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Gender Equality in the Codes of Conduct of Multinational Companies

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Abstract

The purpose of this thesis has been to *describe whether aspects on gender equality is addressed in the codes of conduct of multinational corporations*. A code of conduct is a document where principles on corporate social responsibility are formulated. I have focused on four Swedish multinational corporations and their codes of conduct. The companies are Electrolux, Ericsson, Skanska and Volvo. In order to examine how gender equality is addressed in the codes of conduct of these companies, I have studied the structure and content of the codes of conduct and conducted a questionnaire that representatives of the companies have answered. Causes behind formulating codes of conduct, the position and status of these documents as well as how they are communicated is discussed and comparisons are made to the so-called equal opportunities plan. In this thesis I show that aspects on gender equality is only formulated by one company in its code of conduct. In all four companies gender is mentioned in relation to a non-discrimination principle, being one among many causes for discrimination that the companies do not accept. Aspects on gender equality in terms of equality in working life between women and men are however only expressed in one code of conduct.

Keywords: Gender Equality, Code of Conduct, Corporate Social Responsibility

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1. Introduction

With the increasing globalization, multinational corporations are actors on the global stage and their image and the way they act, is made visible to a world audience, an audience that can be their business partners, their employees or the public in general. Many multinational companies have units and subcontractors spread all over the world, the same is true for their consumers or customers. Thus, these companies are part of the globalization process where services and products are sold on a global market but where employees and other stakeholders often are connected to a certain local setting in which the company or a unit of the company operates. There is a certain tension between the global market forces and the local environment where there are different cultural and social patterns depending on where in the world the company acts, where it produces its products and where it sells them. The code of conduct can be seen as a response to this tension and includes principles on corporate social responsibility, for example workers rights and working environment. The codes of conduct contain core values of the company and are to be followed irrespective of where in the world the company operates.

Thus corporate social responsibility can be seen as part of the globalization process and the global network where business and society interact. It was also this aspect that made me interested in studying how corporate social responsibility is formulated in codes of conduct by companies acting on a global market. One evidence of the global dimension on corporate social responsibility and how it is connected to global businesses is the UN Global Compact. This initiative was taken by the United Nation Secretary General Kofi Annan in 1999. The purpose of the UN Global Compact is to “advance responsible corporate citizenship so that business can be part of the solution to the challenges of globalisation”.¹ It is based on a partnership between the private sector and social actors in order to develop a “sustainable and inclusive global economy.”²

The UN Global Compact is based on collective action and “voluntary corporate citizenship”³, that is, it is not a legally binding initiative. Hundreds of companies and organisations all over

¹ The UN Global Compact: <http://www.unglobalcompact.org>, 2004-04-03

² The UN Global Compact: <http://www.unglobalcompact.org>, 2004-04-03

³ The UN Global Compact: <http://www.unglobalcompact.org>, 2004-04-03

the world are engaged in this initiative which contains ten principles on human rights, labor, environment and corruption, including the companies I have studied; Volvo, Ericsson, Skanska and Electrolux. The majority of the principles deal with human rights and labor standards. The principles on human rights state that businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses. The principles on labour standards say that businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining and that business should work for the elimination of all forms of forced and compulsory labour and child labour. There is also a non-discrimination principle.⁴ Many of these principles can also be found in the codes of conduct of individual companies such as Volvo, Ericsson, Skanska and Electrolux.

In this thesis I am interested in how multinational companies formulate corporate social responsibility in their codes of conduct. I am especially interested in one aspect and that is how gender equality, defined as equality in working life between women and men, is addressed in these codes.

The thesis is divided into three parts. The first one includes the purpose of the thesis, a theoretical framework including a discussion of the concepts being used as well as a section about the method chosen for this thesis. In the second part of the thesis the different codes of conduct are described with special focus on how gender equality is addressed in these documents. The third part consists of the analysis and conclusions of the findings made.

2. Purpose

The purpose of this thesis is to *describe whether aspects on gender equality is addressed in the codes of conduct of multinational corporations.*

I will focus on four codes of conduct formulated by four Swedish multinational companies; Volvo, Ericsson, Skanska and Electrolux.

⁴ The UN Global Compact: <http://www.unglobalcompact.org>, 2004-04-03

3. Theoretical framework and Relevant Concepts

In this section I will discuss the concepts of corporate social responsibility and code of conduct and the concept of gender equality.

3.1 Corporate Social Responsibility and Codes of Conduct

Corporate social responsibility and code of conduct are concepts that have been and that are studied from many different perspectives and angles by researchers within different academic fields such as sociology, history, political science and economics. There is research on how codes of conduct and principles on corporate social responsibility influence the position of multinational companies on the global market, research on the role of NGO's in formulating principles on corporate social responsibility, research that has its starting-point in the relationship between the developed world and the developing world and examples of research that takes an historical starting-point looking at corporate social responsibility and codes of conduct as part of industrialization processes.

I cannot and it is not relevant in this thesis to describe and give a picture of all these different aspects of corporate social responsibility and how they can be manifested in codes of conduct. Instead, I will focus on these concepts in relation to the purpose of this thesis and discuss possible causes for producing these documents and how these codes of conduct are used by multinational companies being part of a global network while at the same time operating in a local environment with local labour forces.

