

Preface

In recent years, Corporate Social Responsibility (CSR) has developed both rapidly and extensively. It has become an essential dimension and tool of good corporate governance which is increasingly recognized and even demanded by the different stakeholders. This has undoubtedly made it possible to tackle a number of important and urgent work-related issues, such as child labour, health and safety at work and other core working conditions.

In this book, it is proposed that the time has come to include wage issues in the CSR approach and to start developing a monitoring process in this area. Wages continue to represent the most essential working condition, as well as constituting employers' main production cost and, therefore, the object of permanent pressure.

'Fair wages' is a term traditionally used in Anglo-Saxon regulatory frameworks, as illustrated by the Fair Wage Resolution, back in nineteenth-century Scotland, or by fair wage or fair minimum wage resolutions in the United States and the United Kingdom. They referred originally to public policy on wage issues and were also very much related to the living wage approach. It is proposed here to develop a new concept of fair wages, which would refer mainly to enterprises' responsibility with regard to a number of complementary wage issues and would, therefore, not be limited to the living wage approach.

The present report legitimizes this proposal on the basis of an assessment of wage developments around the world, which depicts a number of worrying phenomena at the macroeconomic level, such as the general increase in low pay and working poor, a continuous rise in wage differentials and a decline in the wage share of economic growth, as well as a series of dysfunctional practices in wage fixing at local level, especially along the supply chain, including the non-payment of wages, lack of transparency of pay systems, discrimination, lack of social dialogue and so on.

This proposal provides a methodology that could make it possible: first, to provide an assessment of wage developments at company level; second, to start building a regular monitoring process in this area; and, third, to provide the necessary tools for assisting and advising managers on wage policy.

The main aim of this proposal is to become rapidly operational, while taking into account problems which may be faced in the process, which suggest that a progressive approach might be advisable in this particularly sensitive area.

Since this work started in 2006, it has had a favourable reception, with our suggestion of a Fair Wage approach receiving wide acceptance among CSR actors. With the help of the FLA, which was the first organization to be convinced of the usefulness of this new approach on wages, in 2008 we were able to implement, for the first time, a complete audit of all wage issues. We conducted it again in 2009. At the same time, a number of case studies on Fair Wages were carried out in the field, which enabled us to present the first set of findings on fair wage practices in different forums. This led to the setting up of the Fair Wage Network in October 2009 and will lead to the launching of a major Fair Wage Campaign in CSR in 2010. We hope that this book will help to enlarge this general movement, encouraging many more suppliers, brands and NGOs – including consumers – as well as trade unions and employers' organizations to join our network and progressively come to promote fairer wage practices along the supply chain. We hope that the inclusion of wages in CSR will help to improve working conditions, while helping individual companies – including major corporations – to improve their competitiveness, not only through low labour costs, but also through better wage practices and improved quality of goods, thereby helping to promote sustainable development.