impact on employment (also see Carmichael, Thompson and Quarter, 2003).

If we look, conversely, at the rise of ethical investment funds as a strategy to improve labour practices throughout a company's supply chain, we also find that the priority of maximizing return on investment may limit the ethical measures pursued by the fund. Ethical firms advertise their mutual funds as offering returns on investment at or above those of ordinary mutual funds and ethical screens to ensure your investments are used to maintain social and/or environmental standards. With such funds, the devil is in the details – some screen only for investments in firearm production and tobacco, and only a handful specifically refer to labour practices (and then, often only in a generalized way). In some cases, as revealed by Soederberg's (2007) study of ethical screening in the California Public Employees' Retirement System (CalPERS) retirement fund, countries, rather than firms or production networks, are screened. The pension fund has withdrawn investments from the Philippines, Thailand, Malaysia and Indonesia, largely due to non-enforcement of laws – clearly a shift away from the move towards lodging labour regulation with firms rather than states, but as Soederberg argues, framed in a way that emphasizes the functionality of labour regulation to markets (labour stability through appeasement rather than empowering workers). As Harmes comments: “funds of this type help to channel everyday forms of resistance into directions compatible with the interests of finance capital” (Harmes, 2001a, 112).

The relationship between the growing power of financial capital, as represented in the practices of mutual fund and pension fund investments, and the limitations of corporate codes of conduct is somewhat complex, but the overall pattern seems to be clear. The structural power of financial capital, moreover, is not merely something 'out there', but rather, as Aitken (2005) has argued, is reconstituted in the everyday practices and expectations of ordinary people at a cultural level. The notion of being an "ethical" investor is shaped by people's self-image of their role in the global marketplace, both as people who want to "do no harm" with their investments, but more importantly, as people who want to be successful investors. Nonetheless, it is a challenging matter to investigate empirically the extent to which the emphasis on maximizing shareholder value has limited the commitment of firms to promoting labour rights and higher employment standards within their supply chains. Any research program would be complicated by the decentralized nature of mutual funds and other investment instruments and would need to be limited to a specific range of investor instruments. In addition, it would be very difficult to "control for" other variables that can affect the value of investments beyond the ethical behaviour of firms around labour rights issues. Nonetheless, this is an issue on which it would be very helpful to gain more clarity.

Though there has been research undertaken by Quarter, Carmichael and other researchers on labour's involvement with pension funds and labour funds in Canada, and research undertaken by Harmes and Aitken on investment culture and everyday life, and work by a variety of researchers on investments and environmental sustainability, there is ample scope to further explore Canadian ethical investment practices and their relationship to corporate social responsibility in support of labour rights as pursued through corporate codes of conduct. A starting point would be to consider how Canadian ethical funds, which account for more than \$12 billion in Canadian investments, have pursued labour rights issues, examining their methodology including screening process. Ethical Funds has the largest holdings with fifteen funds, and all of them incorporate screening for labour rights. Ethical Funds engages both in screening out some firms for ethical reasons, and using shareholder activism to pressure firms where they have holdings to improve their labour and other ethical practices ([www.ethicalfunds.com](http://www.ethicalfunds.com)). A preliminary scan indicates that the ambiguities identified above associated with maximizing returns and investing in corporations that consistently improve labour and social practices are replayed in these funds – the important Social Investment Organization's quarterly report on Socially Responsible Investment funds, for example, reports only on their returns on investment. Undertaking research on socially responsible investment funds in Canada may provide some insights into ways that investors have used their capital to attempt to shape corporate practices in ways that enhance labour rights, as well as some of the limitations of these practices.

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