

The Moral Authority of Transnational Corporate Codes

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ABSTRACT. Ethical guidelines for multinational corporations are included in several international accords adopted during the past four decades. These guidelines attempt to influence the practices of multinational enterprises in such areas as employment relations, consumer protection, environmental pollution, political participation, and basic human rights. Their moral authority rests upon the competing principles of national sovereignty, social equity, market integrity, and human rights. Both deontological principles and experience-based value systems undergird and justify the primacy of human rights as the fundamental moral authority of these transnational and transcultural compacts. Although difficulties and obstacles abound in gaining operational acceptance of such codes of conduct, it is possible to argue that their guidelines betoken the emergence of a transcultural corporate ethic.

Moral guidelines for corporations may be found embedded in several multilateral compacts adopted by governments since the end of the Second World War. Taken as a whole, these normative guides comprise a framework for identifying the essential moral behaviors expected of multinational corporations. Corporate actions that transgress these principles are understood to be *de facto*, and in some cases *de jure*, unethical and immoral. This set of normative prescriptions and proscriptions embodies a moral authority that transcends national boundaries and societal differences, thereby invoking or manifesting

a universal or transcultural standard of corporate ethical behavior. Although this remarkable development has not run its full course and therefore is not yet all-embracing, it is well enough along for its main outlines to be evident and its central normative significance to be clear.

Landmark multilateral compacts

The four decades between 1948 and 1988 have been remarkable for the proliferation of intergovernmental agreements, compacts, accords, and declarations that have been intended to put on the public record various sets of principles regulating the activities of governments, groups, and individuals. The core concerns of these compacts have ranged from military security to economic and social development, from the protection of national sovereignty to specifying acceptable actions by multinational enterprises, from condemnations of genocide and slavery to the regulation of capital flows and the transfer of technology, from the political rights of women to the movements of refugees and stateless persons, and many others too numerous to list here. They reflect the many kinds of problems and issues that have confronted governments in the last half of the 20th century (United Nations, 1983).

This paper focuses on six of these intergovernmental compacts, which by their nature, purpose, and comprehensiveness might well be considered to be the most generic or archetypal of such agreements. Collectively they proclaim the basic outlines of a transcultural corporate ethic. This ethic effectively lays down specific guidelines for the formulation of multinational corporate policies and practices. These six compacts and their respective dates of promulgation are:

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- The United Nations Universal Declaration of Human Rights (1948) [Abbreviated as UDHR]
- The European Convention on Human Rights (1950) [ECHR]
- The Helsinki Final Act (1975) [Helsinki]
- The OECD Guidelines for Multinational Enterprises (1976) [OECD]
- The International Labor Office Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (1977) [ILO]
- The United Nations Code of Conduct on Transnational Corporations (Not yet completed nor promulgated but originating in 1972.) [TNC Code]¹

The first two compacts are clearly normative in focus and intention, emphasizing human rights, but they are not addressed specifically to multinational enterprises. The principal emphasis of the Helsinki Final Act is the national and political security of the signatory governments, although this accord and its successor protocols carry strong messages concerning human rights and environmental protections, which do concern business operations. The last three compacts are aimed primarily and explicitly at the practices of multinational enterprises across a wide range of issues and problems. While three of the six accords issue primarily from European-North American governments, the other three represent the views of a much wider, even global, range of governments.

Normative corporate guidelines

By careful reading of these six intergovernmental compacts, one can derive a set of explicitly normative guides for the policies, decisions, and operations of multinational corporations. These guidelines refer to normal business operations, as well as more fundamental responsibilities regarding basic human rights.

Employment practices and policies

- MNCs should not contravene the manpower policies of host nations. [ILO]
- MNCs should respect the right of employees

to join trade unions and to bargain collectively. [ILO; OECD; UDHR]

- MNCs should develop nondiscriminatory employment policies and promote equal job opportunities. [ILO; OECD; UDHR]
- MNCs should provide equal pay for equal work. [ILO; UDHR]
- MNCs should give advance notice of changes in operations, especially plant closings, and mitigate the adverse effects of these changes. [ILO; OECD]
- MNCs should provide favorable work conditions, limited working hours, holidays with pay, and protection against unemployment. [UDHR]
- MNCs should promote job stability and job security, avoiding arbitrary dismissals and providing severance pay for those unemployed. [ILO; UDHR]
- MNCs should respect local host-country job standards and upgrade the local labor force through training. [ILO; OECD]
- MNCs should adopt adequate health and safety standards for employees and grant them the right to know about job-related health hazards. [ILO]
- MNCs should, minimally, pay basic living wages to employees. [ILO; UDHR]
- MNCs' operations should benefit lower-income groups of the host nation. [ILO]
- MNCs should balance job opportunities, work conditions, job training, and living conditions among migrant workers and host-country nationals. [Helsinki]

