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CORPORATE SOCIAL RESPONSIBILITY AND THE NEW GOVERNANCE: IN SEARCH OF EPSTEIN’S GOOD COMPANY IN THE EMPLOYMENT CONTEXT

Michael B. Runnels*, Elizabeth J. Kennedy**, and Rev. Timothy B. Brown, S.J. ***

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“Corporations are not responsible for all the world’s problems, nor do they have the resources to solve them all . . .[but], a well run business . . . can have a greater impact on the social good than any other institution or philanthropic organization.”

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1. Porter, M.E., Kramer, M.R., Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility, 84 HARV. BUS. REV. 78, 92 (2006). Porter and Kramer presented an updated contextualization of Friedman argument that “there is one and only one social responsibility of business — to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.” Milton Friedman, The Social Responsibility of Business Is to Increase Its Profits, N.Y. TIMES (Magazine), Sept. 13, 1970, at 124, reprinted in BUSINESS ETHICS 17 (Tamara L. Roleff ed., 1996).
Business leaders, policy makers, key stakeholders, and scholars have long recognized that the corporation, the most powerful global institution, can and should be more attuned to human needs. Now, as the world experiences the first financial crisis of the twenty-first century, many individuals and groups recognize the need for a refined balance among government, the economy, and civil society. As the current financial crisis originated with American transnational

2. A Stitch in Time, ECONOMIST, Jan. 19, 2008, at 12, 13 fig.5 (responding to the query: “What are the main business benefits to your organisation of having a defined corporate-responsibility policy?”). Business leaders provided a range of responses, such as “[h]aving a better brand reputation,” “[m]aking decisions that are better for our business in the long term,” “[b]eing more attractive to potential and existing employees,” “[m]eeting ethical standards required by customers,” and “[h]aving better relations with regulators and lawmakers.” Id.

3. Stefano Zamagni, Religious Values and Corporate Decision Making: An Economist’s Perspective, 11 FORDHAM J. CORP. & FIN. L. 573, 581 (arguing that consumers who use their purchasing power to express moral sentiments motivate policy-makers to seek corporations that are more socially responsible).

4. The key stakeholders we refer to include unions. See Marleen A. O’Connor, Organized Labor as Shareholder Activist: Building Coalitions to Promote Worker Capitalism, 31 U. RICH. L. REV. 1345, 1346 (discussing the alliance of unions with those seeking to promote a greater sense of corporate social responsibility).


7. See Saule T. Omarova, The New Crisis for the New Century: Some Observations on the “Big-Picture” Lessons of the Global Financial Crisis of 2008, 13 N.C. BANKING INST. 157, 158 (2009) (contextualizing the scope of the financial crisis). Omarova explains its focal point as the inherent tension “between the increasingly globalized and interconnected nature of today’s financial markets, on the one hand, and an inherently fragmented nationally-based approach to financial sector regulation and supervision and regulation, on the other.” Id. He further argues that prior financial crises were either generally confined to emerging markets or to certain developed countries, with only minimal collateral effect. Id. In the current crisis, however, every economy, irrespective of its geographical location, size, or developmental status, has been affected. Id.

8. Cheney, Roper & May, supra note 6, at 4.
corporations (TNCs), calls for reform have highlighted the political clout of TNCs, especially in reference to their singular ability to affect global economic activity and human rights. Traditional approaches to reform highlight legislative action, while contemporary approaches draw from a wide range of action, including voluntary action, that

9. Omarova, supra note 7, at 161. Lehman Brothers and American International Group (AIG) are two examples.


11. Joe W. (Chip) Pitts, III, Corporate Social Responsibility: Current Status and Future Evolution, 6 RUTGERS J.L. & POL’Y 334, 380 (2009) (arguing that TNCs occupy a unique role in their ability to affect significant social change). Pitts explains that since “a relatively small number of TNCs represents a large proportion of global economic activity,” successful efforts to prevail upon corporate behavior can result in a significant social impact. Id.

12. Kinley & Tadaki, supra note 10, at 933 (arguing that the economic and political muscle of TNCs uniquely position them to significantly impact the enjoyment of human rights). Kinley and Tadaki explain that the concerted efforts of myriad entities—from workers, states, and NGOs to the TNCs themselves—are needed to highlight the behavior of TNCs and to hold them accountable for such behavior under international human rights law. Id. The authors further argue that since TNCs habitually compartmentalize their economic interests and concern for human rights as distinct and unrelated aspects of their interest, TNCs habitually treat concern for human rights as a peripheral matter. Id. As such, the authors call on “every individual and every organ of society” to defend the value of human dignity by prevailing upon TNCs to conceptualize their economic bottom line and basic human dignity as fundamentally inseparable. Id. at 1022.

13. Although all authors listed in this footnote use the terms “hard” (e.g., laws) and “soft” (e.g., corporate codes) to describe various modes of social control, this article reframes “soft” approaches as contemporary and “hard” approaches as traditional. This re-framing reflects our appreciation for New Governance, especially its less adversarial, more collaborative approach. See Cristie L. Ford, New Governance, Compliance, and Principles-based Securities Regulation, 45 AM. BUS. L.J. 1, 28 (2008) (conceptualizing a New Governance framework for securities regulation). Ford explains that it would entail a regulatory structure that “spans the so-called public/private divide, pulls industry experience into regulatory decision making, and establishes robust ongoing communication mechanisms [rather than an information-hoarding, adversarial relationship between industry and regulator].” Id. For articles utilizing the “hard” and “soft” terminology, see Pitts, supra note 11; John M. Conley & Cynthia A. Williams, Engage, Embed, and Embellish: Theory Versus Practice in the Corporate Social Responsibility Movement, 31 J. CORP. L. 1 (2005); Amiram Gill, Corporate Governance as Social Responsibility: A Research Agenda, 26 BERKELEY J. INT’L L. 452 (2008); Peer Zumbansen, The Parallel Worlds of Corporate Governance and Labor Law, 13 IND. J. GLOBAL LEGAL STUD. 261 (2006).

14. See generally Pitts, supra note 11, at 337-42, 373-82 (describing antiquated approaches to CSR and pointing to more contemporary approaches). Pitts explains that corporations engaging in apparent “voluntary” good governance initiatives should be viewed as engaging not in voluntary behavior, but in more “legal” substantive and sanctionable behavior than many commentators realize. Id. He goes on to describe such voluntary initiatives as ahead of the regulatory curve by being more responsive to market forces than the legislative process. Id. at 415. He argues that enlightened companies increasingly understand that reasonable regulation, which need not be top-down and legally mandated, can be of the “more nuanced varieties of information regulation and meta-regulation/enforced self-regulation [that] is indispensable to effectively functioning, sustainable markets.” Id. Such behavior, Pitts argues, is a contemporary approach to corporate reform. Id.
incentivize corporations to be more responsive to societal needs. Most importantly, contemporary approaches to reform explore intersections between corporate social responsibility (CSR) and new approaches to corporate governance, or the “New Governance.”

CSR seeks improved behavior from corporations. It asks corporations to broaden relationships with multiple stakeholders, engage in meaningful and sustained efforts to improve communities, and/or to conform to society’s rules—those embodied in both law and ethical custom. In recent years, CSR has focused on corporate governance as a means through which its maxims may be incorporated into the business decisionmaking processes. New Governance is a phraseology that refers to a fresh approach to reform that encourages dialogue about regulatory principles from the perspectives of industry, regulators, CSR advocates, and shareholders. Indeed, dialogues about traditional focus on agency conflicts to a focus on the contemporary issues of transparency, accountability, and ethics. Gill explains that the corporate social responsibility movement is increasingly focusing on corporate governance as a means by which corporations can be incentivized to be more attuned to societal needs. Id.

15. Gill, supra note 13, at 452-55 (arguing that corporate governance is adjusting from its focus on agency conflicts to a focus on the contemporary issues of transparency, accountability, and ethics). Gill explains that the corporate social responsibility movement is increasingly focusing on corporate governance as a means by which corporations can be incentivized to be more attuned to societal needs. Id.


17. While New Governance theory is complex and its terminology and taxonomies are often contested, a core element in virtually all formulations, however, is the idea of the “postregulatory state.” The essence of this idea is that regulatory power is diffused progressively among networks of state and nonstate actors that transcend national boundaries. See generally Colin Scott, Regulation in the Age of Governance: The Rise of the Post-Regulatory State, in THE POLITICS OF REGULATION 145 (Jacint Jordana & David Levi-Faur eds., 2004) (exploring theoretical approaches to regulation and providing a foundation for New Governance scholarship).

18. Cheney, Roper & May, supra note 6, at 3.

19. Id.

20. Friedman, supra note 1, at 33 (describing the responsibility of the corporate executive). Friedman argues that this responsibility “is to conduct business in accordance with [the shareholder’s] desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom.” Id. While Friedman articulates this point as a response to the CSR movement, he fails to consider how ethical custom and the law interact. Indeed, he fails to consider that ethical custom and the law are, in fact, interdependent. See Cyrus Mehri, Andrea Giampetro-Meyer & Michael B. Runnels, One Nation, Indivisible: The Use of Diversity Report Cards to Promote Transparency, Accountability and Workplace Fairness, 9 FORDHAM J. CORP. & FIN. L. 395, 407 (2004).

21. Gill, supra note 13, at 463-66; see also Cheney, Roper & May, supra note 6, at 4 (explaining that conversations about unchecked corporate power are central to conversations about how to “probe in an informed and systematic way the potentials for positive social change in, through, and around the modern corporation”); Conley & Williams, supra note 13, at 37-38 (describing CSR as “a complex communication network among public and private actors,” which, “[a]t its best, promises a corporate decisionmaking process in which managers think and talk openly about social and environmental issues and then tell the world what they did and why”).

