

Second Meeting of the Women Leaders' Network Of APEC Economies

*Session 5: Entrepreneurship, Ethics and Equity:
Issues for APEC*

Notes for a presentation

By Maureen O'Neil
President, International Development Research Centre
Canada

Ottawa-Hull, Canada
September 13-15, 1997

Check against delivery, 15 September 1997

More and more we, who move, trade and live in international spheres, understand the “inescapable web of interdependence” of our living relationships. Out of the necessity and the demands of our work, we are increasingly aware of what Barbara Ward -- long time editor of *The Economist*¹ -- once coined as “our inseparable humanity”. Ward once said to a colleague: “You know, we must never discount the capacity of people to be swayed by the argument of goodness.”² This morning we will discuss how goodness -- or ethical standards -- can make good business sense.

One aspect of business ethics is gender equality in the workplace — something that is not an outdated concern in any country. Despite the progress made by women, we can all cite examples to show that discrimination on the basis of sex still proliferates. In one country last year--I am being deliberately vague but these statistics are unusual only because of their availability --27 out of 42 government agencies admitted--openly--to having limited or avoided hiring female university graduates despite a policy mandating equal treatment between men and women. They claimed reasons for this discrimination including the inconvenience of sending women on business trips, a lack of physical strength, and the effects of pregnancy.

In another country, a recent study showed it is a common practice in business to demand pregnancy tests from women applicants in order to avoid paying pre- and post-natal expenses. According to International Women’s Rights Action Watch, these firms will go so far as to subsidize sterilization even though sterilization is prohibited by the laws and the medical ethics code of this country.³

It would only be stating the obvious to try to draw the connection between these unequal and discriminatory behaviours and more conventional notions of unethical practice.

The issues of “universal gender equality” have been hotly debated in some circles because of the challenges that “global” businesses may face with respect to adopting policies of gender equality.⁴ All but three APEC⁵ states have signed and ratified the Convention on the Elimination of all forms

¹ Barbara Ward, British-born economist, author and lecturer, served as editor of the Economist, a Governor of the BBC, Albert Schweitzer professor of International Economic Development at Columbia University and president of the International Institute for Environment and Development. She had a vision of a world free of all types of injustices. She was one of the first economists to make the link between human and environmental health.

² (Lean et al., 1987, p. 64)

³ All examples taken from International Women’s Rights Action Watch

⁴ Mayer and Cava (1993)

⁵ See Appendix 1 for list of APEC economies and their status with respect to CEDAW. Note: the USA, which has not ratified CEDAW is still bound by Title VII of the Civil Rights Act of 1964

of Discrimination Against Women (popularly known as the CEDAW convention). Article 11 of CEDAW stipulates a number of rights associated with employment, some of which include: the same employment rights as men, equal remuneration and benefits, equal treatment for work of equal value, prohibition of dismissal on the basis of pregnancy or marital status, and the right to maternity leave. Clearly then, our minimal expectation should be that businesses with parent companies located in these APEC economies will not contravene the CEDAW articles in their business practices. The CEDAW convention is supported in words and spirit by the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights,⁶ the OECD Guidelines for Multinational Enterprises (which applies to only some of the APEC members), and the International Labor Office Tripartite Declaration⁷. Agreement with these instruments suggests that most APEC economies have developed enough common ground for understanding gender equality to avoid the discomfort of conversations that begin with allegations of ethical imperialism when we speak about nondiscriminatory employment policies. That said, I still feel a special effort should be made to address the business link associated with gender equality for the APEC economies (USA, Chinese Taipei, and Brunei Darussalam) who have not yet implemented CEDAW.

What is the business case for ethical and equitable business practice, with reference to gender equality?

First, I'll address whether there is a link between financial returns and adopting a business ethic based on high ethical standards. A study of sixty-nine publicly traded corporations in the USA, between 1988 and 1992⁸, was able to demonstrate that firms are penalized by financial markets for alleged unethical business practices. Although none of these infractions was labeled specifically as discriminatory, the study was able to demonstrate that business is adversely affected by unethical business behaviour. And that's in a country where there is significant transparency!