Consumer protection

- MNCs should respect host-country laws and policies regarding the protection of consumers. [OECD; TNC Code]
- MNCs should safeguard the health and safety of consumers by various disclosures, safe packaging, proper labelling, and accurate advertising. [TNC Code]

Environmental protection

- MNCs should respect host-country laws,

- goals, and priorities concerning protection of the environment. [OECD; TNC Code; Helsinki]
- MNCs should preserve ecological balance, protect the environment, adopt preventive measures to avoid environmental harm, and rehabilitate environments damaged by operations. [OECD; TNC Code; Helsinki]
- MNCs should disclose likely environmental harms and minimize risks of accidents that could cause environmental damage. [OECD; TNC Code]
- MNCs should promote the development of international environmental standards. [TNC Code; Helsinki]
- MNCs should control specific operations that contribute to pollution of air, water, and soils. [Helsinki]
- MNCs should develop and use technology that can monitor, protect, and enhance the environment. [OECD; Helsinki]

Political payments and involvement

- MNCs should not pay bribes nor make improper payments to public officials. [OECD; TNC Code]
- MNCs should avoid improper or illegal involvement or interference in the internal politics of host countries. [OECD; TNC Code]
- MNCs should not interfere in intergovernmental relations. [TNC Code]

Basic human rights and fundamental freedoms

- MNCs should respect the rights of all persons to life, liberty, security of person, and privacy. [UDHR; ECHR; Helsinki; ILO; TNC Code]²
- MNCs should respect the rights of all persons to equal protection of the law, work, choice of job, just and favorable work conditions, and protection against unemployment and discrimination. [UDHR; Helsinki; ILO; TNC Code]
- MNCs should respect all persons' freedom of thought, conscience, religion, opinion and expression, communication, peaceful assembly and association, and movement and residence

within each state. [UDHR; ECHR; Helsinki; ILO; TNC Code]

- MNCs should promote a standard of living to support the health and well-being of workers and their families. [UDHR; Helsinki; ILO; TNC Code]
- MNCs should promote special care and assistance to motherhood and childhood. [UDHR; Helsinki; ILO; TNC Code]

These guidelines should be viewed as a *collective* phenomenon since all of them do not appear in each of the six compacts. Table I reveals that the OECD compact and the proposed TNC CODE provide the most comprehensive coverage of the guideline categories. The relative lack of guidelines in the ECHR compact may be attributable to the considerable membership overlap with the Organization for Economic Cooperation and Development whose members subscribe to the OECD standards for multinationals. Human rights and employment conditions are clearly the leading guideline categories, while consumer protection and corporate political activity appear infrequently. Table 1 suggests that the respective compacts have "specialized" in different types of normative issues involving corporate practices, the most obvious example being the ILO's emphasis on employment issues. The argument of this paper is that the collective weight of the guidelines is more important than the absence of some of them from specific international agreements. Clearly their inclusion across the board would strengthen the case for a global normative system intended to guide corporate practices.

These normative guidelines have direct implications for a wide range of *specific* corporate programs and policies. They include policies regarding child-care, minimum wages, hours of work, employee training and education, adequate housing and health care, pollution control efforts, advertising and marketing activities, severance pay, privacy of employees and consumers, information concerning on-the-job hazards, and, especially for those companies with operations in South Africa, such additional matters as the place of residence and free movement of employees. Quite clearly, the guidelines are not intended to be, nor do they act as, mere rhetoric. Nor do they deal with peripheral matters. They have *direct* applicability to many of the *central* operations and policies of multinational enterprises.

TABLE I
Number of MNC normative guidelines by category for six multilateral compacts

	UDHR	ECHR	HELSINKI	OECD	ILO	TNC CODE	TOTAL
Employment Practices	6	—	—	4	10	—*	20
Consumer Protection	—	—	—	1	—	2	3
Environmental Protection	—	—	5	4	—	4	13
Political Activity	—	—	—	2	—	3	5
Human Rights (re: work)	5	2	5	—	5	5	22
TOTAL	11	2	10	11	15	14	63

* It is expected, but is not a foregone certainty, that the Transnational Corporate Code of Conduct will incorporate into its provisions regarding employment practices the bulk and central meaning of those set forth in the ILO Tripartite Declaration. Hence, their omission in this Table should not be construed to mean that they have been ignored or overlooked by the drafters of the TNC Code.

The normative sources of the guidelines

These guides for the practices and policies of multinational companies seem to rest upon and be justified by four normative orientations. Given sets of the guidelines can be tied directly to one or more of these moral sources.