Corporate social responsibility is sometimes called corporate citizenship or responsible business practices and there is no universally-applicable definition of the concept.⁵ Corporate social responsibility can be defined as “the environmental, social and economic aspects of business impacts and performance”⁶. In this thesis, corporate social responsibility is used in connection to *codes of conduct* which can be defined as the document where the social responsibility of the company is being formulated into certain principles or core values on

⁵ This has been discussed by for example Tom Fox and Dave Prescott in their paper *Exploring the role of development cooperation agencies in corporate responsibility*, based on the discussions at an international conference, “Development Cooperation and corporate social responsibility: exploring the role of development cooperation agencies”, Stockholm 22nd-23rd March 2004

⁶ Ward, H (1993), *Legal issues in the corporate citizenship*, prepared for the Swedish partnership for global responsibility, February 2003, International Institute for Environment and Development (IEED)

such issues as working conditions, employee rights and obligations and in some cases principles on how the company shall protect the environment in which it operates.

A code of conduct can be seen as a manifestation of a company's social responsibility. Many researchers argue that codes of conduct are a response to public pressure or pressure from the surrounding society in which the company acts. Thus, the code of conduct becomes a document in which the company can formulate its corporate social responsibility in relation to its employees, business partners and other stakeholders as well as its responsibility for the environment.

But what is the code of conduct responding too? In research the code of conduct is often seen as a way for the company to answer the accusations from NGO's and local activists, claiming that the company is exploiting the workers, abusing human rights or damaging the environment, thus intruding upon the local environment when producing products or services aimed for a global market. The code of conduct is a response to these accusations presenting principles on how the workers and the environment shall be treated. It is a response to a pressure that threatens the credibility of the company, and, in the end risking market shares on the global market.⁷

The code of conduct becomes "a response to the high level of public mistrust of institutions and of the individuals who run them"⁸ and a defence against what Anthony Adair calls "stakeholder power" where these multinational companies "have found themselves under increasing public scrutiny and criticism bordering on hostility cover a variety of environmental, safety, social, financial and economic failures"⁹. The code of conduct is not only used as a tool to justify the company's operations in a certain social and cultural setting but can also be used as a way to attract employees to the company, providing principles on working environment and workers rights.¹⁰ The code of conduct provide to the employee a

⁷ Berenbeim, R (2000), *Global Ethics*, Executive Excellence, vol. 17, issue 5

Sethi, S.P (2002), Standards for Corporate Conduct in the International Arena: Challenges and Opportunities for Multinational Corporations, *Business and Society Review*, vol. 107, p. 20-40,

Sethi, S.P (1999), Codes of Conduct for Multinational Corporations: An idea Whose Time Has Come, *Business and Society Review*, vol 104, p. 225-241

⁸ Adair, A (1999), *Codes of Conduct are Good for NGO's Too*, *IPA Review*, vol. 51, issue 1, p. 27

⁹ Adair, A (1999), p. 27

¹⁰ Henderson, H (2000), *Transnational Corporations and Global Citizenship*, *American Behavioural Scientist*, vol 43, issue 8, p. 1253-1254

sense of belonging to the company's core values and ideas, irrespective of where in the world the company operates.

By formulating certain principles on how the company shall behave in relation to its employees and its responsibility for the social and physical environment, the company is responding to these accusations and also formulating its company's principles on corporate social responsibility. Corporate social responsibility is formulated in the code of conduct as a responsibility for and respect of certain rights for employees, certain ethical codes when dealing with business partners, respect of the surrounding environment, both the physical and the social environment.

Often, this tension between the local society and the corporation has to do with the fact that the company is multinational and has no connection to the local society in which it operates but is connected to what Castells calls a "global network society" where the company operates in different locations and where different segments of the company are dispersed around the world.¹¹ The employees are however often locally based and are part of certain cultural and social patterns that the company has to respond to, for example by presenting some core values in a code of conduct that are valid for all employees, irrespective of where in the world they work.

The inflexibility of the local labor force and the flexibility of the company in a global market, is discussed by Bauman: "Flexibility of the demand side means freedom to move wherever greener pastures beckon, leaving the refuse and waste spattered around the last camp for the left-behind locals to clean up: above all, it means freedom to disregard all considerations except such as make economic sense"¹². Bauman is rather pessimistic about the consequences of the globalization process, seeing it as a way to exploit employees that have no other choice than to accept the behavior of the multinational companies.¹³

Sethi, Adair and others however see the codes of conduct as a way for these local employees and other stakeholders to actually restrict the company's "flexibility" when it comes to how workers can be treated and the environment used. Thus the company's flexibility and mobility

¹¹ Castells, M (2000), *The Rise of the Network Society, vol 1*, Blackwell Publishers, Malden, p. 130-131

¹² Bauman, Z (1998), *Globalization and its consequences*, Polity, Cambridge, p. 104-105

¹³ Bauman, Z (1998), p. 104-113

is being circumscribed in one sense by having a code of conduct, or at least the formulation of a code of conduct may have this impact. However, having a code of conduct is not the same as living by it, something that is not discussed in this thesis but that shall be remembered when discussing these kinds of core documents.

Both Sethi, Adair and Kapstein see the code of conduct as a tool for multinational companies to gain credibility and legitimacy in a global market.¹⁴ As Sethi concludes, the codes of conducts are “means of assuring important segments of their stakeholder constituencies, and the public at large, that they conduct their business in an ethical and professional manner that goes beyond the prevailing legal standards”¹⁵. They narrow the credibility gap between “societal expectations and corporate performance”.¹⁶ By formulating the corporate social responsibility in a document, a code of conduct, the values of the company are made visible. Often the codes of conduct are also displayed on the company’s website, making it a document that is available not only to employees but to customers and consumers, irrespective of where in the world they are.

To sum up, the code of conduct contains a set of principles where the company’s obligations and rights in relation to its employees, business partners and the society are expressed, thus its corporate social responsibility. The management of the company formulates these principles and communicate the company’s will to act in a responsible manner, whether it has to do with how the employees are to be treated, obligations of the subcontractors or codes on environmental issues, is presented. In this thesis I will look at those principles in the codes of conduct that concern the employees since these principles might deal with the relationship between women and men in the working environment.