22. Ford, supra note 13, at 5.
New Governance include CSR principles and more. New Governance promotes systems that “use[] innovative, pragmatic, information-based, iterative, and dialogic mechanisms to gather, distill, and leverage industry learning in the service of a still-robust but better designed, that is, more effective and less burdensome, public regulatory mandate.”\(^{23}\) New Governance envisions decision making as a collaborative, rather than an adversarial process.\(^{24}\)

In *The Good Company: Rhetoric or Reality? Corporate Social Responsibility and Business Ethics Redux*,\(^{25}\) Professor Edward M. Epstein, a chief architect of what we now call the field of CSR, engages with New Governance scholarship.\(^{26}\) Epstein acknowledges the power of TNCs to actualize the goals of CSR and considers what factors may incentivize TNCs to become “Good Companies,” ideal companies\(^ {27}\) that undertake behavior that maximizes benefits for society.\(^ {28}\) In particular, he describes six factors—law, affinity group regulation, self-regulation, ethical precepts, the media, and an engaged civil society—as “modes of social control”\(^ {29}\) that encourage TNCs to engage in socially beneficial behavior.\(^ {30}\) Epstein’s work provides a practical framework that allows
scholars to engage in a systematic review of ways to harness the best corporate behavior. The purpose of this Article is to apply Epstein’s *Good Company* framework to corporate behavior that falls under three distinct employment law issues[^31] that continually challenge TNCs as they conduct business[^32]. Part I summarizes Epstein’s *Good Company* framework and his insights about the *Good Company*[^33]. Part II integrates Epstein’s *Good Company* framework with TNCs’ ability to curb the use of abusive forms of child labor (enact responsible child labor policies), foster open, democratic, and collaborative workplaces (improved employer-employee bargaining), and to create an ethic of care for employees (ethical of care)[^34]. Part III briefly analyzes our findings, suggests modifications to Epstein’s *Good Company* framework, and positions the modifications in the context of *New Governance* scholarship[^35]. The article concludes by affirming Epstein’s approach to the *Good Company* and offers final reflections about fostering *Good Companies* in the employment context.

I. THE RHETORIC AND REALITY OF GOOD COMPANIES

A. Epstein’s Description of the Contemporary Setting

In *The Good Company: Rhetoric or Reality? Corporate Social Responsibility and Business Ethics Redux,*[^36] Epstein succinctly details to the diverse stakeholders affected by their actions and minimizes the deleterious effects . . . of their operations.” *Id.*

[^31]: These three issues, child labor, employee-employer bargaining, and the cultivation of an ethic of care for employees, involve basic human rights and are issues that TNCs, more than most nation states, have the power to affect. *See* Douglas M. Branson, *The Very Uncertain Prospect of “Global” Convergence in Corporate Governance*, 34 CORNELL INT’L L.J. 321, 326 (2001) (arguing that issues such as “worker exploitation” and “economic imperialism” emanate from TNCs, “whose power exceeds that of most nation states”); *see also* *supra* note 12 and accompanying text.

[^32]: The Article engages in a metaphorical search for Epstein’s *Good Company*, a company that illustrates the ideal in terms of respect for both financially sound business decisionmaking and human rights.

[^33]: *See infra* notes 35-89 and accompanying text. The *Good Company* is shaped, and/or held accountable by modes of social control, such that these TNCs are powerful corporate engines that work for “socially efficacious purposes.”

[^34]: *See infra* notes 90-213 and accompanying text. For each issue (ethic of care, improved bargaining, and responsible child labor policies), Part II asks which modes of social control are most likely to incentivize TNCs to engage in socially efficacious behavior.

[^35]: *See infra* notes 214-40 and accompanying text.

the externalities linked with the operation of TNCs. Noting the evolution of the corporate form from organizations designed to benefit the public good to the modern TNC, Epstein considers questions regarding CSR to be the natural outgrowth of this evolution. Epstein frames the significance of these questions by defining the contemporary setting of TNCs.

There are four phenomena that define this contemporary setting: globalization, the energy crisis, technological revolutions, and social transformations. Each phenomenon will be described in turn. Transnational business activity is creating a globalized economy in which modern communications and transportation technologies are rendering geographical barriers non-existent. TNCs, Epstein argues, originated and will continue to serve as the prime instrumentalities of this process. As to the energy crisis, Epstein argues that industrialized countries’ dependence on fossil fuels is affecting the geopolitical balance of power in ways that empower corrupt petroleum-exporting countries that have poor track records in human rights. The increasingly complex relationship between TNCs dealing in petroleum and the regimes controlling these resources raises questions about whose

37. CSR is often viewed by scholars as a means to reduce negative corporate externalities. Geoffrey Heal, a Columbia Business School professor, also takes this view, defining CSR as “a program of actions taken to reduce externalized costs or to avoid distributional conflicts.” Geoffrey Heal, Corporate Social Responsibility – An Economic and Financial Framework 1 (Dec. 2004), http://ssrn.com/abstract=642762 (unpublished).

38. Epstein, supra note 25, at 207-08 (discussing the nature of TNCs).

39. Id. at 216 (arguing that the notion of TNCs having a responsibility to serve the public interest is rooted in the fact that the earliest corporations were designed to meet certain public service objectives, such as building “turnpikes, railroads, and canals . . . and [stimulating] the growth of essential industries”). Epstein further argues that “it is ironic that modern society is only now returning to recognition of these societal objectives of corporate enterprise.” Id.

40. Id. at 207 (“[I]t is the emergence of large scale business organizations in the last third of the nineteenth century within Europe and the United States that gave rise to concerns about corporate social responsibility . . . ”).

41. Id. at 208.

42. Id. at 208-10.

43. Id. at 208-09.

44. Id. at 209.

45. Id.
interests the TNCs are truly serving. Indeed, as the energy crisis continues to develop, inevitable questions of conflicts of interest arise.

The third phenomenon Epstein uses to define the contemporary setting is the advent of myriad technological revolutions. From high-tech and biotech to technological developments in traditional economic sectors, these revolutions are so ingrained in the stream of commerce that virtually every human being is affected—for good and for ill. TNCs, frequently in relationships with government entities, often originate and spur these revolutions—revolutions that dramatically improve the quality of life for some, while diminishing the quality of life for other global citizens. Finally, the three aforementioned phenomena galvanize the social transformations that accompany the rise of TNCs. The rise of corrupt regimes awash in petrodollars and the role technology plays in raising global awareness of the deprivations and entitlements resulting from growing corporate power, Epstein argues, frames the reality that TNCs inhabit. As the maldistribution of the benefits of a global economy inflames local and international politics, the social influence of TNCs becomes apparent. Indeed, Epstein argues that when TNCs invest in host regions, respect human rights, employ best practices, contribute to the development of an educated workforce, protect the health of their workers, and are not in league with corrupt regimes, they are forces for good in these areas. However, when TNCs

46. Id. at 221 (highlighting the behavior of the United Fruit Company in various parts of Latin America in addition to energy companies in the Middle East and Africa). Epstein reasons that “[a]t times, transnational corporations have even acted as de facto governments in countries with weak political institutions.”

47. Id.

48. Id. at 209.

49. Id.

50. Id.

51. Id.

52. Id.

53. Id. (discussing such phenomena). “The shedding of colonial domination, the creation of the United Nations as a forum for less developed countries to influence international developments and consciousness, and the impact of communications technologies . . . have contributed to an awareness of deprivations and entitlements on the part of persons throughout the world.”

54. Id.

55. Id. at 209-10 (discussing the influence of TNCs in these disparities). Epstein argues that TNCs “play an important role in facilitating global peace or exacerbating global conflict” that result from this maldistribution.

56. Id. at 214.
sustain policies that are exploitative of less developed nations, their behavior has ruinous effects on regional and global peace.57

B. Epstein’s Description of Modes of Social Control

Within this contemporary setting, Epstein considers what factors, or modes of social control, are central to the actualization of the *Good Company*.58 Epstein defines six modes of social control in descending order of importance—law, affinity group regulation, self-regulation, ethical precepts, the media, and an engaged civil society—that, individually and in combination, are paramount in achieving the *Good Company*.59 Each mode will be described, in turn, below.

Epstein places law first in terms of its importance, but also postulates that law, the articulation of public policy enforced by government, is an inherently impractical mode of social control in achieving the *Good Company* in the fast-paced business environment.60 As the creation of law is a customarily extended process,61 laws created for TNCs operating in fast-paced business environments often constitute dated answers to yesterday’s problems.62 Epstein defines “affinity group regulation” as standards of behavior established by members of a particular profession, such as law or medicine.63 Those TNCs operating under seriously administered affinity regulations can be encouraged to have positive impacts on the social good.64 Self-regulation, on the other hand, pertains to voluntary adherence to standards set by nongovernmental entities [NGOs] concerned with specific issues,65 such as child labor and third-world apparel manufacturing.66 These standards often establish baselines that allow TNCs to act in the public good

57. *Id.* (noting the supposed benefits of free trade). Epstein maintains that the benefits have, in fact, “been asymmetrical, benefiting wealthier nations and contributing to interstate and intrastate conflicts.” *Id.*
58. *Id.* at 210.
59. *Id.* at 212.
60. *Id.* at 210 (considering the impractical nature of law as a mode of social control for corporations in the modern economy). Epstein reasons that the impracticality is rooted in the law’s inability to “anticipate the virtuously limitless array of issues and concerns occasioned by corporate actions.” *Id.*
61. *Id.* (arguing that this extended process is a product of asymmetrical balances of power and centrality of arriving at compromise).
62. *Id.*
63. *Id.* at 211.
64. *Id.*
65. *Id.*
66. *Id.*
without competitive disadvantage. However, engagement in socially efficacious practices occurs only to the degree to which TNCs observe these standards in good faith, a concern highlighted by the lack of any enforcement mechanisms.