National sovereignty is one such source. All six compacts invoke the inviolability of national sovereignty. In acting on the compacts' principles, each nation is to take care not to infringe on the sovereignty of its neighbors. Hence, preservation of a nation's integrity and self-interest appears to be one of the moral foundations on which such multilateral accords rest. Multinational enterprises are urged to respect the aims, goals, and directions of a host-country's economic and social development and its cultural and historical traditions. Companies' plans and goals should not contravene these components of a nation's being and sovereignty. Nor should they interfere in the internal political affairs of host countries through improper political activities, political bribes, or questionable payments of any kind made to political candidates or public officials.

Social equity is another normative basis underlying some of the specific corporate guidelines. Pay scales are to be established in ways that will insure equity between men and women, racial and ethnic groups, professional and occupational groups, host-country nationals and parent-country expatriates, indigenous employees and migrant workers, and those well-off and those least-advantaged. The same equity principle is advocated for job opportunities, job training, treatment of the unemployed, and the provision of other work-related benefits and services.

Market integrity is yet another source of moral authority and justification for some of the guidelines identified above, as well as for a large number of other guidelines specified in other agreements that are not treated here which have to do with restrictive business practices, the transnational flow of capital investments, the repatriation of profits, the rights of ownership, and similar matters. Among the normative corporate guidelines listed earlier, those tinged with the notion of market integrity include restrictions on political payments and bribes that might inject non-market considerations into business transactions, a recognition of private collective bar-

gaining (rather than government mandates) as a preferred technique for establishing pay scales, working conditions, and benefits for employees, and some (but not all) of the consumer protections sought in the accords.

By far the most fundamental, comprehensive, widely acknowledged, and pervasive source of moral authority for the corporate guidelines is *human rights and fundamental freedoms*. This concept is given eloquent expression in the UN Universal Declaration of Human Rights. It is then picked up and adopted by the framers of four of the other five accords analyzed in this paper. Only the OECD Guidelines for Multinational Enterprises fail to invoke the specific language or the basic meaning of human rights and fundamental freedoms as the normative principle on which these accords are erected, although the OECD Guidelines incorporate some of these rights and freedoms as specific duties and obligations of multinationals. As previously noted, a number of OECD members are signatories to the European Convention on Human Rights, thereby subscribing to the basic principles of the Universal Declaration of Human Rights.

Essentially, the Declaration of Human Rights proclaims the existence of a whole host of human rights and freedoms, saying that they are inherent in the human condition. "All human beings are born free and equal in dignity and rights." "Equal and inalienable rights" are possessed by "all members of the human family" who also manifest an "inherent dignity." Other language speaks of "fundamental human rights," "the dignity and worth of the human person," "the equal rights of men and women," and "fundamental freedoms." These rights and freedoms exist "without distinction of any kind." They are understood as a common possession of humankind, not dependent on membership in any particular group, organization, nation, or society.

This invocation of human rights, as a philosophical principle, owes much to Immanuel Kant. In effect, the Declaration of Human Rights posits the Kantian person as the fundament of moral authority. The human person is said to possess an inherent worth and dignity, as well as inalienable and equal rights and freedoms. This being true of all human beings, correlative duties and obligations are thereby imposed on everyone to respect and not to interfere with the rights of others. No one person is warranted

in using another as a means to promote one's own ends and purposes, absent a freely-given informed consent. Hence, a deceptively simple algorithm based on rights and duties sets the stage for the specification of normative rules of conduct for governments, groups, individuals, and — for present purposes — multinational enterprises.³

As powerful and compelling as the human rights principle is, it does compete with the other three normative sources — national sovereignty, social equity, and market integrity. This means that human rights are conditioned by political, social, and economic values. Rights do not stand alone or outside the normal range of human institutions, diverse as those institutions are around the globe and from society to society. The nation remains a sacred repository of group allegiance and fierce loyalty, an institution whose leaders at times are fully capable of depriving their own citizens and others of fundamental rights. Witness South Africa's apartheid system, China's brutal suppression of the student-led democracy movement, and the totalitarian excesses of Romania's communist leaders. In all three cases, the state and nation were invoked as ultimate criteria justifying the denial of human rights.

Moreover, societies everywhere erect systems of social status and class, instilling notions of "just claims" and insisting that most people should "know their place." For example, women around the globe find their rights and their life opportunities restricted by male-dominated economic and political systems. The same can be said of the widest variety of ethnic, religious, and racial groups throughout the world, whose fundamental rights and freedoms are often sacrificed on the altar of "social equity" as defined by dominant and competing groups.