3.2 Gender Equality

Gender equality is a concept with many different definitions and meanings depending on, as with corporate social responsibility, in what situation or in what context the concept is being used. In this thesis I will use *gender equality* in the meaning of *equality in working life*

¹⁴ Sethi, S.P (1999), Sethi, S.P (2002), Adair, A (1999), Kapstein, E.B (2001), *The Corporate Ethics Crusade*, Foreign Affairs, vol 80, issue 5

¹⁵ Sethi, S.P (2002), p. 23

¹⁶ Sethi, S.P (2002), p. 24

*between women and men.*¹⁷ I have chosen to use the definition that is used in the Swedish Equal Opportunities Act: Gender equality “is to promote equal rights for women and men in matters relating to work, the terms and conditions of employment and other working conditions, and opportunities for development in work (equality in working life)”.¹⁸

The Swedish Equal Opportunities Act “prohibits sex discrimination in the labour market and requires that all employers, whether in the public or private sector, shall actively promote equal opportunities for men and women in the working environment. All employers with a minimum of ten employees are required to prepare an annual equal opportunities plan as well as a plan of action for equal pay.”¹⁹ Thus, Swedish law lays down that all companies or organisations with more than ten employees need to present an equal opportunities plan/ a gender equality plan on an annual basis.

The Equal Opportunities Act is aimed for the labour market and is based on two principles.²⁰ The first one says that all employers, no matter if they have more than or less than ten employees, have to work in a goal-oriented manner in order to promote gender equality in the workplace. For employers with more than ten employees this means that they have to present a gender equality plan where goals and measures to promote gender equality during the year are described as well as a follow-up of the measures taken the previous year. Companies or organisations with more than ten employees also need to present, annually, an action plan for equal play.²¹

The second principle is that all employers need to work preventive to avoid sex discrimination and harassment in their place of work. The gender equality plans shall consist of goals and measures connected to the working environment, among them the physical working environment, the psychosocial environment, for example attitudes and use of language that can be discriminatory, working hours, sick leave, parental leave, assessment of recruitment needs and wage statistics. The Equal Opportunities Ombudsman is monitoring the compliance

¹⁷ This formulation is used in the Swedish Equal Opportunities Act (SFS 1991: 433, amendments up to and including SFS 2000:773)

¹⁸ Swedish Equal Opportunities Act (SFS 1991: 433, amendments up to and including SFS 2000:773), section 1

¹⁹ <http://www.jamombud.se/en/generalinformat.asp>, 2004-05-30

²⁰ Jämställdhetsombudsmannen , *What are the Duties of Employers, Unions, and Universities?*, p 1-6

²¹ Jämställdhetsombudsmannen , *What are the Duties of Employers, Unions, and Universities?*, p 2

with the law and may, if a company or organisation fails to present a gender equality plan, ask the District Court to impose a fine.²²

The principles described in the Equal Opportunities Act and the stipulated content of the gender equality plans are the starting-points for how the concept of gender equality is used in this thesis and in relation to the codes of conduct. The gender equality plan is very much a document to monitor and promote gender equality between women and men in working life and it also is a document on how the company or organisation should behave in relation to its employees, women and men:

*Good gender equality plans, therefore, help create a situation in which women and men are paid the same wage for work of equal value, in which sexual harassment does not occur, in which employees can reconcile work and family life, in which men and women occupy jobs that they have chosen out of interest and not because of their gender, and in which the experience and skills of all are accorded proper recognition.*²³

How equality in working life between women and men is formulated in the codes of conduct has been the focal point of this thesis. Since I have chosen four Swedish multinational companies they all have gender equality plans and all have goals and measures to promote equality in working life between women and men. But is aspects on gender equality visible in the codes of conduct? In the following sections I will refer to gender equality, always meaning equality in working life between women and men as it has been formulated in this section.

4. Method

This thesis has a descriptive approach. In order to examine how gender equality is addressed in the codes of conduct of multinational corporations I have chosen to look at a few cases and use a method based on document studies and a questionnaire. The questionnaire has been used as a complement to the information received from the codes of conduct. Thus, I have chosen to focus on the document (the code of conduct) in itself and to describe its content in every case in order to fulfill the purpose of this thesis.

²² Jämställhetsombudsmannen , *What are the Duties of Employers, Unions, and Universities?*, p 2-6

4.1 Four Cases

I have chosen to focus on four Swedish multinational corporations. The following corporations will be studied; Volvo, Ericsson, Skanska and Electrolux. There are at least two reasons why I have chosen to look at Swedish multinational corporations. The first one is my own interest in how Swedish companies with units abroad and customers all over the world look at corporate social responsibility and how these companies connect social responsibility to aspects of gender equality.

There has been a debate in Sweden on how the largest corporations in Sweden act when it comes to gender equality in the representation of the board of directors²⁴. However there has not been the same debate when it comes to how these multinational corporations deal with gender equality in relation to social responsibility, for example gender equality when it comes to working conditions for Swedish employees and for employees working for the company abroad.

The second reason is Sweden's position as a leading country when it comes to equality between women and men. This leading role is however often connected to the public sector where politicians present the Swedish model for gender equality, with a strong relationship between social responsibility and gender equality (for example the Swedish Equal Opportunities Act).²⁵ The private sector has to follow the Equal opportunities Act but do multinational companies from Sweden address gender equality when formulating their principles and core values on employee rights and obligations, working conditions and other principles in their codes of conduct?