Epstein characterizes ethical precepts as beliefs derived from religion, humanistic philosophy, social customs, mores, and traditions. If one considers law as the lowest common denominator of the social contract, ethics operate above this common denominator and often inform the creation of the law. However, those modes of social control derived from social custom, mores, and tradition can result in manifestly unethical behaviors such as “honor killings” of women who are deemed to have violated social norms. Since it is often the first source of information about corporate malfeasance, a vigilant and responsible media, Epstein argues, is central to promoting Good Companies. In this way, TNCs can be held increasingly accountable for illegal and/or unethical behavior. Alternatively, favorable media coverage can result in increased business activity and serve as a catalyst for the actualization of Good Companies. Finally, Epstein argues that an engaged civil society is a mode of social control that can encourage socially efficacious behavior from TNCs. Direct citizens’ action through the leveling of pressure on government officials, for example, thwarted Wal-Mart’s efforts to move into several San Francisco Bay Area communities. While other successful examples abound, direct citizen action is not always effective in fostering the Good Company.

67. Id.
68. Id.; see also Simon Counsell & Kim Terje Loraas, The Rainforest Found., Trading in Credibility: The Myth and Reality of the Forest Stewardship Council 30-34, http://www.wrm.org.uy/actors/FSC/Trading_Credibility.pdf (noting the concerns raised in response to the occasional deceptiveness and hypocrisy of CSR commitments formally made, though not honored). The authors further argue that these voluntary efforts must be seriously reformed to enhance actual accountability. Id.
69. Epstein, supra note 25, at 211.
70. Id.
71. Id. at 211-12.
72. Id. at 212.
73. Id.
74. Id. (noting the role of the media in exposing corporate malfeasance). Epstein highlights the disclosures relating to the Enron scandal and suspect marketing strategies relating to major pharmaceutical companies. Id.
75. Id.
76. Id.
77. Id.
79. Epstein, supra note 25, at 212.
C. Epstein’s Insights

As noted earlier, Epstein considers the CSR movement alone, as fundamentally incapable of achieving the Good Company. This view is not based on any belief in the inherent malevolence of the human condition, but rather, Epstein explains, on a recognition of the structures that comprise the contemporary business environment—structures that TNCs and their corporate managers must abide by. An increasingly competitive globalized economy, driven by the Anglo-American modus operandi of short-term profit maximization, structures environments where TNCs are incentivized to cut corners with regards to employees, communities, developing nations, and myriad stakeholders burdened by corporate behavior. Moreover, Epstein argues, conflicting cultural norms as to what constitutes ethical behavior further restrains the actualization of the Good Company. In this context, TNCs are neither inherently good nor bad, but hold the manifest ability to amplify either on a global scale. Accordingly, given the origin of the corporation and its singular ability to impact the public good, Epstein offers his modes of social control as the metrics by which the Good Company can be achieved.

II. MODES OF SOCIAL CONTROL IN THE EMPLOYMENT CONTEXT

A. Responsible Child Labor Policies

In today’s globalized economy, one out of every seven children works in a range of “economic activities.” Many view child labor,
per se, as morally repugnant; a view fueled by the increasing globalization of trade and, correspondingly, the growing influence of TNCs. While there are a number of domestic laws, international treaties, and conventions designed to curb TNCs’ abusive use of child labor, such use remains prevalent. Given the seeming intractability of the child labor problem, adopting Epstein’s modes of social control framework, as a means by which to discern viable disincentives for

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LABOUR ORG. [ILO], Convention on the Rights of the Child, at art. 1, 1577 U.N.T.S. 3 (Nov. 20, 1989) (providing that “a child means every human being below the age of eighteen years unless under the law applicable to the child, majority is attained earlier”) [hereinafter Convention on the Rights of a Child].


93. The term “economic activity” is defined as encompassing the “most productive activities undertaken by children, whether for the market or not, paid or unpaid, for a few hours or full time, on a causal or regular basis, legal or illegal; it excludes chores undertaken in the child’s own household or schooling.” Int’l Labour Org., THE END OF CHILD LABOUR: WITHIN REACH 6 (2006), http://www.ilo.org/public/english/standards/reml/ilc/ile95/pdf/rep-i-b.pdf; see also LAKSHMIDHAR MISHRA, CHILD LABOUR IN INDIA 46-47 (2000) (contextualizing the demands of child laborers). Mishra describes the transportation of children in Sivakasi, Tamilnadu, in India, to a workshop specializing in the production of matches and notes that:

The factory bus leaves the factory premises around 6 p.m. It drops the children on the way, while the nearest village is 1 km from the factory, the farthest one is about 20 km.

The bus . . . reaches the last village by 8 to 9 p.m. The bus starts from that village between 3 to 4 a.m. with the last child and proceeds towards the factory. It reaches the factory premise around 6 a.m. The sleeping children are thereafter dumped into a hall to sleep up to 7 a.m. After that . . . they have their breakfast and start work.

Id.


95. Id. at 15.

96. We refer here to the domestic laws in the host countries of TNCs.


TNCs’ use of child labor, provides a contemporary analysis. To this effect, the utility of each mode will be discussed, in turn, below.

Epstein lists his modes of social control in descending order of importance: law, affinity group regulation, self-regulation, ethical precepts, the media, and an engaged civil society. However, due to the distinctive nature of the child labor problem, this Article alters the modes’ order of importance, as prescribed by Epstein, to an order more specifically tailored to the challenges posed by TNCs’ use of child labor. Given that critiques of child labor often stem exclusively from core ethical beliefs, and given the interdependence of law and ethics, the ethics mode will be discussed first, followed by a discussion of law. A discussion of the other modes of social control in a reconfigured order of importance, concluding with affinity group regulation, will then follow.

In an increasingly globalized world, concepts such as justice, fairness, and ethics are often rendered nebulous. Indeed, the use of child labor is not necessarily seen as unethical in developing countries. While child labor might be considered morally abhorrent in the West, children in developing countries often need to work in order to sustain the health and welfare of their families. From a historical perspective, however, the primary factor explaining the prevalence of child labor is poverty, both in the East and West. In developing countries, childhood is often seen as a period for acquiring employable skills so that children may earn better pay when they become older. Moreover,

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100. See generally supra note 93.
101. See supra note 20 and accompanying text.
102. See supra note 93 and accompanying text.
103. See Kinley & Tadaki, supra note 10, at 982.
105. See Browne et al., supra note 93, at 7 (noting the use of child labor on colonial America as a necessary cost of doing business). Browne et al. explain that:
In North American colonies, children were an asset—free labor to their families and their new farms. Child labor was seen as a tool to keep children from idleness, as well as a necessity for starting a successful colony and farm. However, as part of the changes necessitated by the American colonists’ desire to be independent from England, Americans needed to start producing their own goods, such as clothing. To facilitate this manufacture, the first children began working in American textile and clothing shops. Children were ideal for working in these factories because they worked for a fraction of the cost of comparable adult workers. They also were quick to learn, and their small hands could create the intricate details in the fabrics.
Id.
106. See Shahidul Alam, The Use of Child Labor Does Not Always Violate Human Rights, in HUMAN RIGHTS: OPPOSING VIEWPOINTS 81, 86 (Mary E. Williams ed., 1998); see also Kinley &
when parents’ income is insufficient to feed, clothe, and shelter the family, there are rarely any clear alternatives to child labor.\(^{107}\) Accordingly, when developed countries, or an engaged citizenry within them, overzealously advocate the complete abolition of child labor from their particular ethical perspective, they can be seen as both hypocritical\(^ {108}\) and culturally imperialistic\(^ {109}\) by not taking into consideration the economic and social realities of developing countries\(^ {110}\).

While most developing countries agree that the worst forms of child labor should be prohibited,\(^ {111}\) it is unwise to seek international legal regimes that mandate universal adherence to child labor standards.

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Tadaki, *supra* note 10, at 981-82; *supra* note 93 and accompanying text; Kornikova, *supra* note 103, at 213 (describing the responsibilities of children in the developing countries of Africa). Kornikova explains that, “through their productive activities, children integrate into the community, as in Africa, where children as young as ten years old begin imitating their family members in the household and farm tasks, and then move to other tasks, including serving the elders in their community.” Id.

107. See Browne et al., *supra* note 93, at 13 (discussing the correlation between economic development and the ethics of child labor—and the salience of this correlation among different cultures).

108. See *supra* note 104 and accompanying text.

109. See generally *supra* note 93.

110. See Browne et al., *supra* note 93, at 3-4 (noting the dangers of applying moral absolutes to the child labor issue). Browne et al. note that:

> Such international declarations of universal rights are highly attractive in that they appeal to our sense of humanity; indeed, there are very powerful arguments suggesting that certain normative states ought to exist among humans regardless of differences in culture, religion, worldview, geographic location, or economic disposition. However, scholars and policymakers alike must recognize the inherent danger in wholeheartedly embracing and imposing a universal moral vision upon other groups in situations as emotionally, economically, culturally, and developmentally complex as that of child labor, particularly where power disparity exists.

Id.

Id. See Kinley & Tadaki, *supra* note 10, at 982.

111. See *Worst Forms of Child Labor Convention*, infra note 147; see also Kornikova, *supra* note 105, at 221 (detailing the treaty obligations). Kornikova writes that:

> The Convention applies to all persons under eighteen years of age and focuses on the abolition of two categories of child labor: the “unconditional worst forms of child labor” and “hazardous work.” The unconditional worst forms of child labor include “all forms of slavery or practices similar to slavery,” debt bondage, and the use of children in various illicit activities. These forms of labor are prohibited unconditionally because improving their conditions would not justify such practices. . . . [H]azardous work encompasses “work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.” The [Convention] refers to a list of considerations for identifying “hazardous work” as set forth in ILO Recommendation No. 190. These considerations include, without limitation, exposure to dangerous machinery and substances damaging to health.