Few economic institutions in modern times have appealed more powerfully than markets, whether directed by decentralized economic actors or by centralized states. Those who safeguard the integrity of markets, including officials responsible for high-level governmental or corporate policies, frequently accept the "market necessity" of closing a plant, shifting operations to lower-wage areas, or "busting" a trade union — all in the alleged interest of "allowing the market to work" or "enhancing national and corporate productivity." Doing so may deprive employees of jobs, living wages, retirement security, and other workplace rights.

Hence, in these several ways, rights everywhere are hedged in by such political, social, and economic features of human society. The behavioral guidelines for multinational corporations seem to have been woven, not from a single philosophic principle but by a blending of normative threads. At the pattern's center stand human rights and fundamental freedoms, for in the international compacts reference is found most frequently to this normative marker. But the strands of national sovereignty, social equity, and market integrity are woven into the overall pattern, coloring and giving form to the expression of human rights. Thus are human rights conditioned by societal factors.

One important trait is responsible for the normative dominance of the human rights principle. The human rights spoken of in the Universal Declaration of Human Rights are transcultural. As a principle, human rights span and disregard cultural and national boundaries, class systems, ethnic groupings, economic levels, and other human arrangements which for a variety of reasons differentiate between individuals and groups. Human rights are just that — human. They inhere in *all* humans, regardless of imposed societal classifications and exclusions. They can be defined, disregarded, or violated but they cannot be eradicated.

A transcultural character cannot be claimed for the other three normative sources. National sovereignty is by definition bound to and expressive of the nation. If "nation" is understood to embrace, not only the nation-state but also identification with and allegiance to an ethnic grouping, then it might be more accurate to speak of "socio-ethnicity" as the kind of sovereignty whose protection is sought. In any event, neither "nation-state" nor "socio-ethnic group" is or can be transcultural.

Similarly, social equity meanings rarely if ever span cultural boundaries, in spite of Marxist class theory to the contrary or even the mightiest efforts of Third World nations to see and organize themselves as the world's exploited underclass. That they are a global underclass, mistreated, and denied many opportunities by their more prosperous neighbors has not yet bound them together into a solid bloc that could be called transcultural.

Market integrity remains tied firmly to nation-states, even as regional interstate markets such as the European Common Market and the Andean Com-

mon Market emerge. Economic systems based on the market principle bear the marks of their national parent's political and ideological institutions. The relatively freer markets that have emerged during the 1980s in the Soviet Union, Eastern Europe, and China are heavily conditioned by the prevailing governmental philosophies of the respective countries, and their operation is not permitted to contravene the perceived needs of the state. The same may be said of markets in the United States, as one observes the ideological swings that accompany successive presidential administrations, legislative elections, and judicial decisions. United States government-imposed commercial sanctions against South Africa, the Soviet Union, Poland, Cuba, Nicaragua, Libya, and other nations reveal the nation-bound character of market operations.

Except for the human rights principle, all other normative sources that undergird the multinational corporate guidelines are thus culture bound, unable to break out of their respective societal contexts. By contrast, human rights are seen to be transcultural. They are the glue or the linchpin that holds the entire normative system together in a coherent international whole. While conditioned by desires for national (or socio-ethnic) sovereignty, social equity, and market integrity — thus finding their operational meaning within a societal context — human rights express attitudes, yearnings, and beliefs common to all humankind. In that sense, they form the core of a global system whose normative aim is to regulate the practices of multinational corporations.

This rights-based normative system finds justification in two ways. One is through deontological obligations implicit in human rights. Here, the philosopher speaks to us. The other justification is more directly operational, taking the form of lessons learned from human experience about the formation and sustenance of human values. These lessons are taught by social scientists. Each of these rationales calls for further elaboration.

Rationale I: Deontological norms

The normative corporate guidelines may be seen as extensions and manifestations of broad deontological, i.e., duty-based, principles of human conduct. These principles provide a philosophic basis for

defining the duties and obligations of multinational enterprises.

The concurring governments, in the several compacts mentioned here, are saying to multinational enterprises:

- Because your employees have rights to work, to security, to freedom of association, to healthful and safe work conditions, to a pay scale that sustains them and their families at a dignified level of subsistence, to privacy, and to be free from discrimination at work, the managers of multinational corporations incur duties and obligations to respect such rights, to promote them where and when possible, and to avoid taking actions that would deny these rights to the corporation's employees and other stakeholders.
- Because humans and their communities have rights to security, to health, and to the opportunity to develop themselves to their fullest potentials, corporations have an obligation to avoid harming the ecological balance on which human community life and health depend and a positive duty to promote environmental conditions conducive to the pursuit and protection of human rights.
- Because consumers have rights to safe and effective products and to know the quality and traits of the products and services they need to sustain life, companies are obligated, i.e., they have a duty, to offer such products for sale under conditions that permit a free, uncoerced choice for the consumer.
- Because human beings can lay claim to a set of human rights and fundamental freedoms enumerated in the Universal Declaration of Human Rights, multinational corporations are duty-bound to promote, protect, and preserve those rights and freedoms and to avoid trampling on them through corporate operations. The corporations' Kantian duty is implied in the Kantian rights held by all.