I have chosen to look at those four corporations with the largest returns in 2002.²⁶ All these companies turned out to have codes of conduct. I chose these types of corporations because they act on a global market and have employees not only in Sweden but in many other

²³ Jämställdhetsombudsmannen, *What are the Duties of Employers, Unions, and Universities?*, p 2

²⁴ See for example Kalmteg, L, *Bennet tror lagstiftning kan behövas*, Svenska Dagbladet 2002-11-26, Leijonhufvud, J, *Winbergs hot om kvotering gick hem – både plus och minus för jämställdheten inom näringslivet*, Svenska Dagbladet 2003-03-08, Leijonhufvud, J, *Brett motstånd till kvoteringsförslag*, Svenska Dagbladet 2004-1014

²⁵ SOU 1998:6, *Ty makten är din...myten om det rationella arbetslivet och det jämställda Sverige*, p. 2

countries as well. These corporations are leading corporations in Sweden and have a world-leading position within their areas of business. Instead of focusing on a few cases, I could have chosen to look at one company only. By choosing a few cases my intention is to be able to do some comparisons between the companies' codes of conduct.

The reason for choosing just a few cases is because there is limited time and resources to carry out this study. I have chosen to select a few cases in order to be able to give a picture of whether gender equality is addressed in the codes of conduct of multinational corporations. Of course, since I have only chosen a few companies, I can only make comments on how these companies have expressed their views on social responsibility and gender equality in their codes of conduct. However, since these companies are multinational and world-leading within their business areas, they are especially interesting to study because their policies and strategies may set a standard and might influence the behavior of other companies and subcontractors or even whole lines of businesses when it comes to formulating principles on corporate social responsibility.²⁷

It is important to note that the focal point of this study has not been to describe how these companies realize the principles laid down in their codes of conduct but to describe the structure and content of these codes and whether aspects of gender equality have been included in these documents. It is important to make clear that I have only focused on the code of conduct and not studied other documents such as annual reports and policies that are displayed on the companies' websites or in other contexts and that may include other principles that are influencing the company's behavior in different situations. I could of course have looked at all types of manifestations on corporate social responsibility, but that would make the purpose of this thesis much broader. I have chosen to look at how the code of conduct is structured and how gender equality has been addressed in this document.²⁸

²⁶ Information on each company's return in 2002 can be found on the following website: <http://sv.wikipedia.org>, 2004-05-15

²⁷ Halvorsen, K (1989), *Samhällsvetenskaplig metod*, Studentlitteratur, p. 67-68

Svenning, C (1997), *Metodboken*, Lorentz förlag, p. 130-132

Jensen, M K (1991), *Kvalitativa metoder för samhälls- och beteendevetare*, p. 45-59

4.2 Document Studies and Questionnaires

I have complemented the analysis of the codes of conduct by doing a questionnaire to each company. The questionnaire is complementary to the document studies of the codes of conduct and has focused on how the company looks at gender equality in relation to the principles on social responsibility stated in the codes of conduct. The questions are standardized and the same for all the companies. I have chosen open answers in order to let the representatives of the companies complement, in their own words, the information received in the codes of conduct, presented on the companies' websites.

The strength in having open answers is that I will be able to get information that is connected to a certain company and that can give a supplementing picture of each individual code of conduct. At the same time, open answers diminish comparability and reliability. Using standardized answers make the questions more precise and make it easier to compare different cases with each other, but can at the same time diminish the validity. Thus, there are both strengths and weaknesses with open and standardized answers and I have been aware of this when formulating the questions.²⁹

I have sent the questionnaire to the department responsible for the code of conduct and, according to the website, responsible for answering questions connected to the code of conduct. There is always a risk using questionnaires since you do not know in what environment this person will answer your questions. In this case, I have not even been able to control who is answering the questionnaire. This is a clear weakness with my method and something that I have been aware of. The same is true for the fact that the questions can be interpreted in different ways, especially because there are no follow-up questions or explanations of the questions that can be done compared to when for example interviewing a person.³⁰

I have chosen not to use interviews, mostly because of time limit but also because I see the questionnaire, as mentioned above, as an information source used as a complement to the

²⁸ Arvidson, P and Rosengren, K E (1992), *Sociologisk metodik*, p. 214-224

²⁹ Arvidson, P and Rosengren, K E (1992), p. 159-161

Halvorsen, K (1989), *Samhällsvetenskaplig metod*, p. 87-89

Jensen, M K (1991), p. 63-64, 70-79

³⁰ Svenning, C (1997), p. 130-132, 150-158

Jensen, M K (1991), p. 115-123

information stated in the code of conduct. That is, I am interested to check the information that is stated in the code of conduct of each company and to investigate more closely how gender equality is related to the principles on social responsibility stated in each code of conduct. There is also a practical aspect since persons or departments in the company responsible for the code of conduct are not always situated in Sweden and therefore not always easy to get in contact with.

The questionnaire consists of eleven questions and all of them have been answered by representatives from the four companies. The first four questions deal with what status the code of conduct has in the company and how it is communicated and monitored:

1. How is the Code of Conduct meant to be used? How are the requirements/principles in the Code of Conduct related to national law and customs?
2. Has the X company signed the UN Global Compact directive?
3. How is the Code of Conduct communicated to employees in X company?
4. How is the Code of Conduct monitored? Are there any actions if there is a failure to comply with any of the requirements stated in the Code of Conduct?

Questions 5 to 10 deal with the main issue, which is how the company looks at gender equality issues when dealing with corporate social responsibility and how equality in working life between women and men is addressed in the codes of conduct. The purpose of having questions on gender equality plans was to investigate whether this document and the principles on which it is based (laid down in the Swedish Equal Opportunities Act) had any connection to or influenced the code of conduct of each company.

