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Stakeholders, relationships, and global labor practices

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STAKEHOLDERS, RELATIONSHIPS, AND GLOBAL LABOR PRACTICES

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ABSTRACT

The dramatic increase in recent years in the integration of global labor in business operations has generated ongoing dialogue regarding the treatment of workers in developing and emerging countries by these companies. Although media have revealed numerous instances of egregious treatment, there are companies who use responsible global labor practices as a vehicle for social change. The purpose of this paper is to build on examples of companies such as Levi Strauss and Co. to offer guidance for responsible long-term global business practices.

STAKEHOLDERS, RELATIONSHIPS, AND GLOBAL LABOR PRACTICES

Beginning with Freeman's (1984) publication of *Strategic Management: A Stakeholder Approach*, the notion of "stakeholders" has gradually taken root in management scholarship and practice. Current management thinking recognizes that stakeholders matter. Considerable debate has ensued that explores the nature of stakeholder concerns, the influence that effect that stakeholders can have on business operations, and how those concerns can be addressed responsibly. Now that businesses are increasingly outsourcing by moving operations overseas and working with contractors in developing and emerging countries, new questions are arising regarding the proper treatment of global labor and the impact of outsourcing on business (Clott, 2004; Ogden et al., 1999; Sethi, 2002, 2003; Velasquez, 2000; Werhane, 2000; Arnold & Hartman, 2003). To date, most of the discussion of global labor practices has taken place in the media (Bernstein, 2003; Burkins, 1997; Clifford, 1996; Morrissey, 1997; Yang & Del Valle, 1994). This is disappointing in that global labor practices is an area rich for study,

The image commonly spread of global labor is that of "sweatshops." While many reports of sweatshop-style management are accurate—particularly in developing and emerging countries—this is not manner in which business is conducted by multinational enterprises (MNEs). In fact, many have established and continue to engage in trend-setting patterns of responsible behavior (Hartman, Arnold, & Wokutch, 2003a). Building upon the experiences of positive role models such as Levi Strauss & Co. (LS&Co.), the purpose of this paper is to show how attention to stakeholders can bolster both the reputation and financial performance of companies who employ global labor.

STAKEHOLDER THEORY: FROM STAKEHOLDERS TO STAKEHOLDER RELATIONSHIPS

Stakeholder theory signifies the recognition that corporations have responsibilities to people or entities in addition to stockholders. Although there are multiple different strains of stakeholder theory, the basic premise of all of them is that there are numerous people or entities that have “stakes” in the affairs of the firm—that affect or are affected by firm decisions—and that they have rights and responsibilities vis-à-vis their stakeholder relationships with the firm (Freeman, 1984; Clarkson, 1995; Donaldson & Preston, 1995; Jones, 1995; Rowley, 1998; Wicks, Gilbert, & Freeman, 1994). It can be said that there is no single stakeholder theory, but many different related theories that comprise a stakeholder approach and that, separately and together, explore the descriptive, normative, and instrumental dimensions of the stakeholder concept. Stakeholder theory discusses how businesses operate, how they should operate, and how performance goals can be achieved.