A moral imperative is thus imposed on corporations. The source of this deontological imperative is the rights and freedoms that inhere in all human persons. The corporation is bound, by this moral logic, to respect all persons within the purview of its decisions, policies, and actions. In some such fashion

as this, the Universal Declaration of Human Rights serves as the deontological fount, the moral fundament, that defines a corporation's basic duties and obligations toward others. The Declaration's moral principles have been extended to many if not most of the multilateral compacts of the past 40 years, many of whose specific provisions take the form of normative guides for corporate actions across a large range of issues. So goes the moral logic of the accords and compacts.

This philosophic position is compelling and convincing. However, the case for a transcultural corporate ethic need not rest on philosophical arguments alone, or, more positively, the deontological position can be considerably enriched and strengthened by considering the role of human experience as a creator of human values.

Rationale II: Experience-based values

Respect for persons, respect for community integrity, respect for ecological balance, and respect for tested human experience in many spheres of life can be understood both deontologically and as adaptive human value orientations. As value phenomena, they are compatible with the needs and experiences of the world's peoples in a technological era. The need to proclaim many of the rights that appear in the Universal Declaration of Human Rights grew directly out of the gross violations of human rights during the pre-war and war periods of the 1930s and 1940s. Those experiences inspired most of the world's governments to take collective action, in the form of a proclamation, to define an acceptable number of such rights and to urge all to nourish and safeguard them.

Since that time, societies around the globe have felt the bite and seen the promise of technology spawned and applied by multinational corporations and governments. They have experienced the benefits, and have often borne the costs, of business operations undertaken without much regard for environmental, human, and community interests. These experiences have been as compelling, if not as traumatic, as those of the pre-war and war years when human rights were trampled. They have generated widespread agreement and belief in a network of experience-based values that sustain the

lives of individuals, their communities, and their societies. It is these values that have found their way into the several multilateral compacts and accords discussed here. Corporations are urged, not just to tend to their deontological duties but also to support, and not to override, the values that have been found through experience to undergird human flourishing.

Speaking of the role played by experience in formulating value standards, sociologist Robin Williams (1979: 22, 45) reminds us that

... values are learned. This means that they are developed through some kind of experience Similar repeated and pervasive experiences are often characteristic of large numbers of persons similarly situated in society; such experiences are described, discussed, and appraised by the persons involved. The communication of common appraisals eventually builds value standards, which often become widely accepted across many social and cultural boundaries. . . .

... value orientations, repeatedly experienced and reformulated by large numbers of persons over extended periods, will eventually become intellectualized as components of a comprehensive world view.

The gathering together of such experience-derived values concerning the human condition has produced "a comprehensive world view" of what is thought to be morally acceptable behavior by multinational enterprises. The specific "components" of that world view are the normative corporate guidelines described earlier. Humankind is speaking here, making known the basic, minimum, socially acceptable conditions for the conduct of economic enterprise. It is a voice that speaks the language of philosophically inspired rights and duties, as well as the language of a social-scientific conception of experienced-based, adaptive human values. The outcome in both cases is movement toward a transcultural corporate ethic, which is manifested in the six multilateral compacts or codes of conduct discussed here.

Another observer (Dilloway, 1986a: 427) reveals the transcultural moral potential of such international accords:

The final justification, therefore, for a code of rights is, first, that it defines the conditions in which human potential can develop peacefully in an interdependent

milieu; and, second, that such a code, whether for the individual or for interstate relations, offers the *only* frame of common ideas that can span the diversity of cultures, religions, living standards, and political and economic systems to create a common nexus of humane practice for an emergent world community.

This view is echoed by Richard Falk (1980: 67, 108):

To think of human rights in the world as a whole . . . is itself a reflection of the emergence, however weakly, of a planetary perspective based on the notion that persons . . . warrant our normative attention.

Nor is there any reason to restrict this "frame of common ideas" — this morality of the commons — to multinational enterprises alone. It would apply with equal force to domestic and multinational companies. Where nations have been able to identify and agree upon common ethical principles and common values that reflect the experience of even the most diverse cultures, a moral minimum has been established. It remains within the power of some governments and their citizens and businesses to exceed this minimum, while other governments' powers may be insufficiently dedicated to meet even the minimum moral standards. But this minimum — the international common morality, the "common nexus of humane practice," the planetary perspective — stands as a benchmark to be striven for. While it exists, no corporation, domestic or multinational, can legitimately claim the right to operate without referring its policies and practices to this basic moral standard, this morality of the commons that has been writ large upon the global scene.