5. Is gender a relevant dimension when discussing corporate social responsibility? If YES, in what way? (Please give examples)
6. Does the Code of Conduct include any dimension connected to equality of opportunity between women and men (gender equality)? If NO, how come? If YES, in what respect is there such a connection?
7. Does X company have a gender equality plan? If NO, go to question number 10.
8. If YES, does the gender equality plan include all employees that work for Ericsson
9. Is there any connection between the gender action plan and the Code of Conduct?
10. Is the gender action plan displayed on your website?

Question number 11 was asked in order to know who had answered the questionnaire, something that I had chosen not to control in this survey.

11. What is your role in connection to the Code of Conduct?

Four persons have answered the questionnaire and they all have high positions in their companies. This was important, since the persons answering the questionnaire could be assumed to be familiar with the Code of Conduct and also had influence over its content. Of course, I could not know this before, since I chose a method where the company itself chose which person should answer the questionnaire and communicate the content of the code of conduct to me. The representative of Ericsson is Vice president for the Group Function Human Resource & Organization and is responsible for the content of the Code of Conduct. The representative of Electrolux is a Project Manager coordinating CSR activities, that is, activities to do with corporate social responsibility. The representative of Skanska is Manager for Sustainability. Lastly, the representative of Volvo is Director of Public Affairs, responsible for issues concerning corporate social responsibility.

5. Four Companies and their Codes of Conduct

The four companies chosen for this study had the largest returns in Sweden in 2002 and they represent different business sectors. The Volvo Group is world leading in transportation solutions and produce different types of vehicles and other products related to transport. The Volvo Group consists of different business areas such as Volvo trucks, Volvo Buses and Volvo Financial Services and there are about 76.000 employees working within this business network.³¹ Skanska is one of the leading corporations in construction- related services and project development in the world and has about 60.000 employees spread all over the world, from Sweden to Argentina.³² Electrolux is the largest producer in the world of appliances and equipment for kitchen, cleaning and outdoor use and operates in over 100 countries with about 73.000 employees.³³ Lastly, Ericsson is the largest supplier of mobile systems in the

³¹ <http://www.volvo.com>, 2004-04-18

³² <http://www.skanska.com>, 2004-04-18

³³ <http://www.electrolux.com>, 2004-04-18

world with approximately 51.000 employees.³⁴ These companies have units, business segments, subcontractors, business partners, customers and, not the least, employees in different parts of the world.

In the following section I will describe each companys' code of conduct and it is based both on the information in the codes of conduct and the answers from the questionnaire that I sent to the companies. When talking about "the representative of the company" I refer to those persons that have answered the questionnaire.

5.1 Volvo Group Code of Conduct³⁵

The Volvo Group Code of Conduct consists of three parts; business principles, environmental principles and what is called "human rights and workplace relations". Thus, the code of conduct deals with the relationship between the company and its business partners, its relation to the environment and its relations to its employees. The Volvo Group has signed the UN Global Compact directive and the code of conduct was adopted by the board of directors in June 2003.

The principles connected to the employees are dealing with human rights, non-discrimination, labour and work environment. The code of conduct states that it "supports and respects the protection of internationally proclaimed human rights and ensures that it is not complicit in human rights abuses". Gender is mentioned in connection to non-discrimination, being one of the aspects in non-discrimination among others such as race, religion and sexual orientation. The company states that it will not discriminate on these grounds and that workplace diversity at all levels is encouraged.

The principles on labour and work environment contain no aspect of promoting gender equality in working life. The principles deal on a general level with the prohibition of child labour, forced labour and freedom of association as well as a general statements about a safe and healthy working environment. Thus there are no principles or statements in the code of conduct where gender equality is mentioned as a principle. This is also confirmed in the

³⁴ <http://www.ericsson.com>, 2004-04-18

answers to the questionnaire where diversity is emphasized as a principle that connects the code of conduct with the gender action plan, thus gender as a discriminatory aspect is mentioned, not principles on gender equality.

When asked if gender equality is a relevant dimension when discussing corporate social responsibility the answer is yes and the company refer to its recruiting policies where the company is active in recruiting more female directors and to have equal salaries for equal work.

There is no explanation in the code of conduct how the principles laid down will be monitored, although it is stated that failure to comply with its provisions can result in disciplinary actions. According to the representative of the company the code of conduct is communicated through the company's intranet. While the code of conduct is made available, being published on Volvo's website, the gender equality plan is a document for those working for the company and this plan is displayed on the intranet of each business area.

According to the representative of the company, the code of conduct is a reference document for the work on ethical and social questions within the company. It is a document that encompasses all markets that Volvo Group is engaged in. The document is imperative, both in relation to employees and in relation to suppliers.

5.2 Skanska Code of Conduct³⁶

As with the Volvo Group code of conduct, the Skanska code of conduct consists of three parts; employee relations, business ethics and environmental principles. There are also some general principles that form the starting-point for the code of conduct stating for example that the company respects the UN Universal Declaration of Human Rights. Skanska has also signed the UN Global Compact. According to the representative of the company, the code of conduct is the company's view on legal requirements and the management's view on the issues contained in the code of conduct.

³⁵ This section is based on the following sources: *Volvo Group Code of Conduct* (2003), Volvo AB and a questionnaire answered by the Director of Public Affairs with responsibility for issues concerning corporate social responsibility

³⁶ This section is based on the following sources: *Skanska Code of Conduct*, Skanska AB, and a questionnaire answered by the, Manager of Sustainability under the Skanska Group Senior Vice President of Sustainability

When it comes to principles including rights for employees, Skanska states that employment conditions “will meet the minimum requirements of national legislation and relevant ILO conventions.” The company commits itself to provide a safe and healthy working environment and the right for employees to form and join a trade union.