Common Misunderstandings

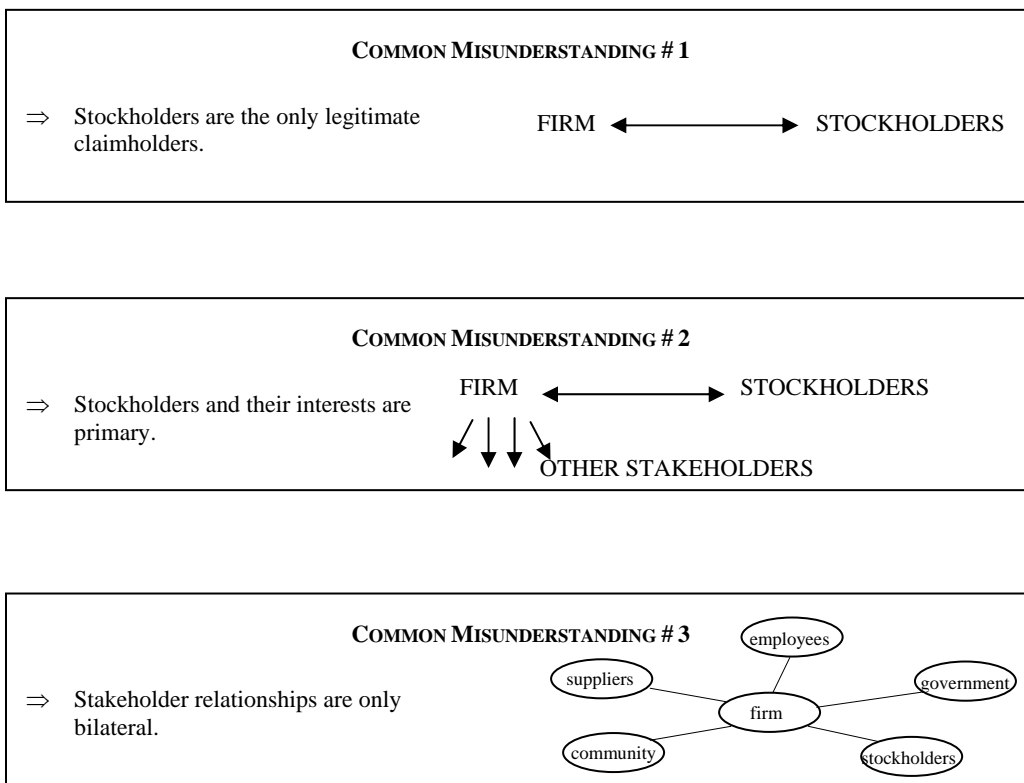
Stakeholder theory generally aims to dispel a few common misunderstandings. While different approaches are taken, and the stakeholder model is used in different ways, stakeholder theorists share some basic insights. Figure 1 identifies these misunderstandings.

The first common misunderstanding that stakeholder theory attacks is that *stockholders* are the only legitimate claimholders, or *stakeholders*. This fallacy encompasses the traditional assumption that a financial investment (*e.g.*, through stock ownership) was necessary to ground a claim on the firm. This is clearly not true. There is abundant evidence that individuals and entities other than stockholders have legitimate claims on the firm. Employees, customers,

suppliers, the community, and so on, all have legitimate claims on the firm as a result of their relationship with the firm. Employees, for example, invest in firms through their labor, commitment, and loyalty. Stakeholder theory thus establishes the presence of multiple legitimate stakeholders.

FIGURE 1

STAKEHOLDER THEORY: COMMON MISUNDERSTANDINGS



Stakeholder theory also dispels the common misunderstanding that stockholders and their interests are primary. Traditional fiduciary law and corporate law identify stockholder interests. Without going into these theories in detail, suffice it to say that they do not actually exclude consideration of other interests. It is true that managers cannot behave in a fiscally irresponsible manner, so as to wrongfully interfere with firm profitability and stockholder returns, but this is

not to say that these are the manager's *only* concerns. It is also true that managers have overriding responsibilities to other stakeholders, many of which are codified in law. Federal and state legislation clearly defines and protects a number of non-stockholder stakeholder concerns. For example, consumer protection laws, labor and safety laws, and environmental protection laws underscore the prevalence of multiple stakeholder concerns. Indeed, extensive legislation actually prioritizes the interests of *non-stockholder-stakeholders* and demonstrates that *stockholder* interests are *not* inherently *primary*. Stockholder-stakeholder and non-stockholder-stakeholder concerns are both treated as significant, with neither given inherent.