Id. (citations omitted).
equivalent to those of developed countries. In cases where attempts have been made, resistance often originates not with TNCs, but from the workers these laws are intended to protect. In addition, resistance to these laws frequently come from the governments of developing countries who not only fear losing the competitive advantage derived from cheap labor, but suspect that the imposition of such laws masks a trade protectionism agenda that advantages developed countries.

Moreover, the adoption of laws stemming from such moral absolutism can often be counterproductive. During the debate surrounding the 1992 Child Labor Deterrence Act, which sought the imposition of sanctions on those products made with child labor, Bangladeshi activists cautioned that the dismissal of children from the workplace would effectively funnel them into more hazardous professions. As a result of this focus on the alleged immorality of child labor, Bangladeshi manufacturers, between 1992 and 1995, dismissed tens of thousands of children who ultimately found employment in the rickshaw pulling, brick carrying, rag-picking, and prostitution professions. Consequently, while there might be universal agreement on the amorality of child labor, it is quixotic to approach the issue utilizing overarching laws or trade restrictions seeking an outright ban. Rather, a more comprehensive

112. See Kinley & Tadaki, supra note 10, at 973.
116. See JEREMY SEABROOK, CHILDREN OF OTHER WORLDS: EXPLOITATION IN THE GLOBAL MARKET 23, 64-65 (2001); WORLD VISION UK, OFFERING HOPE, NOT DESPAIR: ERADICATING CHILD LABOR WITHOUT PUTTING CHILD WORKERS ON THE STREETS 7 (1997); see also Kornikova, supra note 105, at 223-24 (contextualizing the debates regarding the 1992 Child Labor Deterrence Act); Kinley & Tadaki, supra note 10, at 974-75 (arguing that a premature ban on child labor, for example, can have “devastating consequences on workers because it may result in immediate termination of their employment, leaving them without any alternative means of earning an income”).
approach, which identifies and addresses the causes and contexts within which child labor flourishes, is obligatory.117

Under these circumstances, a vigilant and responsible media, bolstered by an engaged civil society within the TNC’s host country, best effectuates such an approach. The power of the media to be a catalyst for change in TNCs’ child labor policies is irrefutable.118 However, many of these changes frequently result in the adoption of highly publicized corporate codes of conduct, which some TNCs then display, with little good faith adhering to,119 or a reactionary dismissal of the children, which consequently filters them into more dangerous lines of work.120 As the child labor problem is rooted in the unique socioeconomic conditions of the TNC’s host country,121 the solutions ought to be specifically tailored to that country. As such, the media not only must be vigilant in exposing abuses, but must also be responsible by making it evident that each country faces distinct challenges and that the typical reactionary corporate response will not do. In order for the media to effectively shoulder the burden of its responsibilities in this regard, an engaged civil society within the TNC’s host country, in

117. See supra note 93, at 6 (discussing the need for more nuance in the child labor debate—a debate often rooted in arguments claiming moral absolutism). Critiquing the view of the child labor debate through a morally purist lens, Browne argues:

Declarations of human rights are often a powerful stimulus in focusing attention on severe human problems. But, such declarations’ attempts to impose a strict, one-size-fits-all moral regulatory structure, absent an analysis of the underlying national, economic, cultural, and historical factors that might affect the efficacy of such a structure, constitutes an abdication of responsible policy-making.

Id.


119. See BUREAU OF INTERNATIONAL LABOR AFFAIRS, U.S. DEP’T OF LABOR, THE APPAREL INDUSTRY AND CODES OF CONDUCT: A SOLUTION TO THE INTERNATIONAL CHILD LABOR PROBLEM? § 3-4 (1996), http://www.dol.gov/ILAB/media/reports/iclp/apparel/apparel.pdf (revealing that "some companies, particularly retailers, may have general language in their purchase order or vendor contracts requiring vendors to comply with applicable laws but have no mechanisms for monitoring compliance"); see also id. at 48 (discussing how TNCs monitor their facilities for compliance with their corporate codes). The study notes that "[m]onitoring is usually part of a larger process that includes issues such as quality control and delivery coordination. For this reason, it is not always clear to what extent site visits focus on the code implementation.” Id.

While monitoring for product quality, and even for health and safety conditions, is customary in the garment industry, . . . monitoring for compliance with provisions of the codes of conduct of U.S. garment importers dealing with other labor standards. . . . and child labor in particular . . . is not.

Id. at 101.

120. See supra note 115 and accompanying text.

121. See generally supra note 93.
addition to other international sources privy to information in the host country, is essential in providing the media with accurate information.

Unlike what is called for in Epstein’s self-regulation mode of social control, which involves the voluntary adoption of standards established by NGOs concerned with child labor, these NGOs should not seek the TNC’s adoption of universal child labor standards, which is often counterproductive. The NGOs should collaborate with an engaged civil society within the TNC’s host country in providing the media with accurate information, so that the public—and the corporate boardroom—can be responsibly informed of the complexity of domestic child labor abuses and of the ways that a socially responsible TNC can respond. Such a collaborative approach is emblematic of New Governance—a systemic process that uses “innovative, pragmatic, information-based, iterative, and dialogic mechanisms to gather, distill, and leverage industry learning” for the purpose of addressing complex business challenges. For those TNCs that undertake socially responsible practices, favorable media coverage can be politically useful and enhance business activity through the cultivation of corporate goodwill.

122. See supra note 115 and accompanying text; see also supra note 116 and accompanying text.

123. See H&M, Supply Chain Monitoring: What Do We Do If We Find Child Labor Being Used?, http://www.hm.com/us/corporateresponsibility/supplychainworkingconditions/supplychainmonitoring/whatwedoifwediscove rchildlabour_monitoringarticle4.html (last visited Sept. 16, 2009) (describing how the apparel and accessories retailer H&M Hennes & Mauritz AB (H&M) responds when it discovers “underage workers” at its supplier’s site). The site notes that H&M, in cooperation with the supplier, contacts the family of the affected child and seeks a solution in the child’s best interests. Id. One such solution is to allow the child to continue education and paying wages to the child’s family during the child’s stay in school until the child reaches the appropriate age. Id. See also Lance Compa & Tashia Hinchliffe-Darricarrère, Enforcing International Labor Rights Through Corporate Codes of Conduct, 33 COLUM. J. TRANSNAT’L L. 663, 674-85 (1995) (describing how Levi Strauss & Co., a multinational apparel company, makes decisions to pay for the children’s education and school supplies until they reach a minimum age when they would be offered a job at the plant); STARBUCKS CORPORATION, BEYOND THE CUP: CORPORATE SOCIAL RESPONSIBILITY FISCAL 2005 ANNUAL REPORT 40 (2005) (describing how Starbucks Corporation, an international coffee retailer and coffee-house chain, partnered with Save the Children USA, an international relief and development organization, in bringing bilingual education to Mayan communities in Guatemala, which will expand the employment prospects for children in these communities). These socially responsible activities, providing resources and creating opportunities for the implementation of child labor standards in the local communities, serve the goals of addressing the child labor problem more effectively than the often counterproductive dismissal of the child laborers from work. See note 115 and accompanying text.

124. See supra note 23 and accompanying text.

125. Epstein, supra note 25, at 212.
For the same reasons that the law, ethics, and self-regulation *modes of social control* fail to be effective tools in addressing the complexity of the child labor problem—that is, they all seek overarching solutions to a problem that defies one-size-fits-all solutions—affinity group regulation will be similarly ineffective. 126 Indeed, such morally absolutist approaches by governments, NGOs, and individuals “constitut[e] an abdication of responsible policy-making,”127 which can have devastating effects for the intended recipients of their well wishes.128 The nuance typifying the child labor problem demands the sensitivity that a *New Governance* approach provides.

**B. Workplace Democracy**

The commitment of a TNC to engage in socially responsible corporate behavior faces one of its greatest challenges when employees signal a desire to form a labor union. *Good Companies*, which endeavor to foster open, democratic, and collaborative workplaces, recognize that such environments require an unfettered freedom of association129 and opportunities for employees to bargain collectively over working conditions.130 TNCs that respond with interference, intimidation, or coercion,131 in order to undermine their employees’ right to form a

126. See Browne, et al., supra note 93, at 6 (“[A]ttempts to impose a strict, one-size-fits-all moral regulatory structure, absent an analysis of the underlying national, economic, cultural, and historical factors that might affect the efficacy of such a structure, constitutes an abdication of responsible policy-making”).

127. Id.

128. See supra note 115 and accompanying text.

129. The right to freedom of association is widely recognized in international instruments, including the UDHR, ICCPR, ICESCR, and the ILO Convention No. 87. Kinley & Tadaki, supra note 10, at 976.

130. As United Electrical Worker organizers Leah Fried and Mark Meinster explain:

   NLRB elections are not democratic. Imagine if you were voting in a municipal election and you [were] supporting the opposition. Imagine that for eight hours every day, for three to four months straight, you are being harassed. You have no right to free speech and you are constantly being threatened. Imagine that if you publicly say you are voting for the opposition, you lose your job. How can you vote freely in that situation?