Reservations and qualifications

Four objections might be raised to the derivation of these normative corporate guidelines.

First, it can rightly be said that the six compacts are agreements among *governments* (except the ILO whose members also include enterprises and employee associations). Multinational enterprises themselves are not parties to these accords and thereby are not *directly* bound by their terms and principles. Only three of the compacts, namely, the OECD Guidelines, the ILO Tripartite Declaration, and the UN TNC Code, are directed explicitly to the

activities of multinational enterprises. Therefore, an attempt to expand the intention and purposes of the other three accords — the Declaration of Human Rights, the European Convention on Human Rights, and the Helsinki Final Act — to cover the affairs of multinationals might seem to be unwarranted. In other words, the multinationals were not the authors of these guidelines, did not themselves agree to them, and did not pledge to honor them in practice.

This objection, while fair and logical enough as far as it goes, can be offset by noting that all persons, groups, and organizations falling into the sovereign jurisdiction of the concurring governments are bound also by the agreements made by their governments. Such governments are within their justifiable powers and responsibilities to enter into and conclude agreements that bind their citizens, both natural persons and legal entities (such as corporations), to given courses of action. For that reason, when a government pledges itself to promote any given set of behavioral guidelines for its citizens and business firms, it has *pari passu* defined a desirable course of action for them to follow, and it may subsequently enact specific laws that mandate compliance. In this sense, it does not matter that the signatory parties are governments and not enterprises. The enterprises are subject to the laws and agreements of the respective governments in whose territories they conduct business. Beyond these legal considerations, it also should be noted that the UN Universal Declaration of Human Rights asserts that "every individual and every organ of society," should promote and secure the human rights proclaimed by the Declaration. The phrase, "every organ of society," is obviously broad enough to encompass business corporations.

A second difficulty that might be raised by some is that all six accords rely on voluntary compliance by the signatories, since there is no all-embracing international legal authority to enforce the principles enunciated. Their provisions and principles are recommendatory and expectational, not obligatory, in character. It is true that the European Convention on Human Rights established a commission to receive complaints and a court to judge actions thought to be inconsistent with the principles proclaimed, and these organs have functioned as a type of legally sanctioned enforcement machinery (Robertson, 1977). It is true also that the concurring

governments of all six compacts, having agreed to abide by the spirit of the proclamations, hold the authority within their own jurisdictions to enact legislation aimed at compliance on their own soil. So it cannot be said without some qualification that the accords, though couched in terms of voluntary, non-enforced agreements, are left entirely to police themselves.

More important than these formal pressures to conform to the agreed principles is the manner in which normative, ethical, and moral forces exert their influence on human perceptions and actions. Human compliance with moral standards is a subtle and complex matter that may include, but need not be limited to, reliance on police power.

Awareness of others' values and others' attitudes toward ethical issues helps shape one's own values and attitudes. Compliance with moral standards occurs most frequently when there is self-awareness of what others believe to be morally correct. Research has shown that most people register an apparent desire to hold values, and to be seen as holding values, that are consistent with others' values and with one's own behavior (Rokeach, 1973, 1979). Studies of moral development by Lawrence Kohlberg and his associates also support the idea that value commitments and various types of moral reasoning are strongly influenced by social interactions and social learning experiences (Kohlberg, 1981).

Without this psychological and socially induced strain toward moral consistency, it is unlikely that governmental coercion by itself would be able to secure compliance with socially acceptable moral standards. This is what is usually meant by those who say that "Morals cannot be legislated." Moral compliance in this sense must rely largely on voluntary acceptance of the core ideas expressed by such standards. Compliance is more a matter of social learning and an understanding of the worthwhileness and serviceability of given moral standards than of an acceptance forced by an authoritarian source. Frequently, people accept moral channeling because it makes sense to them and because it reflects their own experience in coping with knotty moral issues. Hence, the widespread declaration of moral principles founded on voluntary acceptance may symbolize a type of moral commitment that is conceivably stronger and more effective than the use of

government police power to secure compliance with moral directives. A somewhat related view has been expressed by Ronald Dworkin (1977).

A third difficulty arises when arguing that normative corporate guidelines form the core of a transcultural corporate ethic. The guidelines are not subscribed to by all governments, and even some of the signatory governments may override or ignore them in some circumstances. Thus, it may be charged that the guidelines fall considerably short of representing a universal world view of what multinational corporations should do. Three of the accords are clearly a product of North American-European concerns and issues, while at least one other, the ILO Tripartite Declaration, tends to express the views of employee representatives from industrial nations. Only the UN Universal Declaration of Human Rights and the UN Code of Conduct for Transnational Corporations speak with a more or less global voice, and the last of these two accords has not yet actually come into existence.

