Ethical responsibilities for health along the supply chain

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Introduction

Standards of occupational health (OH) vary vastly along the supply chain (SC). A remarkable number of companies, located in the Northern hemisphere, have established holistic Occupational Health management (OHM) in recent years, covering Occupational Health and Safety (OHS), behavioural and structural prevention as well as the employees’ wellbeing. At the same time suppliers at the bottom of the supply chain frequently violate the right to OH. Some companies have implemented private initiatives in their strategy of Corporate Social Responsibility (CSR) that go far beyond their legal responsibility and include at least the awareness to be ethically and socially responsible for the workers of their suppliers and suppliers.

Do companies have ethical responsibilities towards the health of employees within their supply chains?

Qualitative Research

• 13 companies, 49 consumers, 20 other stakeholders in Germany
• From December 2016 to September 2017

Suppliers and industry representatives

“[Companies] have a lot of influence on working conditions also in totally other regions or other countries. And they can contribute something to tackle inequalities, but also unjust or sickening working conditions.”

Use of market power and assumption of social responsibility

But also: “[Health issues] are not considered by companies regarding their suppliers because the economic interest is significantly higher in the short term. But this unsustainable acting catches up with the principals, from a global view.”

Problems of competitive pressure and fluidity along the SC

Consumers

No: Every company bears responsibility for its own employees.

Yes: “Everything that is inside the product, also eventually belongs to the product.”

Suppliers can be considered as part of the company. Companies may be seen as a supplier.

Corporations

Health is no relevant variable when negotiating with suppliers. Companies pay attention particularly to price, performance, reliability and the existence of an anti-corruption-directive. Some implement voluntary codes of conduct for certain parts of their SC.

General Critics

• Only marginal effects on working conditions, just on the 1st tier
• No solution for the root causes (low wages, long working hours, health hazards, lacking health care system)
• Structures make it hard to ascribe responsibility.
• Difficult realisation for Small- and Medium-sized Enterprises
• Exaggerated transmission of societal responsibility to companies
• Minimization of any actors’ responsibility, except the companies
• Divergent views of ethical standards due to cultural or institutional differences

Conclusion

In theory, and to some degree also already in practice, companies are called or call themselves to account for health issues along the SC. Nevertheless, a general response to the violations of the right to OH is still far from evident. This is particularly the case regarding the question of implementing ethical responsibilities. Our interviews reveal that stakeholders ascribe their contracting companies far more ethical responsibility in OH than these do themselves. However, and despite a call for relevant market powers and fairer standards, the use of market power and assumption of social responsibility by companies is not guaranteed.

Company centred responsibility approaches in theory

Classic CSR approach

• Companies can adequately react to social issues and can voluntarily take over responsibility.
• Hypothesis: A company has impacts on its environment and stakeholders in multiple dimensions: economic/ecological/social/legal/ethical/philanthropic.

Corporate Citizenship

• Companies use instruments like corporate giving, volunteering, sponsoring, or private-public partnerships.
• Hypothesis: They are community members with rights & duties.

Shared Value account

• Companies recognise and promote socially shared values.
• Hypothesis: A company’s purpose is to foster and promote the values shared by its society and stakeholder groups.

Alternative approaches

Extended CSR structures

Global framework agreements for the whole SC on a pro-active level, including all stakeholders

Shared responsibility

• “a system of Checks and Balances, that companies control each other mutually in a moral perspective and also act morally themselves”

Consumer Social Responsibility

• Due to causal effects of consumption, participation in the reproduction of social structures and benefits of globalisation consumers are socially responsible for their habits.
• Requirement: adequate product transparency, education and company-consumer-interaction

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References

UN Human Rights Council (2012): “Everything that is inside the product, also eventually belongs to the product.”

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