131. According to a recent study by the Economic Policy Institute regarding employer tactics in union representation elections, employers threatened to close the workplace in 57 percent of elections, discharged workers in 34 percent, and threatened to cut wages and benefits in 47 percent of elections. Employees were forced to attend anti-union one-on-one meetings with a supervisor—at least weekly—in two-thirds of union elections. KATE BRONFENBRENNER, NO HOLDS BARRED: THE INTENSIFICATION OF EMPLOYER OPPOSITION TO ORGANIZING 1-2 (2009),
union, violate fundamental principles of CSR and New Governance, and yet face few, if any, sanctions for such behavior. Although a majority of workers report that they would choose to belong to a union if they could make that choice freely, unions represent a shrinking number of workers in the United States. The effect of hostile employer anti-union tactics on union organizing campaigns is both pervasive and effective. Three modes of social control in descending order of importance—law, self-regulation, and a vigilant and responsible media—can help to reinforce, reproduce, and hold accountable “Better Companies” that promote workplace democracy while retaining market competitiveness.

http://www.aflcio.org/joinaunion/voiceatwork/efca/upload/No_Holds_Barred.pdf. These tactics represent an increased intensity in the use of coercive and retaliatory actions by employers in order to undercut majority support for a union.

132. See Pitts, supra note 11, at 341 (describing some of the basic principles of CSR). Pitts offers seven such principles: “(i) integrated decision-making (to incorporate environmental and social as well as economic factors), (ii) stakeholder engagement, (iii) transparency and triple-bottom-line reporting, (iv) respect for and consistent implementation of the highest global environmental and social norms and best practices, (v) the precautionary principle, (vi) accountability, and (vii) community investment.” Id.

133. See Kinley & Tadaki, supra note 10, at 973.

134. As Prof. Epstein observes, “Firms may be exemplary in their environmental practices and abominable in their employee policies.” Epstein, supra note 25, at 213.


136. A 2002 study examining labor union petitions filed with the NLRB in Chicago found that while a majority of workers supported unionization when the petition was first filed with the NLRB, unions were ultimately victorious in only 31 percent of the elections. Theodore & Mehta, supra note 129, at 8-12. At some point after workers petitioned for union representation, pro-union workers lost their majority status. Id.

137. Losing an NLRB union recognition is not the only way that employees’ efforts to form a union are thwarted. A recent study found that 62 percent of new unions are unable to successfully negotiate a first contract within one year of winning an NLRB election. John-Paul Ferguson, The Eyes of the Needles: A Sequential Model of Union Organizing Drives, 62 INDUS. & LAB. REL. REV., 6 (2008). Under NLRB regulations, if one year has passed with no negotiated union contract, employees may hold another election to decertify the union. As Harley Shaiken has observed, “Organizing delayed can be organizing denied.” HARLEY SHAIKEN, UNIONS, THE ECONOMY, AND EMPLOYEE FREE CHOICE 8 (2007), http://www.sharedprosperity.org/bp181/bp181.pdf.
The ability of the legal system to promote democracy and improve working conditions is hampered by the asymmetric balance of power between employers and employees. Labor and employment laws, in many cases, merely establish the “lowest common denominator of socially acceptable behavior,” and go no further. In order to pressure their employees to drop their support for a union in their workplace, TNC managers are free, under federal labor law, to engage in “captive audience meetings,” enlist supervisors in aggressive one-on-one meetings with workers about the union campaign, and otherwise communicate alleged dire consequences of unionization to their employees. Current labor law lacks sufficient incentives for TNCs to refrain from using coercive tactics during a union organizing campaign. Law is not a static mode of social control. Just as a new legal framework for labor-management relations was created out of the distress, dislocation, and turmoil of the Great Depression, changes to the National Labor Relations Act (NLRA) proposed today may similarly change the game rules for several stakeholders, including workers, TNCs, and labor unions. Congress has proposed changes to the NLRA which, if signed into law, would diminish the opportunities for TNC managers to use tactics of delay, interference, or coercion during

139. Id.
140. Bronfenbrenner, supra note 130, at 9.
141. There do exist, however, some protections for employees, including limitations on management’s ability to fire or otherwise discriminate against workers for supporting the union; to threaten the closing of the workplace directly as a result of unionization; to engage in coercive surveillance of workers; and to unilaterally grant or promise benefits to the work force if they reject the union. The central instrument in U.S. law for protecting workers’ rights to organize, to bargain collectively, and to strike is Section 8(a) of the National Labor Relations Act (NLRA), 29 U.S.C. §§ 151-169 (2006). Section 8(a)(1) of the NLRA makes it an unfair labor practice to “interfere with, restrain, or coerce” employees engaged in concerted activity. Section 8(a)(3) protects the right to organize by defining an unfair labor practice of discrimination against workers for protected concerted activities, including union activity. Section 8(a)(4) makes it unlawful to retaliate against a worker for filing unfair labor practice charges or giving testimony in NLRB proceedings. Open, direct threats to close a plant in retaliation for workers’ choosing union representation are considered a violation of Section 8(a)(1) of the NLRA, which says, “It shall be an unfair labor practice for an employer to interfere with, restrain, or coerce employees in the exercise of the rights guaranteed in section 7.” However, Section 8(c), the employer free speech clause adopted as part of the Taft-Hartley Act of 1947, has been interpreted by the courts to allow a “prediction” of plant closing if it is “carefully phrased on the basis of objective fact to convey an employer’s belief as to demonstrably probable consequences beyond his control.” See NLRB v. Gissel Packing Co., 395 U.S. 575 (1969).
142. Theodore and Mehta, supra note 129, at 5.
union organizing campaigns. The current draft of the Employee Free Choice Act (EFCA) would allow the National Labor Relations Board to certify a union when a majority of employees in that workplace have signed authorization cards in support of unionization. This process, also called “card check,” would bypass the often lengthy NLRB election process during which employers routinely pressure employees to abandon their support of a union. Some industrial relations scholars have taken a New Governance approach to framing this issue, and argue that card-check reduces conflict and leads to more positive labor relations.

Mandating the protection and promotion of workplace democracy by passing legislation like the Employee Free Choice Act is one way civil society can encourage corporate behavior that is beneficial, rather than harmful. A second, complementary, means of promoting such behavior is created when corporations themselves establish voluntary, industry-wide workplace standards. TNCs can voluntarily adopt

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144. Id.
145. Employee Free Choice Act of 2009, H.R. 1409, 111th Cong. (2009). The Employee Free Choice Act would amend Section 9(c) of the NLRA, allowing the National Labor Relations Board to certify a bargaining representative after a majority of employees in the unit file a petition with the National Labor Relations Board.

Notwithstanding any other provision of this section, whenever a petition shall have been filed by an employee or group of employees or any individual or labor organization acting in their behalf alleging that a majority of employees in a unit appropriate for the purposes of collective bargaining wish to be represented by an individual or labor organization for such purposes, the Board shall investigate the petition. If the Board finds that a majority of the employees in a unit appropriate for bargaining has signed valid authorizations designating the individual or labor organization specified in the petition as their bargaining representative and that no other individual or labor organization is currently certified or recognized as the exclusive representative of any of the employees in the unit, the Board shall not direct an election but shall certify the individual or labor organization as the representative described in subsection (a).

Id.

146. Adrienne E. Eaton and Jill Kriesky, NLRB Elections Versus Card Check Campaigns: Results of a Worker Survey, 62 INDUS. & LAB. REL. REV. 157, 158-59 (2009). This argument underpins many of the statutory requirements of card check and neutrality at the state and municipal levels. A 1998 San Francisco ordinance, for example, which required hotels and restaurants in which the city has a proprietary interest to use card check as a method to recognize unions, relied on this argument. Id. at 159.

147. Id. at 158. Most recently, and after an extensive period of consideration, the NLRB issued its decision in the Dana and Metaldyne cases. The NLRB decided to treat recognitions reached through voluntary means (like card checks) differently from those reached through an election, by lifting the “election bar” (a bar on a new representation election pending negotiation of a collective bargaining agreement) for forty-five days following the voluntary recognition. These decisions are widely regarded to have dealt a critical blow to the right of workers to form a union by voluntary card check agreement with their employer. Dana Corp., 351 N.L.R.B. 434 (2007).

internationally recognized standards for workplace standards that help establish open, democratic, and fair workplaces. Freedom of association and the right to organize and bargain collectively are two of the core labor rights articulated by the International Labour Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work. 149 When voluntarily adopted by a critical number of firms within a particular industry, these baseline standards can enable TNCs to respect the rights of their employees without experiencing competitive disadvantage. 150 Such advantages of voluntarily standards are limited, however, by the lack of any enforcement mechanisms. 151

Given the lack of established mechanisms for enforcement, 152 the more compelling reason for TNCs to voluntarily adopt the ILO standards may be found in the economics literature and case studies that correlate unionization and high productivity. 153 Innovative Good Companies that establish open, democratic workplaces, pay workers wages that reflect market success, and respect the rights of their employees to join a union and bargain collectively, are more likely to develop motivated, productive employees. 154 Consider the examples of Costco and Cingular. Despite the fact that Costco spends 40 percent more on labor costs than its competitor Sam’s Club (a Wal-Mart affiliate), Costco’s


150. Epstein, supra note 25, at 211.

151. This lack of enforcement is not universal. In Brazil, for example, captive audience speeches would not be permitted under Brazilian labor law because they represent a major breach of workers’ fundamental rights. Roberto Fragale Filho & Ronaldo Lobão, Captive Audience Speech in the Brazilian Labor Law, 29 Comp. Lab. L. & Pol’y J. 341, 345 (2008). That they are a clear breach of freedom of association rights recognized by the ILO Conventions No. 87 (1948) and No. 98 (1949) would render them impermissible in Brazil. Id. They would also violate Article 8 from the Brazilian Federal Constitution, which grants professional or union-like freedom of association. Id.