As with the Volvo Group, Skanska does not tolerate forced labour, child labour and the company has rules on minimum age. Skanska will also “provide equal opportunities” to their employees “without regard to race, color, gender, nationality, religion, ethnic affiliation or other distinguishing characteristics”. In the same paragraph the company also states that it does not accept discrimination or harassment. Thus, gender is seen as one reason for discrimination. However, there are no principles on equality between women and men in the working place.

Skanska is not directly answering the question whether gender is relevant when talking about corporate social responsibility. The company states that gender equality is a part of the concept “sustainability”, a concept that the Skanska use rather than corporate social responsibility. Skanska has a gender equality plan but each unit follow national law. There is according to the representative a connection between the gender equality plan and the code of conduct on a policy level. As with the Volvo Group, the gender equality plan is not presented on the external website.

There is no information in the code of conduct on how to monitor the principles or in what way the code of conduct is communicated among the employees. In the answers from the questionnaire however, it is stated that the code of conduct is communicated through intranet, training sessions, internal magazine and other appropriate channels. The code of conduct is also monitored in quarterly reports from the management and there is an internal document, Code of Conduct Compliance Guideline.

5.3 Electrolux Code of Conduct³⁷

The Electrolux code of conduct states as a starting-point that all activities of the company “must be conducted with respect and consideration for human rights, for human safety and health and for the environment”. The company has also signed the UN Global Compact. The code of conduct consists of workplace requirements, general requirements and specific requirements. The workplace requirements state that the code of conduct is applicable to all parts of the company and that the code is the minimum requirement in all units of the company.

The general requirements deal with the applicability of the code, stating that all Electrolux Group units, suppliers and subcontractors shall follow the code of conduct and comply with the national laws and regulations.

The specific requirements consist of principles directed to the employees. Thus, Electrolux does not, as is the case of Volvo and Skanska, have principles directed to business partners or principles on environment. As with the other codes of conduct it has principles on child labour, forced labour, working hours, freedom of association and working environment.

There is a principle on non-discrimination and one principle dealing with harassment and abuse. The non-discrimination principle states that “Electrolux Group recognizes cultural differences. Nevertheless, all employees shall be treated strictly to his or her abilities and qualifications...” Neither gender nor gender equality is mentioned in the principles dealing with discrimination, harassment and abuse and they are not mentioned in any other principles as well. According to the representative of the company though, gender is relevant when discussing discrimination and equal opportunity, and he refers to the principle on non-discrimination.

When it comes to monitoring, a certain assessment tool is used to communicate the key concepts of the code and to assess performance for different units based on the code. Suppliers must “authorize Electrolux and its designated agents (including third parties) to perform audits, including confidential employee interviews” and according to the

³⁷ This section is based on the following sources: *The Electrolux Group Workplace Code of Conduct (2002)*, The Electrolux Group, and a questionnaire answered by the Project Manager on Corporate Social responsibility, Group Environmental Affairs

representative of the company the code of conduct is communicated to all operating units in the Electrolux Group.

Electrolux has a gender equality plan which but there is according to the representative of the company no direct link between the code of conduct and the gender action plan. The latter is seen as a national document. However, all units have to ensure that there are no discriminatory practices.

5.4 Ericsson Code of Conduct³⁸

Ericsson Code of Conduct differs from the other companies' codes of conduct in that it emphasizes the importance of the document to be open and displayed in a way that one can be aware of the principles. It also states that "Ericsson is prepared to clarify the content and associated requirements of this document upon request". The code of conduct is to be monitored through self-assessment questionnaires, visits to working sites and by unannounced visits. The representative of the company also explains that all employees must read and sign the code of conduct.

The code of conduct focuses entirely on the relationship between the company and its employees which includes principles on wages, working hours, safety, working environment and child labour. As with the other companies, Ericsson has signed the UN Global Compact, being one of the first companies to do so.

The principle named "Basic Human Rights" states that "Dismissal of female workers due to pregnancy is not acceptable". It also prohibits, like the other companies, discrimination saying that no worker should be discriminated due to age, gender, religion, sexual orientation, marital or maternity status, political opinion or ethnic background. Thus gender is a reason for discrimination. The principle of basic human rights also encompasses equal pay for equal work. Further, the code of conduct states that "Workers should be granted stipulated annual leave, sick leave and maternity/paternity leave without any form of repercussion". Although there are aspects of gender equality in the code of conduct, aspects that are not only based on gender as a discriminatory ground, the representative of Ericsson claims that gender is not a

³⁸ This section is based on the following sources: *Ericsson Code of Conduct, - basic working conditions and environment*, Ericsson, and a questionnaire answered by the Vice president, Group Function HR & Organization

relevant dimension when discussing corporate social responsibility. When asked about aspects of gender equality in the code of conduct, the principle of non-discrimination is mentioned by the representative of the company.

The code of conduct states that Ericsson is “prepared to take cultural differences and other relevant factors into consideration, but we will not compromise on the fundamental requirements described in this document”. The gender equality plan cannot, as with the other companies, be found on the external website. According to the representative of the company, Ericsson has different gender equality plans for different countries, depending on legislation. There are no explicit connections between the code of conduct and the gender action plan according to the representative of Ericsson, although these documents are said to be based on the same basic values of respect and ethics.

6. Analysis and Conclusions

The codes of conduct studied in this thesis all deal with how the company should act in relation to its employees. It is also clear that the codes of conduct are very much alike and have in many respects similar structures and principles. This is confirmed by for example Ronald Berenbeim who claims that “major companies doing business in global markets have already reached a consensus on key code issues. Most codes have virtually identical prohibitions”³⁹. In the case of the companies studied this can clearly be seen, even though there are some differences as well. In the codes of conduct of Ericsson and Electrolux the principles are directed to the employees while the codes of conduct of Volvo and Skanska have a broader perspective including principles directed to business partners and stakeholders as well as environmental principles.