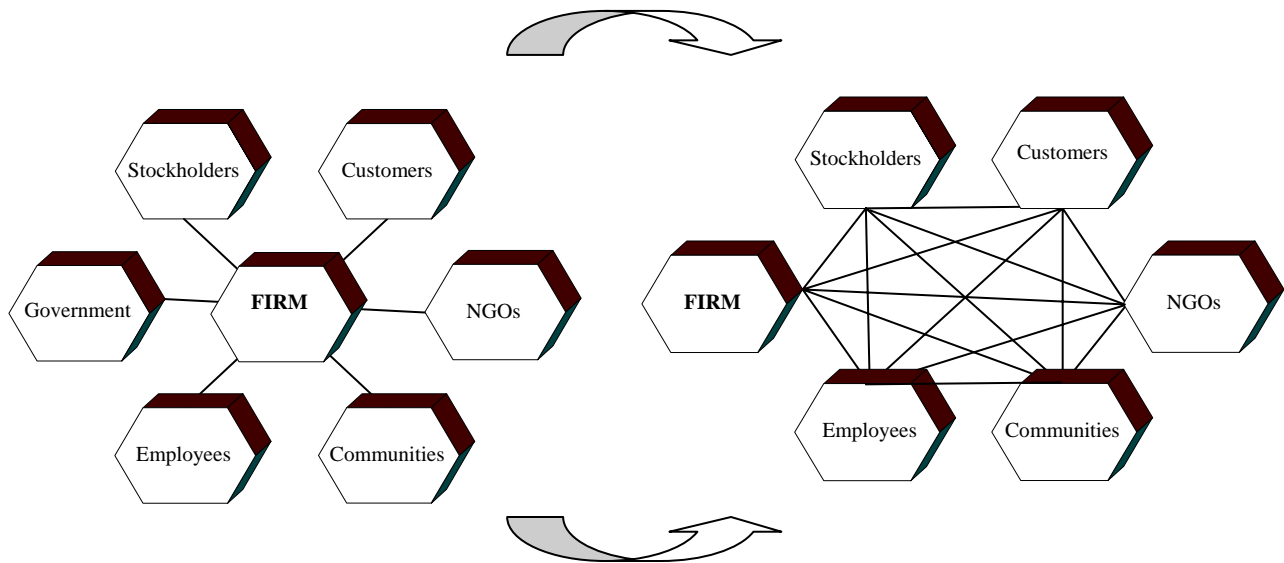
Finally, stakeholder theory is now moving toward recognition of the complexity of the stakeholder network. While early versions of the stakeholder model depict bilateral relationships, it is important to recognize that stakeholder relationships are not *only* bilateral. In actuality, stakeholder relationships are networked and interrelated. Stakeholders have relationships with one another, as well as with the firm, and these relationships affect one another. Firm, for example, have bilateral relationships with suppliers, employees, communities, and so on. Suppliers also have relationships with employees, and employees have relationships with communities, and so on. As it turns out, while it is easiest to initially view the core bilateral relationships, they do not tell the whole story, because of the interconnectedness of the multiple, overlapping stakeholder relationships.

Stakeholders and Relationships

During the past thirty years stakeholder theory has evolved from the mere identification of stakeholders into a more developed inquiry into the nature of stakeholder relationships and their influence on each other and firms (Radin, 1999; Radin, 2003a; Waddock & Smith, 2000b).

As Figure 2 illustrates, increasing emphasis is being placed on developing an understanding of the relationships in which stakeholders exist and how those relationships are intermingled.

FIGURE 2
RELATIONSHIP NETWORKS



This represents a significant step in that it reflects a move away from exploring stakeholder-specific characteristics to a more complex examination of the web of relationships in which firms are embedded. Trust, for example, has been identified as a key element upon which such relationships rely (Lewicki, Mcallister, & Bies, 1998; Koehn, 2003). An understanding of the dynamics of these sorts of relationships is still being investigated (Linden, 2002; Waddock et al., 2000b).

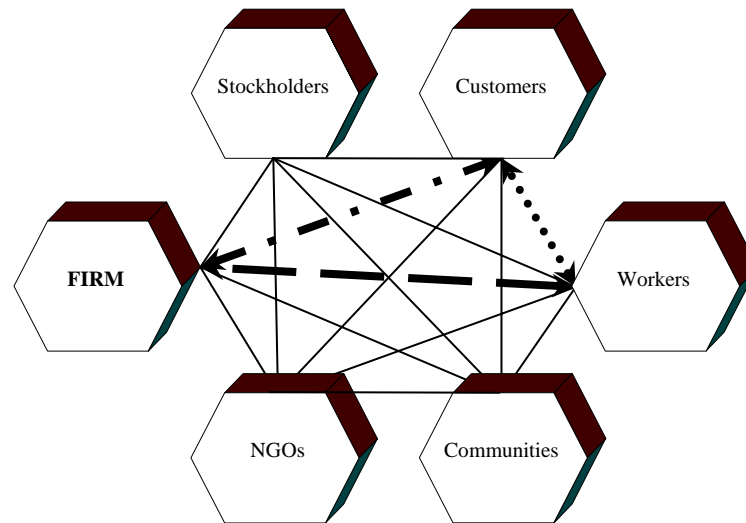
It is important to keep in mind the distinguishing features of the relationship-based approach to stakeholder theory presented in Figure 2. One of the most obvious distinctions is that