153. Shaiken, supra note 135, at 5.

154. Id.
profits are nearly double those of Sam’s Club, a difference attributed to
the significantly lower turnover rates at the partially-unionized
Costco. Costco CEO James Sinegal explains, “Most people agree that
we’re the lowest-cost provider. Yet we pay the highest wages. So it
must mean we get better productivity. . . . [T]hat’s not just altruism, it’s
good business.” Cingular, the largest wireless carrier in the United
States, accepted a “neutrality agreement” with the Communications
Workers of America (CWA), in which the TNC and the union agreed
not to use hostile or aggressive tactics during the organizing campaign,
and the TNC agreed to card-check rather than the lengthy NLRB process
(a preview of how EFCA might work in practice). After over 85 percent
of Cingular employees joined the union, the company reported that the
union has provided a competitive advantage for the company because
while conflict and disagreement still occur, the union provides a
mechanism with which to work out those issues cooperatively. Thus,
by respecting the free association rights of their employees, TNCs
benefit from (a) diminished workplace discord, (b) collaboration among
management and employees in resolving workplace issues, and (c) a
competitive advantage through reduced turnover and other barriers to a
productive workforce. While appealing to a TNC’s quest for
competitive advantage is not outside the scope of CSR, New Governance
emphasizes the need for such economic efficiency arguments to be
linked with the relevant social ramifications. In other words, to be
Good Companies, TNCs should harness the behavior of firms like
Costco and Cingular not only because it is the profitable thing to do, but
also because it is the socially responsible thing to do.

In “ferreting out illegal or unethical corporate behaviors,” the
media play a valuable role in educating the public about, and holding
accountable, employer-led opposition and coercion during union
organizing campaigns. Unfortunately, the ability of the news media to
help stimulate socially responsible business behavior is threatened by the

155. Costco produced $21,805 in operating profit per hourly employee in the United States in
2005, almost double the $11,615 generated at Sam’s Club. SHAIKEN, supra note 126, at 5, (citing
Wayne Cascio, Decency Means More than “Always Low Prices”: A Comparison of Costco to Wal-
Mart’s Sam’s Club, ACAD. MGMT. PERSP., Aug. 2006, at 28, 35). Costco’s turnover rate is 6
percent annually compared to 21 percent for Sam’s Club. SHAIKEN, supra note 135, at 6 (citing
Telling Wall Street. BUS. WK., April 12, 2004, at 76).
156. SHAIKEN, supra note 135, at 5-6.
157. Id. (citing Marc Gunther, Cingular Bucks Anti-Union Trend, FORTUNE, June 7, 2006).
158. Kinley & Tadaki, supra note 10, at 974.
159. Epstein, supra note 25, at 212.
current climate of newspaper consolidation, downsizing, and dissolution. Newspapers that formerly had a critical mass of labor writers on staff in the 1940s, 1950s, and 1960s, have dropped the labor beat entirely. Today, only four of the top twenty-five newspapers in circulation in the United States have full-time labor/workplace reporters: the New York Times, Wall Street Journal, Chicago Tribune, and Boston Globe. Where traditional labor reporting has diminished, however, opportunities for developing new forms of media coverage have arisen, underscoring the enduring need for vigilant and responsible media in an open, democratic society.

C. Ethic of Care

A Good Company engages in behavior that maximizes benefits for society. This ideal company treats its employees, customers, and members of local communities fairly. It gives stakeholders their due. An ethic of care inspires those who embrace stakeholder

160. Television and radio broadcast news-reporting on labor issues is almost nonexistent, aside from a workplace correspondent employed by National Public Radio. Christopher R. Martin, Writing Off Workers: The Decline of the U.S. and Canadian Labor Beats, in KNOWLEDGE WORKERS IN THE INFORMATION SOCIETY 22 (Catherine McKercher & Vincent Mosco eds., 2008).

161. Id. at 23. The New York Times, which had a staff of four labor reporters in the 1960s, currently has only one such reporter on staff. Id. at 22-23.

162. Id. at 25. This does not include reporting on ancillary or cultural workplace issues, such as workplace etiquette, fashion, or benefits, which while arguably pertinent, largely exclude labor issues related to organizing, collective bargaining, and the power dynamics inherent in labor-management relations.


164. See Epstein, supra note 25, at 214.

165. Stakeholders include owners, management, the local community, customers, employers, and suppliers. A stakeholder approach to corporate social responsibility asks managers to “balance the multiple claims of conflicting stakeholders.” See R. Edward Freeman, Stakeholder Theory of the Modern Corporation, in ETHICAL CHALLENGES TO BUSINESS AS USUAL 258, 263 (Shari Collins-Chobanian ed., 2004).

166. Robert G. Kennedy, Virtue and Corporate Culture: The Ethical Formation of Baby Wolverines, 17 REV. BUS. 10, 14 (1995-1996) (“Fairness may be thought of as the habit of giving to others what they are due . . . . This virtue comes into play in many ways, not the least of which concerns attending to the rights and interests of the stakeholders of a firm.”). Epstein provides clear support for the stakeholder theory of management. He writes, “Maybe our goal should be Better Companies, or organizations that continuously seek to perform the economic functions for which society relies upon them in a manner that optimizes the firm’s utility to the diverse stakeholders affected by their actions and minimizes the deleterious effects…of their operations.” Epstein, supra note 25, at 220.

167. Conversations about an “ethic of care” are more likely in the health care industry than others industries. See, e.g., Mark A. Hall, A Corporate Ethic of “Care” in Health Care, 3 SEATTLE J. FOR SOC. JUST. 417 (2004). Hall explains that “care” means “a feeling or attitude rather than an
perspectives to hope for more than an absence of abuse. It re-imagines TNCs as companies ready and willing to protect the dignity of employees, to engage in deep reflection about right relationships with stakeholders, and to act with an awareness of which actions promote well-being. An ethic of care acknowledges the significance of human work. It asks employers to appreciate the interconnectedness inherent

action.” An ethic of care calls for “genuine concern for the well-being of . . . customers and communities.” Id. Hall explains that the health care industry has been at the forefront of conversations about an ethic of care because “the vulnerability of patients and the suffering caused by illness create moral conditions that compel and ethic of compassion.” Id. Hall highlights and ethic of care in health care corporations as a response to social norms. Id. He believes that “[a] culture of caring about the set of goals and outcomes can be a more powerful and systematic influence on corporate behavior and attitudes than any overtly regulatory regime.” Id.

168. See Ford, supra note 13, at 41. For a review of abuse in the context of TNCs, see Kinley & Tadaki, supra note 10, at 933-44. Kinley and Tadaki are aware of the positive impact of TNCs’ foreign direct investment. Id. at 933. They also outline human rights abuses by TNCs, giving as examples both Nike and The Gap, companies that have been accused of violating workers’ rights. Id. at 933-34. They also highlight alleged abuses by both Coca-Cola in Columbia and Phillips-Van Heusen in Guatemala. Id. at 934.

169. Scholars who study the link between Catholic social thought and legal change highlight the concept of dignity. See, e.g., Adam K. Butman, Bridging the Gap: A Catholic Perspective on Global Trade as a Tool of Development, 21 NOTRE DAME J.L. ETHICS & PUB. POL’Y 263 (2007). Butman states that “[t]he transcendent dignity of the person provides the basis for a Catholic understanding of the moral dimensions of economic life.” See also Ken Matheny, Catholic Social Teaching on Labor and Capital: Some Implications for Labor Law, 24 ST. JOHN’S J. LEGAL COMMENT. 1, 13 (2009). Matheny writes that “[e]very economic decision and institution must be judged in light of whether it protects or undermines the dignity of the human person.” Id. For a similar statement that is not based upon religious doctrine, see David C. Yamada, Human Dignity and American Employment Law, 43 U. RICH. L. REV. 523, 524 (2009). Yamada states that “we need to reframe the intellectual and rhetorical debate over employment law and policy to focus on the dignity and well-being of workers.” Id. at 524.

170. For an example of an organization in the United States that encourages companies to care, see The Center for Companies That Care, http://www.companies-that-care.org/ (last visited Feb. 14, 2010). This organization lists criteria for companies that want to be listed as Companies that Care: Id. The ten characteristics that define a company as caring and responsible are that the organization: (1) sustains a work environment founded on dignity and respect for all employees; (2) makes employees feel their jobs are important; (3) cultivates the full potential of all employees; (4) encourage individual pursuit of work/life balance; (5) enables the well-being of individuals and their families through compensation, benefits, policies and practices; (6) develops great leaders, at all levels, who excel at managing people as well as results; (7) appreciate and recognize the contributions of people who work there; (8) establishes and communicates standards for ethical behavior and integrity; (9) gets involved in community endeavors and/or public policy; and (10) considers the human toll when making business decisions. Id.

171. See Matheny, supra note 167, at 10-11. Matheny explains that work is important for a number of reasons, including that work “is an appropriate way for [a person] to give expression to and enhance . . . human dignity.” Id. Work is also important because it is necessary to maintain a family. More fundamentally, “[h]uman work proceeds directly from persons created in the image of God . . . Work honors the Creator’s gifts and talents received from him.” Id.
in company relationships with stakeholders, see stakeholders as on par with themselves, accept responsibility for all, and respect freedom and culture.

Globalization, technological revolution, and social transformations shape a contemporary setting that makes an ethic of care necessary and possible. In a borderless, transparent world, we know which companies treat workers, customers, and local communities well. Two modes of social control, working together, create incentives for firms aspiring to become Good Companies to model an ethic of care, ethical precepts, and affinity group regulation. When employed in mutually reinforcing, or intertwined ways, these two modes of social control offer powerful tools to harness the best in companies.

Ethical precepts, religious doctrines and principles, humanistic philosophy, feminist thought, social customs, mores, and traditions, yield both formal and informal approaches to inspiring an ethic of care. High-level religious leaders offer guidelines in formal documents, guidelines that encourage and actions that affirm an ethic of care. Clerics from a range of religious traditions, scholars, and ordinary citizens acting upon religious instruction, theories, and/or customs, offer a wide range of informal ideas and actions to promote an ethic of care.