By signing the UN Global Compact Directive the companies are also sharing information on human rights, workers rights and environmental issues and sharing core values on how principles on for example working environment shall be formulated.⁴⁰

³⁹ Berenbeim, R (2000)

⁴⁰ Berenbeim, R (2000), Kapstein(2001), p. 114

6.1 Codes of Conduct – a Part of the Image of the Company

The codes of conduct described in this thesis are documents where the companies present their views on how to take social, and in some cases, environmental responsibility, when doing business activities. The code of conduct is the company's views on rights and obligations for employees, and sometimes also for business partners and subcontractors. Thus, the code of conduct presents the company's view on the relationship between business activities and the society in which it operates.

Codes of conduct are important documents in formulating the views on social responsibility to the surrounding society, wherever that society is. That is, irrespective of where in the world the company operates, the same core values or principles on corporate social responsibility shall prevail. These principles become a part of the company's image and a tool when communicating values and ideas in connection to the products and services that the company offers.

By having a code of conduct, the companies present themselves as being responsible organizations, having principles on how to behave in relation to employees, business partners and the surrounding society. For example, Volvo sees the code of conduct as a reference document for the work on ethical and social questions within the company⁴¹ and the representative of Skanska defines the code of conduct as the highest governing framework and management's position on sustainability issues including social responsibility.⁴²

The companies chosen for this thesis have all signed the UN Global Compact. By signing this initiative, Volvo, Skanska, Electrolux and Ericsson show that they take an active part in those principles on social responsibility that UN has laid down. The obligation to follow this global initiative when doing business is also communicated by the companies, Volvo for example has a reference to the UN Global Compact website on its own website, and Ericsson tells in its code that the company has signed the UN Global Compact.

The UN Global Compact directive is also an example of the consensus that exists on certain core values in business conduct. It "seeks to add new dimensions to good corporate

⁴¹ The Director of Public Affairs with responsibility for issues concerning corporate social responsibility

⁴² The Manager of Sustainability under the Skanska Group Senior Vice President of Sustainability

citizenship by creating a platform - based on universally accepted principles - to encourage innovative new initiatives and partnerships with civil society and other organizations".⁴³ As Ronald Berenbeim formulates it: "The globalization of markets is pressuring companies to develop codes as public statements of core principles that are universally applicable".⁴⁴

In his book, *The Rise of the Network Society (vol 1)*, Manuel Castells argues that the multinational corporations often consist of different units "according to countries, markets, processes and products" and are what he calls "decentralized internal networks".⁴⁵ Thus, the codes of conduct can also be seen as a response to a kind of fragmentation that comes from the corporation having units in different countries and in different parts of the world, where the code connect the different parts of the company with each other by communicating certain core values that are relevant for all parts of the corporation, no matter where they are located or in what social and cultural setting the different units operate.

Thus, the codes of conduct are not only principles on how the company, its subcontractors and business partners should act within its sphere of business when it comes to working environment, child labor, discrimination and other aspects of business activities, but also a document that is to be communicated within the company to show that the company is aware of and is taking corporate social responsibility when doing business.

As Prakash Sethi concludes, the codes of conduct "offer an invaluable opportunity for responsible corporations to create an individual and highly positive public identity of themselves, i.e. the 'reputation effect' that can have a direct result to their bottom lines in terms of increased revenues, customer loyalty, expanded markets, productive workforce, and a supportive political and regulatory environment".⁴⁶

6.2 Communicating the Codes of Conduct

The codes of conduct of Ericsson, Volvo, Skanska and Electrolux are all displayed on each company's website. They are also an integrated part of the presentation of the company on the

⁴³ The UN Global Compact: <http://www.unglobalcompact.org>, 2004-04-03

⁴⁴ Berenbeim, R (2000)

⁴⁵ Castells, M (2000), p. 122-123

⁴⁶ Sethi, S.P (2002), p. 24.

website, what the company does and what it stands for. On Volvo's and Skanska's websites the code of conduct is presented under headings that clearly state that the code of conduct is part of the core values of the company, in the case of Volvo the heading is "our values", in the case of Skanska it is presented in connection to activities on sustainability that the company performs. The codes of conduct of Ericsson and Electrolux also have prominent positions on the websites, located directly under the heading "about the company".

The position of the code of conduct on the website shows that this document is not only for internal use but is a document that is to be communicated to the outside world, whether that is possible business partners, customers or people in general having an interest in the company. In all four companies, a certain unit, either a human resources unit or a unit dealing with sustainability issues, is responsible for the code of conduct and for answering questions about the code.

The importance of being transparent and showing the company's views on corporate social responsibility has been emphasized by different researchers, among them Berenbeim and Kapstein. By publishing the codes of conduct and making them available to the public, a dialogue is established which is utterly important when strengthening the credibility and legitimacy of the company.⁴⁷ As Berenbeim argues: "The sharing of codes suggests that more companies want to use these statements to establish dialogue with their stakeholders."⁴⁸

The codes of conduct in these companies are communicated within the company through different communication channels, such as the intranet. In the case of Ericsson, all employees not only have to read the code but also sign it. All companies also have strategies to monitor the compliance with the code, but it is only Ericsson and Electrolux that formulate the strategies on monitoring in their code of conduct. Sethi talks about the "reputation effect" and here monitoring has an important part in giving the company legitimacy and credibility and thereby "benefit from increased consumer patronage and public approval of its activities"⁴⁹.

⁴⁷ Berenbeim, R (2000)

⁴⁸ Berenbeim, R (2000)

⁴⁹ Sethi, S.P (2002), p. 30

6.3 Aspects of Gender Equality in the Codes of Conduct

It is clear that the code of conduct is an important document in describing and explaining the company's views on corporate social responsibility. It also plays an important role in the image building of the company when communicating its business activities to business partners, employees, customers and to the society in general. Whether these principles on corporate social responsibility also include aspects on gender equality has been the main focus of this thesis. Are these multinational companies communicating their views on equality in working life between men and women through their codes of conduct? Are principles on how to act when it comes to equality in working life between women and men addressed in the codes of conduct?