firm is removed from the center. This is intentional—not to decrease the importance of the firm, but to emphasize the web of relationships, some of which affect the firm without the firm even being directly involved. Another significant feature of the relationship-based model is that the model displays the connections between the stakeholders and the interaction between the multiple relationships. For the sake of simplicity, the model only names five stakeholders in addition to the firm. This is not to suggest that these are the only or most important stakeholders—these are named merely for the sake of simplicity. The purpose of the model is not to generate identification of every possible stakeholder, but to illustrate that, among any particular grouping of stakeholders, the firm is embedded in a web of networked relationships.

Viewing firms through the lens of the relationships in which they are enmeshed reveals the interconnectivity of these relationships. In the international context, for example, firms are involved with many non-governmental organizations (commonly referred to as NGOs). NGOs often interact and develop strong relationships with communities and workers as well, and it is through these relationships that NGOs are able to identify issues to address as well as to provide advice and guidance. In addition, many firms, such as LS&Co. provide financial assistance to local NGOs in order to help develop the communities in which they are doing business.

An example of the influence of stakeholder relationships involves customers. Many customers have been outraged by allegations of sweatshop behavior levied against companies such as Nike, Wal-mart, and Disney. The relationship between firms and global workers when built on poor working conditions can lead to a relationship between workers and customers that leads customers to express their support of customers and disapproval of the working conditions by ceasing to patronize those firms. This is depicted in Figure 3.

FIGURE 3
INTERCONNECTEDNESS OF RELATIONSHIPS



A CASE STUDY IN GLOBAL LABOR PRACTICES: LS&CO. IN LATIN AMERICA *

LS&Co, a leader in the apparel industry, has, during the past fifteen years, gradually shifted its operations overseas. In fact, it has only been within the last couple of years that the company begrudgingly closed the last of its factories in the United States. The tremendous potential for cost savings through outsourcing makes it virtually impossible for companies to compete in the apparel industry without going overseas. From the start, LS&Co. therefore determined that, if the company were to operate overseas, it was going to do so responsibly.

* Information regarding LS&Co. has been derived from a series of interviews that took place in San Francisco at LS&Co. headquarters and with contractors and LS&Co. personnel in El Salvador, Aguascalientes, Mexico, and Guatemala. Michael Kobori, corporate Director of Global Code of Conduct; Theresa Fay-Bustillos, Executive Director, Levi Strauss Foundation and Vice-President, Worldwide Community Affairs; and Mo Rajan, Director, Labor and Human Rights were interviewed in San Francisco in June 2002. Miriam Rodriguez, Code of Conduct Compliance, Regional Manager for the Americas, was interviewed in July in Latin America along with managers and workers of the contractors.

Governing Stakeholder Relationships

In the late 1980s, LS&Co. looked ahead and realized that operations were going to be moving overseas. The company therefore convened an internal cross-functional team to discuss the situation and determine how overseas operations could be managed responsibly. The result was the formulation of a set of principles to guide overseas operations and outsourcing relationships. Adopted in 1991, LS&Co.'s "Terms of Engagement" (TOE) encompass LS&Co.'s basic values and standards. The TOE govern all sourcing relationships in which the company engages.

The TOE are accompanied by the LS&Co.'s "Global Sourcing Guidelines," which encompass routine country assessments. Before LS&Co. enters into a relationship with a contractor, it must be determined that the country in which the contractor is located is deemed not to exceed a suitable level of risk in terms of economic, legal, and political conditions. Country assessments are conducted prior to the commencement of business in a particular country and periodically in countries where LS&Co. does business in order to identify country-associated risks. LS&Co. does business in that country only if the risk is evaluated as being manageable.

LS&Co. was the first company to address the challenge of global outsourcing through this sort of global code of conduct. It has since been replicated, however, by almost every major MNE. The response by many companies to increasing challenges regarding global labor practices has been to create voluntary codes of conduct (Sethi, 1999; Sethi & Williams, 2000b; Williams, 2000; Cottril, 2000). Some have modeled their principles directly after LS&Co.'s TOE, while others have simply referred to the same sources, such as the International Labor Organization and so on. In the global workplace, while industry affiliations remain important,

MNEs look to one another—without regard to industry—in seeking role models. A key learning has been that codes of conduct are pivotal in the global workplace (Healy, 2002; Florini, 2003).