172. This interconnectedness is fundamental to the concept of solidarity. See Butman, supra note 167, at 275 (“Solidarity centers on the interconnectedness of humanity.”).
173. See id. at 266.
174. See Lois Shepherd, Assuming Responsibility, 41 WAKE FOREST L. REV. 445, 461 (2006). Shepherd urges the reader to “do something”; she writes that if “we really do wish to prevent and alleviate suffering caused by disease, disability, and pain, then we need to begin talking about responsibility—accepting our own and requiring others to accept theirs.” Id.
175. Epstein, supra note 25, at 208.
176. Id. at 209.
177. Id. at 209-10.
178. Epstein does not mention that ethical precepts can come from feminist thought. For an article explaining an ethic of care from a feminist perspective, see Francis Carleton & Jennifer Nutt Carleton, An Ethic of Care and the Hazardous Workplace, 10 WIS. WOMEN’S L.J. 283, 284-89 (1995). Carleton & Carleton write that:
An ethic of care refers to the practice of extending care and compassion to vulnerable individuals and groups who have been harmed or are in harm’s way. The ethic of care is characterized by “cooperation, relationship, and interdependent nurturance,” and emphasizes the deep obligation that we owe to one another to protect vulnerable individuals and groups from harm.
Id.
care from the ideas about how to develop emotional wisdom$^{181}$ and master the art of dialogue$^{182}$ to conversations about the virtues of promoting just relationships$^{183}$, empowering others$^{184}$, listening$^{185}$ and paying attention$^{186}$. 

When communities of faith and/or social justice evaluate systems, institutions, and organizations on how well they promote basic human rights and moral values, they consider local culture and social context$^{187}$. For example, although both Starbucks Coffee Company (Starbucks) and Levi Strauss & Co. (Levi Strauss) have established solid reputations for

181. A leader’s emotional wisdom is derived from the disposition he/she brings to the organization. STEPHAN STRASSER, PHENOMENOLOGY OF FEELING: AN ESSAY ON THE PHENOMENA OF THE HEART 185 (1997). Strasser writes about the “stirrings, shaming, exalting events, successes, and defeat, [which] all have their dispositional reverberations.” Id.

Here are five skills that leaders with emotional wisdom demonstrate. They: (1) accept people as they are; (2) accept relations and problems in terms of the present rather than of the past; (3) treat those close to them with the same courteous attention that is extended to strangers and acquaintances; (4) trust others, even if the risk seems great; (5) do not seek constant approval and recognition from others. See TIMOTHY BROWN & PATRICIA SULLIVAN, SETTING HEARTS ON FIRE: A SPIRITUALITY FOR LEADERS 51 (1997).

182. Martin Buber, a Jewish philosopher, explains that genuine dialogue means not only thinking, talking and reasoning together, but also an all-out effort to establish mutual respect and understanding. He suggests that dialogue is the very essence of communication between the leader and followers and is inseparable from an effective ethic of care in leadership. BROWN & SULLIVAN, supra note 179 at 35.


184. Empowerment is a humanistic exercise of power that frees people from problems of dominance or oppression.

185. The Woodstock Theological Center has developed a set of questions that help organizations listen to the aspirations of an organization. WOODSTOCK THEOLOGICAL CENTER, CREATING AND MAINTAINING AN ETHICAL CORPORATE CLIENT (1990), http://woodstock.georgetown.edu/resources/books/Creating-an-Ethical-Corporate-Climate.html. The Center suggests these questions: (1) Does top management have a common understanding of and strong commitment to ethical values?; (2) Do management’s actions and values reflect the organization’s values?; (3) Do employees throughout the firm share management’s ethical values and commitment?; (4) Do managers at all levels work to build shared ethical values?; (5) Does management provide employees with ethical guidance, when needed?; (6) Are ethical considerations included in personnel decisions?; (7) Does the firm’s system of rewards include ethical accountability?; (8) Does the organization have a procedure for identifying and dealing with ethical violations?; (9) Does the organization have designated personnel whose job it is to monitor and promote ethical climate?; (10) As a result of all of the above, does every employee consider ethical conduct, supervision, and guidance a part of the job? Id.

186. See generally Timothy Brown, Paying Attention, in GREAT IDEAS, GENTLE AS DOVES: REFLECTIONS ON CATHOLIC SOCIAL TEACHINGS 8 (2003). Here is an ethic of care examen, created by Fr. Brown for readers of this article: (1) look for a focus on paying attention to the dynamics in the organization, (2) examine how relationships are going, (3) look for ways to reconcile differences, (4) choose a new route to recovering right relationships.

187. See Yamada, supra note 167, at 554.
acting upon an ethic of care, they do so in different ways. Starbucks is known for treating its employees like partners.\textsuperscript{188} Levi Strauss is known for its Worldwide Code of Business Conduct,\textsuperscript{189} and its more general policies and practices, which recognize the competitive advantage workers in developing countries rely on with regard to labor policies. In this context, the company acts upon the assumption that, “in the long run, educated and healthy workers are vital for economic development.”\textsuperscript{190}

It is important to note that ethical precepts in the context of TNCs are not silver bullets. Some writers suggest that ethical precepts are soft and ineffective.\textsuperscript{191} Jillian J. McMillan takes a stronger approach.\textsuperscript{192} She writes, convincingly, that is unlikely that the modern corporation can engage in social responsibility in a way that reflects true care for fellow human beings.\textsuperscript{193} In essence, she writes that the modern corporation is incapable of taking society’s interests into account because its collective and “serious institutionwide breakdown of character and ethics . . . struck a devastating blow to [its] credibility.”\textsuperscript{194} She doubts whether a discourse of “connection, reciprocity, and trust”\textsuperscript{195} can replace a discourse that highlights “instrumentality, exclusivity, attribution, monologue, and narcissism.”\textsuperscript{196} McMillan’s comments suggest that

\begin{itemize}
\item \textsuperscript{188} See Press Release, Starbucks, Starbucks Demonstrates Unprecedented Level of Commitment to Partner (Employee) Coffee Education and Training (Feb. 11, 2008), http://news.starbucks.com/article_display.cfm?article_id=69.
\item \textsuperscript{190} Kinley & Tadaki, supra note 10, at 974.
\item \textsuperscript{191} See supra note 13.
\item \textsuperscript{193} Id. at 15. McMillan argues that:
\begin{enumerate}
\item that the modern corporation has accepted a role of social responsibility that it is ill-suited to enact,
\item that the shared traits of corporate discourse are inappropriate to promote CSR, and
\item that a reconsideration of \textit{ethos as participation and place} offers a more appropriate frame for corporate credibility and voice.
\end{enumerate}
\item Id. McMillan bases her arguments on Aristotelian philosophy. She stresses the need for a “mutual dwelling place,” which stands to transform both corporate worlds and actions by:
\begin{enumerate}
\item replacing corporate monologue with dialogue . . . ;
\item replacing exclusivity with corporate profit/loss accounting that assesses \textit{all} stakeholders . . . ;
\item replacing solitary measures of \textit{instrumentality} with measures of success in terms of human and social capital . . . ;
\item replacing external attribution with corporate accountability and disclosure . . . .
\end{enumerate}
\item Id. at 25 (numbers added).
\item \textsuperscript{194} Id. at 16.
\item \textsuperscript{195} Id. at 22.
\item \textsuperscript{196} Id.
\end{itemize}
ethical precepts may need reinforcement. They need to draw strength from another mode of social control. The most likely mode of control to offer meaningful reinforcement in the context of an ethic of care is affinity group regulation.\footnote{197}

Epstein points out that global codes are general and lack enforcement mechanisms. He writes that “[t]hey are aspirational precepts rather than operational standards.”\footnote{198} Presumably, Epstein sees other aspirational precepts, including ethical precepts, as guides that are difficult to translate into operational standards. Aspirational precepts can, however, serve as the basis for operational standards. Managers embrace operational standards, especially standards with outcomes that can be measured, e.g., “what’s measured gets done.”\footnote{199} When organizations, measure, they report. Reporting yields increased accountability and transparency.

Associations, from professional bodies (e.g., the American Bar Association),\footnote{200} to religious authorities (e.g., the General Congregation of the Society of Jesus),\footnote{201} to social organizations, (e.g., the Girl Scouts of America)\footnote{202} establish standards of behavior for their members. They impose standards on their own group, and they do so voluntarily, for the good of their association and the constituents they serve. These standards put ethical precepts into action, action that can be measured.

One industry that puts an ethic of care into measurable action is the health care industry. According to Mark Hall, a health care law and policy scholar, it is a natural for those who work in the health care industry to deliver on an ethic of care to customers and communities\footnote{203} because “[t]he vulnerability of patients and the suffering caused by

\footnote{197. For an argument that law is a superior mode of social control, see Larry Catá Backer, \textit{From Moral Obligation to International Law: Disclosure Systems, Markets and the Regulation of Multinational Corporations}, 39 GEO. J. INT’L L. 591 (2008) (“Hard international law can serve as a vehicle for the enhancement of a market environment in which corporate stakeholders, and principally consumers and investors, might incorporate information about corporate ‘social’ behavior in their consumption and investment decisions.”).}

\footnote{198. Epstein, supra note 25, at 215.}

\footnote{199. The idea that “what’s measured gets done” is a basic quality management principle.}


\footnote{203. Hall, supra note 165, at 417.}
illness create moral conditions that compel an ethic of compassion.” 204 He urges objective measures and reporting mechanisms that measure a culture of care, 205 urges us to compare health care providers in terms of an ethic of care, and notes that “caring” is already measured in the health care setting. For example, accreditation standards and patient satisfaction surveys consider an ethic. 206 One highly regarded health care consulting company, Press Ganey, 207 writes,

> Health care is a unique industry in which success is not measured simply by financial returns. The most successful health care organizations act upon the needs of all customers to improve the delivery of care and achieve organizational results. It is our mission, philosophy, work ethic, and dedication to hiring only the best that allows us to help our clients succeed. 208