Gender inequality within businesses can be more subtle than the examples provided at the outset (restricted hiring, requirements for pregnancy tests, or even sterilization). Inappropriate gender relations affect organizational policies and practices at all levels and thus may act to limit organizational effectiveness through inefficiencies in use of time and resources, low morale, high

— this Act protects the rights of US citizens seeking employment in US firms overseas. The three economies that have not signed USA, Brunei Darussalam, Chinese Taipei. The latter economy does not have a typical association with the UN, which will impede its ability to ratify CEDAW.

⁶ The People's Decade of Human Rights Education visit, www.pdhre.org

⁷ Frederick, 1991

⁸ Gunthorpe 1997, p.542 In that study types of infractions included: fraud, kickbacks, price fixing, patent infringement, Environment Protection Act violation, Occupational Safety and Health Administration violation, bribery, breach of contract, and conflict of interest.

rates of absenteeism and increased work related stress. At its most profound level considerations of gender equality will challenge deeply held assumptions about work, effectiveness, and productivity and, in a business setting, will also address the organization's objectives of enhancing performance and effectiveness.⁹

What can be learned from the form and practices of an organization based in what some call "the morality of care"? Will such an organization survive in a highly competitive environment? Equally important, would it be profitable? I share these examples to show what can be possible in a business context and leave it up to you to determine if any of these ideas are practical in your business environments.

One company examined, which has been in operation for over 100 years, has a corporate philosophy that protects and enhances the corporation's high level of ethics and conduct. It boasts the following:

- offers specific courses in valuing diversity and ethics awareness
- encourages employees to ask not only if an action is legal, but also if it is ethical
- pays its employees fairly and provides them with competitive benefits and programmes to make it a family-friendly place to work
- offers flexible work arrangements and alternate work schedules
- facilitated the construction and operation of a new child-care center within easy reach of almost 50 percent of its employees in that city. The company also offers a referral service to provide information on child-care centers in other local communities
- promotes professional development through tuition reimbursement for continuing education; and
- supports programs for children and has a strong record on the environment.
- The list goes on....

At the same time, this corporation recognizes the need to balance its employees' well-being with its shareholder's interests and the company's business demands. In 1996 this company's sales totaled nearly \$3.5 billion and it has managed to enjoy bottom-line financial success. For example, if you had been a stock holder for 10 years starting in 1983, and you had reinvested all of your dividends, the return on your investment would have been 503%.¹⁰

The next company example offers similar programmes to the one just described, so I will not repeat them. In addition to these programmes, however, this company has been active on social issues that are much more directly pressing where women are concerned. In one country 90% of this company's employees are women. In that same country, a government study revealed that half of its countrywomen had been subjected to violence. Statistically speaking, that meant that about half of

⁹ These ideas are adapted from gender and organizational change literature.

¹⁰Houck & Williams 1996 pp: 267-276. Hershey's Case Study

the employees and customers of this company had experienced some form of assault. Thus, a Violence Against Women campaign was born. Its stores have been used to raise awareness and funds and to educate and inform customers and staff about the issue of violence against women. The stores require that staff, at the company's expense, donate time to community service. The CEO of this company once said in an interview : "In terms of ethics, you know, the male is very much justice, proprietary behavior; for women, it's care.... This attitude comes through in the caring for employees."¹¹ This company is more than 20 years old and has more than 1500 retail shops. By standard business measures, it is a very successful company.¹²

Let one make it clear -- rights must be respected and implemented. Values and beliefs of managers are instrumental in shaping an ethical framework which can sum up to form the corporate ethics¹³. I discovered a provocative summary of the work of a number of female North American scholars who have thought about "organizational" behaviour based on an "ethic of rights" or "an ethic of care"¹⁴. (see Appendix II) In this summary, the "ethic of rights" is much more legally bound and in my mind represents necessary and essential but minimum standard of conduct. The "ethic of care" represents to me a hopeful way forward for future business conduct within our APEC trading system.