Principles and Enforcement

A challenge for many companies lies in determining what to do when a facility or sourcing partner fails to comply with all of the standards of the established code of conduct. LS&Co. distinguishes between three types of violations: zero tolerance, immediate action, and continuous improvement. LS&Co. works with sourcing partners to correct the situations that call for immediate action or continuous improvement, but LS&Co. refuses to continue doing business with companies who engage in zero tolerance practices. The TOE are more than words on paper—they represent values that LS&Co. holds and that it expects its contractors to exhibit and LS&Co. makes it clear that it will terminate relationships with unfit partners. LS&Co. is generally reluctant to resort to such an extreme measure, because pulling out is not the best way to improve working conditions in the long term; LS&Co. prefers to work with the company to change behavior before it escalates, and LS&Co. exits only if the contractor is uncooperative, does not appear committed to sustaining change, or is perceived as untrustworthy. Unfortunately, that was the situation that occurred a little more than ten years ago—on all counts. LS&Co. discovered that a long-term sourcing partner in Mexico was not complying with the TOE. Although LS&Co. issued repeated warnings, the contractor failed to make necessary improvements. LS&Co. finally terminated the relationship.

This was not the end, however. After getting over hurt pride and anger, the former sourcing partner gradually began to recognize its mistake: the company had failed 600 people—their workers. The company then began to explore ways to make improvements to the areas that

LS&Co. had identified as problematic. While the contractor wanted desperately to regain LS&Co. as a customer, the company realized that it was going to have to change to stay in business at all, even without LS&Co. as a customer.

One of the first changes the company made was to create a human resources department. While commonplace in most MNEs, human resources is frequently nonexistent in companies in developing and emerging countries or exists only to handle limited responsibilities such as payroll and record keeping. To have a human resources department requires that managers view workers as assets, and many companies, particularly in developing and emerging countries, have not yet reached that point. The creation of a human resources department, and the hiring of a human resources director, constituted a major improvement, which paved the way for multiple subsequent additional improvements. After eighteen months and multiple appeals, LS&Co. finally agreed to renew the sourcing partnership: the company had changed its mindset and had acquired values consistent with LS&Co.'s TOE.

Relationships with Sourcing Partners

Few situations reach the point of termination, for LS&Co. keeps close check on companies in order to avoid that sort of unpleasantness. LS&Co. invests significantly in the relationships it develops—termination is truly a choice of last resort.

LS&Co. recognizes the presence of numerous challenges and works with companies in order to maintain compliance. Regional representatives schedule periodic meetings as well as unannounced visits to evaluate the performance of their outsourcing partners. On these occasions, LS&Co. both reviews their operations and shares ideas regarding possible improvements. The relationships are dynamic. First, companies are never assumed to be in

compliance—they are reviewed on an ongoing basis in order to ensure continued compliance with the TOE. Second, nothing is ever enough. LS&Co. and its sourcing partners look for continuous improvement and try out new initiatives as much as possible in order to maintain positive working conditions.

LS&Co. is in an unusual position in that LS&Co. does not have direct control over the conditions. LS&Co. has the ability to create or terminate a relationship, and can use that as leverage, but LS&Co. does not have direct control over the types of conditions that exist. Through periodic reviews, LS&Co. can require that changes are made, but it is the sourcing partner who chooses if and how to implement those changes.

At the same time, LS&Co.'s role as an overseer affords the company with a broader array of experiences from which to draw in addressing situations. It is often the case that LS&Co. will share learnings from one contractor with another contractor. The same sorts of initiatives appear throughout the world among LS&Co. contractors because of this. This is not because LS&Co. requires it, but because the company has become a vessel communicating best practices around the world. The reality is that LS&Co. is in a position to choose its sourcing partners. Contractors realize this and therefore strive to create and adopt initiatives that fall into the category of best practices so that they can remain sourcing partners.

