



Consumers International

The role and expectations of the global consumer movement from the perspective of a developing country

Keynote address by

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Introduction

It is an honour and a great pleasure to be here in Paris for the OECD Roundtable on Corporate Responsibility (CR) to discuss consumer empowerment and responsible business conduct. Consumers International (CI) has been an active participant at OECD (Organisation for Economic Co-operation and Development) for many years and across many issues, and we're delighted to be taking an active part once more on such an important topic of such value to those we represent.

As the global federation of consumer organisations, leading and building the consumer movement around the world and promoting consumer interests for nearly half a century, the ethical behaviour of transnational companies has been a central concern of CI for many years and it is a concern that continues to grow in importance to consumers.

I would like to begin by setting the record straight on the common, but misguided notion that the consumer movement is just about 'choice' - the idea that consumer concerns begin and end with the comparative testing market. In fact the right to choose, vital as it is, is but one of eight key consumer rights, or consumer concerns, which also include the right to a healthy environment, the right to satisfaction of basic needs, the right to be heard and the right to be informed. As well as with choice, the consumer movement is also concerned with access, with participation, and with provision.

It is concerned with some key principles, amongst them the principle of solidarity amongst consumers and the principle that companies should be accountable to workers, to consumers and to all those within their sphere of influence.

So what exactly does this term 'corporate responsibility' (hereafter referred to as CR) mean to consumers? Well in 1960, the year of CI's inception, one commentator proffered the following in one of the first attempts to define the concept... social responsibility refers to businesses' *"decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest"*.

Or some of you may prefer the more provocative suggestion by Eells and Walton that CR refers to, *"the problems that arise when corporate enterprise casts its shadow on the social scene, and the ethical principles that ought to govern the relationship between the corporation and society"*.

But for consumers CR is about businesses responding to consumer demands for assurances that they are 'doing no harm' when they buy products or services; and for assurances that they will not have harm done to them, or to their present or future environment by corporations. But 'doing no harm' is not enough. Consumers now want and *expect* businesses to have a positive impact on the world around them if they are to be perceived as responsible.

In developing countries, CR is essential to fill those gaps which legislation cannot. CR must see that companies make a positive contribution to areas within their sphere of influence to improve the governance, social, ethical, labour and environmental conditions of the developing countries in which they operate and that they strive to do so from an informed position in relation to the historical and cultural contexts in which they are operating.

The consumer movement and CR – influence and successes

Sometimes we like to think that CR has evolved of its own accord - the manifestation of the good-hearted concerns of CEOs. When in fact, the development of CR has more often than not been pushed forward by consumers and by the consumer movement, demanding products and services that have not damaged society, the environment or workers on their way to our doors.

Consumers have been a key driver of CR from the beginning. They have protested against the abuses of the markets of the eighteenth century, boycotted the products of complicit companies in apartheid South Africa, and driven the fairtrade market to its position today where the Fair Trade label alone retails sales of over €2 billion globally with an anticipated annual growth of 33%.

The work of CI and of our members over recent years has built on this theme. Earlier this year on World Consumer Rights Day (WCRD) it was clear that the demand for companies to behave responsibly was a universal concern for CI members. CI's global campaign to stop the marketing of unhealthy food to children received great support from the broad membership, again highlighting the ever-increasing demands for a new approach to CR.

Our Latin American office, in the course of its work on credit and debt in the Latin American region, has encountered instances of banks' damaging double standards between their practices in the developed and developing worlds. There were practices observed among European and American banks operating extra-territorially which would not be allowed in the US and European Union. An alarming example of the need for an international approach to CR.

Following dilemmas identified in a 2007 ISO COPOLCO workshop on the reliability of fairtrade claims which saw both CI and OECD participate, CI is now coordinating the Ethical Trade Fact-finding Project with funding from the Dutch Ministry of Economic Affairs and from ISO, an independent research project into what it takes to build consumer confidence in purchasing ethically-traded products and services, and to find solutions to reduce the potential for consumer confusion caused by inaccurate and unreliable 'ethical' claims.

And last month, CI was in Quebec, coordinating the consumer movement contribution to ISO 26000, which when finalised will become a defining international document for social responsibility, turning consumer concerns into guidelines for practical implementation.

The importance of the consumer movement in CR

The consumer movement, then, has been a central, although sometimes overlooked, player in the history of CR. In almost every country in the world, consumers have organised themselves into powerful organisations to demand their rights and influence companies to behave in a socially and environmentally responsible way. CI's membership alone consists of more than 220 consumer organisations in 115 countries.

The consumer movement has a unique role to play not just because of its size, but also because of the unique blend of idealism and pragmatism that it can bring to CR. The interests of consumers combine the ethical with the practical in a balance no other stakeholder group can claim to achieve.

As well as this mix of practical focus and ethical concern, the consumer movement brings together the voices of diverse and sometimes difficult to harmonise global perspectives. How to address the delicate balancing of consumer needs of the poor and of the rich, and of consumers in developing and developed countries, is a fundamental question for CR. It is also a question that the consumer movement has had a large element of success in

answering and through which CI has been able to develop the recognition we now enjoy as a global and representative body.

Moving forward – achieving consumer empowerment

Through our membership we know that CR is important to consumers. Despite initial critiques of CR being imperialistically imposed on developing countries, the need for CR in developing countries is now an established fact, and the adoption of CR codes is on the increase and known to have a positive impact.

We know that for consumers in developed countries CR is now more important than ever. The behaviour of financial organisations leading to the economic crisis has deepened the sense of mistrust towards businesses in general. Consumer trust can only be rebuilt by overhauling, redefining and reasserting real, meaningful commitment to CR. In the context of the undeniable failure of self-regulation by financial organisations this will be no mean feat.

We know now beyond any doubt that speculation that the economic crisis would see the ethical and environmental credentials of products and services fall down the ranks of what matters to consumers was misplaced. The reverse is true. Consumers now want more assurance on the environmental, ethical and social impacts of products and services, and the businesses that provide them. They are less willing than before to accept so-called 'greenwash'. They have seen companies talk the talk only to find out down the line that what they were hearing was rhetoric without feeling or commitment. Companies will now have to do more, be more introspective, and make a real heartfelt commitment to address their social and environmental responsibilities. They will also need to find new ways of communicating this real change to consumers.

But where companies make a real commitment to meaningful change, we know that consumers are ready and willing to make changes of their own. Changing consumption patterns are key to CR issues, but consumers cannot make these changes on their own. They want more information from businesses about the environmental, ethical and social impacts of products and services, as well as about the impacts of the businesses themselves. They want information that they can understand, readily access and that they can trust. And they want businesses and governments to facilitate changes and signpost the areas where consumers can have the most impact. CR needs to be introspective, transformative, and it needs to be a dialogue between consumers and companies.

Conclusion

Consumers want to see a renewed commitment from companies to real and meaningful CR. And in a world where in some cases companies' assets rival and even exceed those of many states, CR must be defined at an international level if consumer demands for ethically, environmentally and socially responsible products, services and behaviour are to be met. I

look forward to working with you all today to progress on the road to renewing that commitment and to find solutions to the challenges we face to meet consumer rights through CR.