This sceptical view is compelling and must be accepted as true. The world is not yet at a point where it can claim to have formulated or projected a set of normative corporate guidelines that are universally or globally accepted and observed. Very real difficulties and genuine controversies have accompanied efforts to forge multilateral compacts that are acceptable to all parties. As noted earlier, the general absence of effective legal enforcement mechanisms weakens these intergovernmental efforts. Sharp differences between multinationals and trade unions have been prominent (Rowan and Campbell, 1983). The sometimes muted struggle between Third World nations and their richer industrial neighbors is always there as a background factor conditioning negotiations. Social ethnicity and diverse religious affiliations become stumbling blocks to consensus. Geopolitical rivalry and *real politik* frequently frustrate the best efforts to reach multilateral accord. Such obstacles are seen by many to be the essence of the international scene, putting the creation of a universal code of conduct beyond reach (Feld, 1980; Waldman, 1980; Wallace, 1982; Windsor and Preston, 1988).

However, a modicum of hope may exist in the very *process* of trying to achieve consensus, prickly as it often is. If nations can agree on procedural rules for determining a fair distribution of the benefits

and costs of joining with others in multilateral compacts, more international collaboration might be forthcoming (Windsor and Preston, 1988). The outcome might then be a gradual lessening of substantive differences and a drawing together of the negotiating parties. Robin Williams (1979: 30) explains how this process works:

... opposition of interests and struggles among individuals and collectivities within a continuing polity and societal system actually can contribute to the establishment and elaboration of generalized values and symbols. ... If successive contests and conflicts are then successfully resolved without repudiation of the values which legitimate the conflict-resolving process or mechanisms, the more highly generalized values will come more and more to be regarded as axiomatic or unchallengeable. Although the specific social implications of the general value principle will be changed through successive occasions, nevertheless, all parties come to have a stake in maintaining the complex value referent as a resource for the future.

This process-based outcome is also thought to be a factor by the UN Centre on Transnational Corporations (United Nations, 1988: 361):

... certain substantive principles are known and relatively undisputed in practice ... there exists today a large body of authoritative material — agreements, declarations, statements, etc. — on the issues at hand. They are not all identical, of course, ... but there is also considerable coincidence of views.

... Even where binding legal obligations are not created, legitimate expectations may be established as to the application of corresponding standards within reasonable bounds.

It is worth remembering that corporations remain remarkably attuned to public perceptions of their images and reputations, displaying an often surprising sensitivity to public criticism of their policies and actions. The reasons are frequently self protective, rather than stemming from altruistic or socially responsible motives. Even so, the hovering presence and repeated expression of moral principles seemingly accepted by large public blocs and their governments may influence corporate behavior toward voluntary compliance with these normative standards.

A fourth difficulty is that the normative guidelines are obviously an incomplete set of moral

instructions to enterprises. They do not cover many important matters and issues related to multinational corporate operations. None of the five categories shown in Table I contains an exhaustive list of all possible issues and needed guidelines. One can easily identify other categories and types of issues relevant to multinational business that apparently have not found their way into this particular group of compacts.

In spite of the relatively limited moral compass of these six accords, an impressively diverse range of issues has been evident in several other multilateral conventions, codes, and treaties enacted and promulgated during the 1970s and 1980s, which are not discussed here. These accords attempt to establish guidelines concerning product liability, safety of consumer products, protection of privacy and personal data, transnational movement of hazardous waste materials, distribution and use of pesticides, business operations in South Africa, elimination of various forms of discrimination, protection of employees from workplace hazards, and reduction and elimination of chlorofluorocarbons. Were these to be added to the normative guidelines already identified earlier, the entire set of normative instructions to multinationals would be much larger and more complete.

The argument of this paper does not require that all possible issues be included nor that all parties accept all of the provisions of the compacts. It is not claimed that we are witnessing more than the bare beginnings of a globally oriented system of normative principles governing corporate behavior. The only claim being made is that the general outlines of such a system are now discernible and partially operational.

Lessons for policy makers

Those who set policies, whether for public or private institutions, can find some important lessons in these multinational codes of conduct.

The most compelling lesson is that highly diverse governments and societies have been able to reach a workable consensus about some core normative directives for multinational enterprises. That should send a strong message to corporate leaders everywhere that the world's peoples, speaking through

their governments, are capable of setting standards intended to guide corporate practices and policies into morally desirable channels. As noted, there continues to be much disagreement among governments about many of these issues, but failure to agree on everything should not be allowed to cloak an achieved consensus on many other issues.