Political and Governmental Hurdles

LS&Co. has involved itself in the communities and political processes in the countries in which it operates. Part of the company's goal lies in improving labor conditions for all workers, not just their own. LS&Co. has therefore engaged in political activities, such as lobbying government offices—in the United States and elsewhere—in order to raise labor standards and

encourage their enforcement. In addition, LS&Co. provides opportunities for sourcing grants in the countries where it does business. These grants involve funds given not directly to workers, but to members of the communities in which workers live and work. Sourcing grants in Latin America are often distributed among local nonprofit organizations, which use the funds to promote education and developmental efforts regarding topics of local interest and importance.

Legal structures can add to the tedium of global operations, without successfully providing guidance or protection regarding labor concerns. Companies who follow local laws often do so to their peril while other local, regional, and multinational competitors do not. LS&Co. lobbies for wider enforcement of local laws so that LS&Co. is not placed at a competitive disadvantage by having its sourcing partners follow those laws. This sort of approach coincides with the company's goal of helping to change mindsets around the world to improve conditions for all workers—not just their own.

The bottom line is that, even though the legal landscape in developing and emerging countries can be difficult to traverse, it remains an essential building block in international business. Even as some competitors might look for shortcuts and take advantage of legal loopholes, it is essential and ultimately advantageous for MNEs to support the local and international legal infrastructure by abiding by the letter and spirit of legal regulations and by contributing input toward their further development. LS&Co. recognizes that, in spite of the rudimentary nature of some of the laws, it is important for organizations to respect them in order to develop a culture of respect within the organization among both managers and workers.

Workers and Working Conditions

The attractiveness of abundant cheap labor lures many companies to locations around the world, particularly in developing and emerging countries. Virtually all of the companies doing business in developing and emerging countries, regardless of why they are there, must inevitably respond to similar challenges and share common concerns (Werlin, 2003). These challenges range from absence of sufficient local infrastructure (roads, public utilities, medical care, and so on) to language barriers (such as in Guatemala, where the indigenous people represent multiple cultures, each with its own distinct language). How companies overcome these sorts of challenges determine the degree of their success.

LS&Co.'s sourcing partners have adopted a wide array of initiatives. In Aguascalientes, Mexico, the approach has been to offer a menu of initiatives to reach the specific needs of a relatively diverse workforce. Transportation is provided to get workers in distant areas to and from work. In addition, clinics have been set up that offer health care, dental care, mental health care, and legal assistance to workers and their families. This contractor also reaches out to the surrounding community and builds upon its relationships with workers and local vendors in order to support a weekly flea market. Vendors are invited to set up stands on the premises at which workers can buy goods at discounted prices.

At Koramsa in Guatemala, the contractor also reaches out to the community. Koramsa is one of the largest LS&Co. contractors in Latin America—Koramsa employs more than 10,000 workers. Koramsa also offers medical and dental services to workers and their families, but also recognizes health care as a problem for the wider community. Each year, Koramsa sponsors a health fair or carnival which includes food, entertainment, and worker-sponsored educational booths. The event is an annual success catering to more than 20,000 attendees.

Koramasa also provides daily meals to its employees. Workers who are fed tend to be healthier and able to work better. But Koramasa recognized early on that it is not in the food service business. Concerned about the risk of operating a business that fell outside its expertise, Koramasa has actually contracted out that feature on behalf of its workers. Koramasa makes sure that its employees are fed, but makes sure that a suitable contractor is hired to do it. In addition, Koramasa allows local women to sell snacks on the premises (often fruit) at a low price at the end of the day.

Not all initiatives take place on such a broad scale. In countries such as Guatemala, nurturing relationships with workers begins at a very fundamental level. A large portion of the work force is comprised of indigenous people, many of whom come from outlying rural areas and speak their own distinct languages. They must develop work-related skills, but, in addition to that, they must also learn basic hygiene (how to use a toilet, how to use eating utensils, and so on). This can present a major challenge, both in terms of finding respectful ways to conduct this sort of training and in terms of maintaining clean premises. At Koramasa, one way that the company attempts to help new workers is by placing them with supervisors who speak their language. Before formal training (particularly regarding interpersonal etiquette), an initial effort is made by the supervisor to mentor the new employee.

Stakeholder Involvement. LS&Co. recognizes the value of stakeholders and routinely leverages its relationships with those stakeholders to improve its overall performance. In 1998, through a largely unprecedented initiative, LS&Co. convened a group of stakeholders in the Dominican Republic over a period of four months to discuss LS&Co.'s performance, identify areas for improvement, and make specific recommendations. Among the participants were LS&Co. representatives from multiple departments, members of NGOs, Contractors, and a

consultant sponsored by Business for Social Responsibility, a leading non-profit organization in the United States that aims to promote collaborative endeavors.