In conclusion, Barbara Ward once commented that, "The most important change people can make is to change their way of looking at the world".¹⁵ At the 4th World Conference on Women in Beijing, international leaders were called to look at the world through the eyes of women. In the case of APEC this task has been made much easier through the work of Heather Gibb at the North South Institute with the publication of *Gender Front and Centre: An APEC Primer*. The Women Leaders' Network Meeting will provide us with a chance to move forward on the Beijing Declaration by demonstrating our expectations that business conduct espouse principles of ethics and gender equality in the work place and in our own businesses now and into the future. To reiterate my three points: First, gender inequality, and thus sex discrimination in the workplace, is unethical practice. Second, this understanding is consistent throughout the majority of APEC economies because of their stated commitments to international human rights conventions and standards. Thus we can take practical action to ensure that those APEC economies that have ratified CEDAW have taken steps to eliminate discrimination in the workplace. We can also act collectively to encourage those APEC economies that have not signed or ratified CEDAW to take these steps. And finally, the fact that I have been able to discuss two current business examples operating from an ethic of care, but which are also profitable, helps to illustrate the third point--that equitable and ethical business practice also

¹¹ Ray & Rinzler (Editor) 1993, p. 223.

¹² Example based on The Body Shop Canada Inc .

¹³ Desai & Rittenburg 1997 p. 792

¹⁴ Maier 1997, pp: 77

¹⁵ Lean 1987, p: 66

makes good business sense. This allows me to be hopeful that if rights are established and respected, organization which treat their employees including their own employees decently will flourish in the next millennium.

Appendix 1

Convention on the Elimination of all forms of Discrimination Against Women as of 22 July 1997

APEC Economy	Date of signature	Date of receipt of instrument of ratification, accession or succession
Australia	July 1980	31 March 82 b
Brunei Darussalam		
Canada	17 July 1980	10 December 1981 c
Hong Kong, China	?	?
Chile	17 July 1980	7 December 1989 b
People's Republic of China	17 July 1980 b	4 November b
Indonesia	29 July 1980	13 Sept 1984 b
Japan	17 July 1980	25 June 1985
Republic of Korea	25 May 1983 b/	27 December 1984 b/ c/
Malaysia		5 July 95 a b
Mexico	17 July 1980	23 March 1981
New Zealand	17 July 1980	10 January 1985 b c
Papua New Guinea		12 January 1995 a/
Republic of the Philippines	15 July 1980	5 August 1981
Singapore		5 October 1995 a b
Chinese Taipei		
Thailand		9 August 1985 a b c
United States	17 July 1980	

a/ Accession

b/ Declarations or reservations

c/ Reservation subsequently withdrawn

d/ Succession

Appendix II

Gender Equity, Organizational Transformation and Challenger¹⁶

Contrasting organizational ethics*

	Ethic of rights	Ethic of care
Gendered association	Masculine	Androgynous
Social work/view of participants	Autonomous, separate, independent individuals	Independent webs among whole persons
Driving social force	Competition, winning	Cooperation, compromise
Moral problem	Conflict of rights between separate individuals; Dissent = “Disloyalty”	Conflict of responsibilities in network of relationships; Dissent = “Loyal Opposition”
Moral goals	Fairness; Impartiality; Maintenance of rules; Consistency	Avoid harm; Maintenance of relationships; Flexibility - responsiveness
Responsibility	Restrain from interference; Uphold universal standards	Active response to others; Promote appreciation of differences.
Values	Rights, duties, fairness, due process, equal protection: Results-focused	Harmony, empathy, community, caring responsiveness, integration: Process-focused
Reasoning	Formal, abstract, “objective” Linear - stressing logic and rationality	Personal, contextual, “subjective” Circular (Reciprocal, Mutual) - stressing intuition and feeling
Guiding philosophy	Hierarchy, respect for authority; Domination	Hierarchy, egalitarianism Partnership
Organizational metaphors	Pyramid - hierarchy; Mechanistic/parts	Web - network; Organic /whole
Key strategies	Command and control; Intimidate; force	Facilitate and empower; Embrace common vision

*Sources: Gilligan, 1982; Ferguson, 1984; Eisler, 1987; Rogers, 1988, Smith and Smits, 1994

¹⁶Maier, Mark. 1997 p 77

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