The Presidents and Chief Executives of the employers’ organizations of the Asia-Pacific region,

Having met in Dhaka for their Sixth High Level Employers’ Conference on 2 and 3 December 2003,

And having discussed the issues of globalization and corporate social responsibility,

Adopt the following conclusions:

GLOBALIZATION

1. Globalization offers enormous opportunities for development, growth and improved standards of living. It has opened large markets for those who previously had no access. It provides opportunities to find competitive advantage and to work on that advantage. However, it can also create concern in society, and is held responsible for many of the problems facing society. In fact globalization exposes vulnerabilities in economies, and forces change, which can be uncomfortable and difficult. The challenge is to manage change with a minimum of disruption, and to prepare people and economies for it.

2. Globalization is a route to development. It is here to stay despite attempts by its opponents to undermine its progress. It is bound in the political and economic vision of the world, based essentially on the values of democracy and the market economy, including freedom, initiative and individual responsibility.

3. Globalization benefits those who participate successfully in it and have an effective role in framing the rules that govern it. It has to be made to work for all. However, this cannot happen as long as developed countries continue such practices as subsidising agriculture and using tariff and non-tariff barriers against imports. In fact such barriers were a problem within the region as well, even between neighbouring countries. Countries which opened their economies to competition in such conditions faced massive unemployment and suffered unfairly. Globalization requires a level playing field. It is important for all parties to meet their commitments under existing agreements with regard to the dismantling of trade barriers and ending subsidies, in order for all countries to benefit from trade liberalization and maintain the pace of globalization.
4. Globalization requires the creation of an environment which encourages investment and enterprise. Such an environment will include features such as high quality human resources, transparency in contractual and commercial rights, and a supportive infrastructure. However, underlying all this must be good governance. Good governance involves accountability, predictability, transparency and the absence of corruption. There are many countries in the Asia-Pacific region where progress needs to be made in these respects, and this remains a challenge for the region as a whole.

5. Regional integration is a feature of globalization, and must be taken into account. The Asia-Pacific region, though diverse, has within it the potential to become the greatest market in the world, but much needs to be done for this potential to be realized. In particular, tariff and non-tariff barriers to trade need to be dismantled. The region is home to some of the countries that have best adapted to globalization, and have seized the opportunities it offers for growth, development and better standards of living. The strategies they used have varied, but common features have been an openness to foreign direct investment and trade.

6. Foreign investment stimulates productivity and industrial vitality. It brings inflows of technology and stimulates research, and it promotes new approaches to management. The flow of foreign direct investment into the region has not been even. Some countries have attracted massive flows, while others have got little. Some of the smaller countries in the region have long benefited from preferential treatment in Western markets with respect to certain commodities. Now it is necessary to stimulate investment in value-added industries, needed for longer-term growth and lower vulnerability. Much needs to be done to build an enabling environment necessary to encourage investment and foster enterprise creation.

7. Trade liberalization has been of benefit to several countries in the region, which have dramatically improved their economies through export-led growth. Exposure to international competition is a stern discipline, which promotes rigour and punishes inefficiency. Companies have to be competitive to survive and prosper in a globalized world. Countries need to prepare themselves for trade liberalization and to manage the process carefully in order to avoid severe disruption, which could undermine the political support necessary for change. Investment in human resources development and social protection helps considerably to enhance confidence when change is necessary.

8. Although globalization has seen considerable liberalization in the movement of goods and capital across borders, the free movement of people remains very restricted and controversial.

9. While successful engagement with the global economy depends to a great extent on setting up the right conditions within economies, external constraints are also
very important. Effective participation in setting the rules governing globalization is critical. The size of their markets, the degree of regional integration and the level of their participation in international trade gives other regions a significant advantage in these negotiations, but the Asia-Pacific region, with its potential for growth, can be more effective through greater coordination and better integration.

10. Employers’ organizations should take an active part in providing support to companies in the context of globalization. They should also cooperate actively in efforts by the Government and other partners to improve the national environment for investment and competitiveness, and participate at the international level in setting the rules for globalization.

CORPORATE SOCIAL RESPONSIBILITY

11. The primary purpose and responsibility of business is to operate profitably. This benefits society by generating wealth, employment and better standards of living. Any consideration of other responsibilities to be attributed to business needs to take due account of that. The discussion of corporate social responsibility has to recognize that business is an integral part of society, and its primary source of the means to achieve prosperity and well-being.

12. There are many approaches to corporate social responsibility, and it lends itself to different interpretations. It is not useful to try to define it, because every company should have the possibility of engaging it on a voluntary basis in terms of its own operations and circumstances. It must make business sense. As members of society, all companies have a responsibility for their social and environmental impact, and the degree of responsibility should correspond to that impact. In fact investment in corporate social responsibility adds to the brand value of companies, and can be seen as an opportunity to improve overall performance.

13. Corporate social responsibility is a management issue, of day-to-day concern and part of its strategy. It underlies corporate behaviour, and must reflect national and societal values and expectations. It may differ according to the industry, sector, size or location of the company. Its priorities may also differ to take account of local specificities.

14. However, the manner in which the debate on corporate social responsibility has evolved, has led to unwarranted or even undesirable expectations. Business should not be expected to take on the role of the State when the State fails to implement its own rules and regulations. This is a particular problem in the context of attempts to impose standards across supply chains. Another problem is the attempt to standardize the concept and to introduce regulation in this area, both of which are not only impractical but also dangerous because they can
deflect the focus of business and undermine its ability to perform its primary purpose. Corporate social responsibility must reflect the values of the society in which the company operates, as well as globally shared values.

15. There is a tendency amongst certain parties to portray business as reluctant to take on responsibility, and needing to be told what to do. This has a certain resonance in society, given public perceptions of business shaped by recent stories of corporate misbehaviour. However, such misbehaviour is anything but typical. The average company is law-abiding and respectful of societal values and expectations. Business should participate more effectively in the debate in order to dispel false notions and to place things in perspective. The appropriate roles of other partners, especially governments, should be clearly demarcated in the debate.

16. There are specific issues with respect to small and medium enterprises and corporate social responsibility. This sector is the economic backbone of most societies, and small enterprises are usually well integrated into the communities in which they operate. The concept of corporate social responsibility, as currently promoted by certain non-governmental organizations, trade unions and other non-business partners, is increasingly irrelevant, particularly to small and medium sized businesses. Yet these are the companies most affected when they have to comply with a diverse range of buyer codes and audit regimes as part of supply chain compliance management. Corporate social responsibility expressed in this manner can be extremely damaging to the ability of small companies to access global markets. All companies, whatever their size, have a responsibility to conduct themselves in accordance with the values and expectations of their own societies, and they should not be asked to comply with non-applicable standards.

17. Employers’ organizations need to take the leadership on corporate social responsibility, in order to shape the debate and to support initiatives taken by their members. They also need to participate effectively in the international debate in order that corporate social responsibility is not used as a means to deny access to international markets. They need to work together at the regional level to enhance the socially responsible image of the region as a place to invest in.

18. The ILO should support efforts by employers’ organizations in this respect.

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