The existence and success of organizations such as Press Ganey show that, in the health care industry, firms not only invest in an ethic of care, but they measure it, and value the rewards that come from doing well, especially awards that recognize excellence in quality management. 209 The health care industry shows the potential for benchmarking, considering the best practices of the highest-performing companies in an industry. 210

Epstein makes it clear that six modes of social control, “individually, and in combination, are critical to achieving socially responsible corporate behavior.” 211 However, in some contexts, such as the ethic of care context, law, self regulation, a vigilant and responsible media, and civil society, provide few additional incentives for companies to become Good Companies. Scholars disagree about the extent to which rules of law can make companies care. 212 Even if rules of law can promote an ethic of care, it is not clear we need laws in

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204.  Id. at 418; see also Lois Shepherd, supra note 172, at 456-59 (urging conversations about responsibility in the health care setting, e.g., that health law attorneys look to what their clients need, rather than asserting their clients’ rights).
205.  Hall, supra note 165, at 421.
210.  Ford, supra note 13, at 41.
211.  Epstein, supra note 25, at 212.
212.  See supra note 34. But see Yamada, supra note 167, at 554 (“The law cannot force organizations to care about the health and well-being of their employees.”).
certain industries; some industries gather information, engage in monitoring, and disclose results voluntarily. Self-regulation means voluntary acceptance of standards, which Epstein indicates are inspired by NGOs.\textsuperscript{213} Affinity group regulation and self-regulation in the context of an ethic of care are complementary in some industries, such as health care. For example, Johnson & Johnson engages in self-regulation by adhering to a credo that ranks people higher than profits.\textsuperscript{214} The company acts based upon its credo, presumably as an act of self-regulation. In doing so, the organization acts in accordance with expectations from others in the health care field. The remaining modes of social control, vigilant and responsible media and engaged civil society, hold promise in promoting an ethic of care.\textsuperscript{215} However, actors in the media and concerned citizens are more likely to, and should, use their energy to combat the antithesis of an ethic of care, that is, outright exploitation and abuse.

III. REVISITING EPSTEIN’S “GOOD COMPANY” FRAMEWORK

Epstein accurately considers the CSR movement as fundamentally incapable of achieving the Good Company.\textsuperscript{216} Part of this incapability stems from the traditional debate between those arguing that TNCs should engage in CSR because they ought to do good for goodness sake\textsuperscript{217} and those viewing such arguments, by their own nature, as being inherently lost in translation if not linked with the corporate bottom line.\textsuperscript{218} Irrespective of the normative values underpinning the CSR

\textsuperscript{213} Epstein, supra note 25, at 211.
\textsuperscript{215} Epstein, supra note 25, at 212.
\textsuperscript{216} See supra note 28 and accompanying text.
\textsuperscript{217} See, e.g., M. Todd Henderson & Anup Malani, Corporate Philanthropy and the Market for Altruism, 109 COLUM. L. REV. 571 (2009) (characterizing the philosophical underpinnings of the CSR movement as based on the view that corporations have a moral duty to do good for others, even at the expense of the bottom line); see also David P. Baron, The Positive Theory of Moral Management, Social Pressure, and Corporate Social Performance 5 (June 2006), available at http://ssrn.com/abstract=913808 (arguing that one of the principles underlying the CSR movement is that corporations have an abstract “moral duty” to do good).
\textsuperscript{218} See Elizabeth F. Brown, No Good Deed Goes Unpunished: Is There a Need for a Safe Harbor for Aspirational Corporate Codes of Conduct?, 26 YALE L. & POL’Y REV. 367, 399 (2008) (explaining the reason why certain corporations do not engage in CSR). Brown argues it is partly due to the fact that following CSR principles is more expensive than not and these added costs cannot always be passed along to the consumer. \textit{Id}. Moreover, Brown argues that “[p]art of those added costs are the costs associated with increased risk of litigation that corporations adopting codes that embody CSR principles face.” \textit{Id}. See also Janet E. Kerr, The Creative Capitalism Spectrum: Evaluating Corporate Social Responsibility Through a Legal Lens, 81 TEMP. L. REV. 851, 839
movement, many critics argue that it is now effectively co-opted by corporate marketing strategies. Indeed, some argue that the modern CSR movement is little more than an elaborate public relations charade whereby TNCs perform certain prescribed rituals while continuing to conduct business as usual. Epstein’s framework recasts the conception of the socially responsible corporation not as an organization responsive to an often inchoate CSR movement, but an organization operating at the nexus of certain metrics, or modes of social control.

As noted earlier, Epstein lists his modes of social control in descending order of importance: law, affinity group regulation, self-regulation, ethical precepts, the media, and an engaged civil society. While Epstein effectively describes the modes that contextualize the challenges in attaining the Good Company, his prescribed order of importance unnecessarily constrains the modes’ ability to perform their function. For example, as evidenced by the application of Epstein’s framework to the child labor and ethic of care matters, law can, in fact, be the least important mode through which to attain the Good Company. Indeed, reliance on an overarching legal framework in order to end child labor can be counterproductive by exacerbating the very problems such legal regimes are meant to resolve. As such, Epstein’s
prescribed order of importance—or any order of importance—lacks the flexibility to effectively scrutinize certain problems that continually challenge TNCs as they conduct business.

Epstein’s argument that each mode, individually and in combination, must be used in order to achieve the Good Company similarly runs afoul of the flexibility needed to approach complex business issues. As seen with the treatment of the child labor, improved employer-employee bargaining, and ethic of care matters, some modes may be essential while others may be either irrelevant or detrimental in encouraging the Good Company. While Epstein’s proposition that the modes of social control must be both considered in a precise order and in concert, they may be asymmetric to challenges faced by TNCs as they conduct business. The modes do, however, provide a sufficient foundation for how these challenges can be faced with a New Governance approach.

A New Governance approach would emphasize the importance of matching the appropriate mode of social control with the specific challenges facing TNCs. Instead of focusing on overarching legal prohibitions and adversarial enforcement, New Governance approaches consider ongoing deliberation between TNCs and a broad range of stakeholder groups, which have access to local information and context-specific understanding of business problems, as the most effective mechanism for making decisions in complex fast-paced business environments. Such an industry and situation-specific use of

225. See discussion infra Part II-A.
226. See discussion infra Part II-B.
227. See discussion infra Part II-C.
228. See discussion infra Part II-C (noting the irrelevance of the “self regulation,” “vigilant and responsible media,” and the “engaged civil society” modes of social control).
229. See discussion infra Part II-A (noting the counterproductive nature of the “law” mode of social control).
230. See Ian Ayres & John Braithwaite, RESPONSIVE REGULATION: TRANSCENDING THE DEREGULATION DEBATE 39 (1992) (arguing that the adoption of a strategy that allows the changing of regulatory instruments in light of circumstances may be the most effective approach at influencing the behavior of TNCs).
   Over the past five decades, top-down rules and adversarial enforcement—the hallmark of command-and-control—have often failed to achieve their intended goals of increasing compliance and, at times, have been counter-productive in regulating private industry.
   In particular, as technology and production methods change rapidly, it is virtually impossible to address all the risks of production and work through universal standards.
   Id.
Epstein’s *modes of social control* will have three favorable results in achieving the *Good Company*. Namely, such an approach: (1) creates a larger pool of context-specific information;\(^{233}\) (2) ensures the representation of a broad range of stakeholder views;\(^{234}\) and (3) holds TNC managers accountable to the public.\(^ {235}\) In this way, adapting Epstein’s *modes of social control* to a *New Governance* approach provides a rational, systemic alternative to draconian rule-making and their often adverse effects of business.\(^ {236}\)

### IV. CONCLUSION

Epstein writes that:

Harnessing the energies … of powerful corporate engines for socially efficacious purposes yet rendering them accountable for their deleterious impacts on other sectors of society and assuring them they would be good companies has been the objective of public policy and an enduring private concern on the part of intellectuals, religious authorities and ordinary citizens since the emergence of the megacorporation of the nineteenth century.\(^ {237}\)

In the context of increasing global concerns about the misbehavior of TNCs, Epstein’s *modes of social control*, combined with his vision for these modes, work together to incentivize companies and serve as a starting point for robust conversations about how to promote improved corporate cultures—especially those cultures that can impact human rights and social change in positive ways.

We have considered three distinct employment law issues: (1) curbing the use of child labor;\(^ {238}\) (2) improving employer-employee bargaining;\(^ {239}\) and (3) providing an ethic of care for employees.\(^ {240}\) In applying Epstein’s vision of how *modes of social control* incentivize companies in the employment context, we have observed that his prescribed use of the modes unnecessarily constrains the ability of the

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233. Primarily through collaboration with NGO’s and an engaged civil society (an adaptation of the “self regulation” and “engaged civil society” *modes of social control*). See Epstein, supra note 25, at 211-12.

234. *Id.*

235. Primarily through the “vigilant and responsible media” and “engaged civil society” *modes of social control*. See Epstein, supra note 25, at 212.

236. See supra note 23 and accompanying text.

237. See Epstein, supra note 25, at 208.

238. See discussion supra Part II-A.

239. See discussion supra Part II-B.

240. See discussion supra Part II-C.
modes to actualize *Good Companies.* We argue that *New Governance* language lends flexibility to Epstein’s framework. In essence, when Epstein’s framework intersects with *New Governance* priorities—especially collaboration, dialogue, innovation, and pragmatic learning—the consequence is a more flexible role for the *modes of social control,* a role that promises corporate cultures that are mindful, conscious, and self-scrutinizing in terms of the social consequences of their business practices. Indeed, such an approach aspires to realize Epstein’s *Good Company.*

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241. *See supra* Part III.
242. *See supra* Part III.