Wise corporate leaders will be able to interpret this consensus as a framework of public expectations on which the policies of their own companies can be based. Global stakeholders have set out their positions on a large range of problems and issues that matter to them. In effect, corporations are being offered an opportunity to match their own operations to these public expectations. The best ones will do so. The others may wish they had if, in failing to heed the normative messages, they encounter rising hostility and increased governmental intervention in their affairs.

For public policy makers, these agreements betoken a growing consensus among the world's peoples about what is thought to be morally desirable action by governments. It would be as perilous for political leaders to ignore this rising tide of global agreement as for corporate policy makers to turn their backs upon it. The authority and legitimacy of these central economic and political institutions are frequently at risk, as illustrated so dramatically in Eastern Europe in 1989 and 1990. Therefore, it will be vitally important for those charged with making institutional policies to guide their respective societies in ways acceptable to their citizens.

Acting to promote this normative consensus can be encouraged if policy makers understand both the philosophic roots and the experienced-based values from which these international agreements draw their meaning and strength. The philosophic concept of the human person that one finds in these multilateral compacts, and the human and humane values that grow out of shared global experiences, are no mere passing fancy of a planetary people. Building policy on these twin foundations will bring government and business into alignment with the deep structure of human aspirations.

Beyond multinationals: The culture of ethics

The transcultural corporate ethic described here is

only one part of a much more comprehensive, universal moral order whose shadowy outlines are only partially apparent. This broader "culture of ethics" includes all of those fundamental values and moral orientations that have been proven through long experience to contribute to the sustenance and flourishing of human persons within their communities (Frederick, 1986). It will be important, and increasingly apparent, that all economic enterprises, public and private, domestic and multinational, are bound to acknowledge the moral force of this culture of ethics and to shape their policies and practices accordingly. This "moral dimension" of economic analysis and corporate decision making can no longer be set aside or treated as a peripheral matter (Etzioni, 1988). As human societies are drawn ever closer together by electronic and other technologies, and as they face the multiple threats posed by the unwise and heedless use of these devices, it will become ever more necessary to reach agreement on the core values and ethical principles that permit a humane life to be lived by all. Such planetary agreement is now visible, though yet feeble in its rudiments. This broadscale culture of ethics draws upon many societal, religious, and philosophical sources. It is a great chorus of human voices, human aspirations, and human experiences, arising out of societal and cultural and individual diversity, that expresses the collective normative needs of a global people.

Notes

¹ The successor protocols subsequently attached to some of these compacts are not treated here, although doing so would strengthen the paper's argument. Of particular importance are the International Covenant on Economic, Social, and Cultural Rights; the International Covenant on Civil and Political Rights; and the Optional Protocol to the International Covenant on Civil and Political Rights. These three instruments, which were adopted by the United Nations General Assembly in 1966, transformed the general principles of the Universal Declaration of Human Rights into legal obligations of the ratifying states. By 1985, about half of the governments had ratified these covenants (Dilloway b: 458–459). Three additional documents, two of them intergovernmental and one privately proclaimed, all with obviously normative messages for multinational corporations, have not been included. They are the World

Health Organization's International Code on the Marketing of Breast-milk Substitutes (1981), the European Economic Community's Code of Conduct for Companies with Interests in South Africa (1977), and The Sullivan Principles concerning U.S. corporate operations in South Africa (1977). The normative principles on which these three documents are based are entirely consistent with those found in the six compacts that are the focus of this paper. Hence, the case being made here for the emergence of a normative system of global dimensions is predictably stronger than the evidence adduced.

² The Helsinki Final Act, the ILO Tripartite Declaration, and the UN Code for Transnational Corporations incorporate a general statement accepting the UN Universal Declaration of Human Rights; hence, each of these accords is shown as expressing those guidelines that are derived from the UN Declaration.

Of the numerous human rights and freedoms identified in the UN Declaration, only those are included here whose observance or violation would be most closely tied to corporate operations. Many rights and freedoms with a "political" content are thereby not treated here, although it could be further argued that corporate influence on the public policies and political processes of host nations exerts both direct and indirect effect on such rights and freedoms.

It also should be noted that the UN Universal Declaration of Human Rights takes the form of a resolution of the General Assembly and is not a convention, treaty, or accord to which government representatives affix their signatures. Therefore, it is not technically correct to refer to the "signatories" of the Universal Declaration. Where that usage is employed here, it should be understood as meaning only that the then-voting members of the General Assembly agreed to the Declaration's central message.

³ The algorithm is "deceptively simple" by seeming to overlook the enormous volume of argumentation, qualifications, and exceptions to Kant's views that has been produced by succeeding generations of philosophers. Extended discussion of theories of human rights may be found in Shue (1980) and Nickel (1987). Thomas Donaldson (1989) has developed a far more sophisticated view of ethical algorithms than the one offered here, and I am indebted to him for both the concept and the phrase itself.

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