In the questionnaire there were a couple of questions on the connection between the code of conduct and the gender equality plan that these companies are stipulated by law to formulate each year. The purpose of having these questions was to use the gender equality plan as a reference when talking about equality in working life between women and men and also to see if the basic principles on what the gender equality plans should include (according to the Swedish Equal Opportunities Act) have left any marks on the principles in the codes of conduct.

In contrast to the code of conduct, the gender equality plan is described, by the representatives of the companies, as an internal document that is not displayed on the external website. This is perhaps not that surprising since the gender equality plan is connected to the Swedish part of the organization. On the other hand, this document could be seen as an expression of corporate social responsibility as well, in terms of the company's views on equality in working life between women and men.

In that respect, the gender equality plan could be seen as part of the company's strategy to communicate its views on social responsibility to the world outside the company. However this has not been confirmed by the representatives of the companies. Rather, all representatives emphasize that the gender equality plan is an internal document and a document relevant only to the ones working within the company.

There are connections between the code of conduct and the gender equality plans that are mentioned by the representatives of the companies, but these connections are on a very general level. The representative of Ericsson is mentioning respect and ethics as basic values both in the code of conduct and in the gender equality plan, for Volvo the intention to promote diversity is the common denominator. The representative of Electrolux talks about non-discrimination as being the connection between the two documents while the representative of Skanska sees the connection on a policy level, without explaining what that might mean. Thus, except on a very general level, the code of conduct and the gender equality plan seem to be separated from each other.

Looking into whether gender equality is addressed in the codes of conduct described in this thesis, it is clear that there is one principle where *gender* is especially visible and that is the non-discrimination principle in each code of conduct. At least, this is true for Ericsson, Volvo and Skanska. It is gender as one cause for discrimination among many others such as religion, race etc. In the code of conduct of Electrolux gender is not mentioned in any of the principles. Electrolux also has another starting-point for its discrimination principle that rests on the acceptance of cultural differences as long as it does not hinder the individual's abilities and qualifications. When asked if gender is a relevant aspect in corporate social responsibility, the representative refers to this principle. Thus, as in the other cases, gender is connected to the discrimination principle.

For Volvo, Electrolux and Skanska gender is but one cause for discrimination. It is gender that is addressed, not principles on how to promote or facilitate gender equality. Even though for example Volvo talks about work diversity in its code of conduct and Electrolux has principles on having a balance between free time and working time, there is no reference to aspects on gender equality. In these three companies equality in working life between women and men, when it comes to for example working environment, working hours etc. is not addressed.

In contrast to the other companies, Ericsson goes a step further by specifying situations not only where gender can be a relevant dimension but also where equality between women and men in their working life is emphasized. In Ericsson's code of conduct this is manifested in the principle on human rights where the company expressly says that it does not tolerate the dismissal of women being pregnant. The principle on wages and working hours stipulate that

workers should be granted maternity/paternity leave without any form of repercussion. Thus, in Ericsson's code of conduct there are aspects where gender equality is specified to certain situations in working life.

In this respect it is interesting that the representative of Ericsson answer "No" on the question whether gender is a relevant dimension when talking about corporate social responsibility. However, when asked more about the company's view on gender equality in relation to the code of conduct gender is a relevant dimension according to the representative, mainly when talking about discrimination or the non-acceptance of discrimination. Thus, the representative of Ericsson does not reflect over the other dimensions on gender equality that are presented in the code of conduct but refers, as the representatives of the other companies, to the non-discrimination clause when asked about aspects of gender equality in the code of conduct.

6.4 Addressing Gender Equality in Codes of Conduct

The code of conduct is, in a sense, a counterbalance to the picture of business as being based on desire to gain, greed and exploitation. It has a legitimating role and an important function in how the company is presenting itself and its values, showing that business and social responsibility can go hand-in-hand. The codes of conducts are communication tools showing those principles that are common denominators for the company, whether acting for example in Sweden or in China.

Even though the four codes of conduct studied have some differences when it comes to their scope in terms of number of principles and to whom the codes are directed, they are also very much alike, having the same structure and to a large part the same content. It is however only in Ericsson's code of conduct that gender equality is connected to certain actions and certain rights for women and men in working life.

Saying all this, it is important to note that the focus in this thesis has been on the codes of conduct as documents and how the principles laid down by the management in each company looks like. In this thesis I have not studied to what extent and in what way these principles are realized in the daily actions of the company. I have only been interested in how the codes of conduct are formulated, and especially how gender equality is addressed in these documents.

An interesting research topic would be to look how these codes of conduct are implemented and how they are interpreted by employees, subcontractors or the public. In another research project it would also be interesting to look at the content of these gender equality plans and which influence they have on strategies and activities directed to employees in multinational companies such as Volvo, Skanska, Electrolux and Ericsson. Furthermore, it would also be interesting to see how different goals within a multinational company are dealt with in a world where the company is part of a global business network and has to follow the rules of the global market and at the same time operates in different cultural and social settings. Ethan B. Kapstein has pointed at this dilemma where “chief executives face a nearly impossible task in this new age of corporate social responsibility. Beyond satisfying their shareholders, consumers, and employees, they face a growing number of NGO-based watchdogs as well. The law still compels them to maximize shareholder value, but the number of variable that could influence the bottom line seems to be increasing at an exponential rate”⁵⁰.

⁵⁰ Kapstein, E.B (2001), p. 118

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