This program was largely considered a tremendous success. The content of the TOE and associated assessment tools were considered, and stronger relationships were built between local contractors, NGOs, and LS&Co. LS&Co. committed to implementing the recommendations worldwide and has done so where possible. In 1999, the program was replicated in the Philippines with similar success.

GUIDANCE FOR RESPONSIBLE PRACTICES

LS&Co. serves a strong role model, not because of its perfection, but because of its demonstrated ability to learn. LS&Co. was among the first to recognize the challenges of global sourcing and continues to endeavor to influence its contractors as well as others for the betterment of working conditions around the world.

The success of companies such as LS&Co. results largely from their ongoing efforts to promote responsible treatment of workers outside the United States comparably to employees in the United States. Conversations about employment in the United States tend to focus on employee rights and employment-at-will (Radin & Werhane, 1996). The nature of the employment relationship is considered of pivotal significance (Radin & Werhane, 2003). Companies who support sweatshops have overlooked the intricacies of the employment situation. They are able to contain costs in the short term, but they lose their long-term investment potential. Successful MNEs view employment as a relationship. It is not just that employees are people, but that they are people engaged in relationships with each other and the organization (Radin et al., 2003).

In developing and emerging countries, while labor is often cheap, the ready availability of labor creates different sorts of problems in developing and emerging countries than those that are prevalent in developed countries. Companies must therefore adapt their mental models to fit the global workplace. Companies who have been successful reflect certain shared learnings that resonate through numerous initiatives.

Many of the companies have found that voluntary codes of conduct lie at the heart of successful stakeholder relationships. These codes identify the values that shape the firm's relationships with its stakeholders.

Companies introduce an array of worker-related initiatives that provide for both needs and wants. Some of these initiative aim to improve the quality of life of workers by providing services that the government is not able to fulfill. Other initiatives, such as the flea market in Aguascalientes, are intended to help money go further. Providing a satisfactory wage is assumed—the initiatives reflect ways in which companies are able to do more for workers, their families, and the surround communities.

Relationships between companies and local governments also influence their long-term performance. Infrastructure is poor in many areas, and the governments are not yet equipped to provide all desired amenities. MNEs thus play an integral role in “filling in the gaps.” Further, the instable and/or weak economies in many developing and emerging countries leaves many people with basic needs unaddressed. Local governments therefore value the efforts of MNEs and come to depend upon them.

NGOs also play an important role in the ability of MNEs to manage global operations successfully and responsibly. NGOs serve as the catalyst for change. Their voices can prove valuable, as LS&Co. demonstrated through its independent evaluation programs in the

Dominican Republic and the Philippines. It is therefore useful for MNEs to recognize the importance of NGOs and to develop sustainable relationships.

Stakeholder Relationships

Initiatives introduced by LS&Co. underscore a significant shift in thinking. They have stepped away from their best practices in the United States in order to adapt their values to a global workplace. Telling their stories is a beginning.

Successful companies, both in terms of financial and social performance, recognize and respect the web of stakeholder relationships through which they operate (Waddock et al., 2000b; Waddell, 2000). According to Liedtka (1998), assumptions about the nature of competition have changed and this has a profound impact on how we do business and how we manage stakeholder relationships:

Rather than competing head-to-head against each other, firms have increasingly come to believe that they compete by learning, partnering, thinking, redesigning, and innovating faster than those they compete against. This new view of the nature of competition creates new possibilities for having a conversation that links business ethics and practice in powerful new ways (Liedtka, 1998, 258).

MNEs operating around the world underscore the importance of managing relationships among stakeholders. Whereas, in the United States, companies tend to emphasize the benefits of working with stakeholders and addressing their concerns, in developing and emerging countries, stakeholder relationship management is a virtual necessity. Part of this is because stakeholder roles are not as clearly defined. MNEs in developing and emerging countries, for example, take on many of the responsibilities (*i.e.*, healthcare) generally overseen by the governments of

developed countries. Further, inadequate infrastructure sometimes demands that MNEs handle operations that would generally lie outside their bounds. Successful MNEs are concerned less with the specific roles played by stakeholders, more focused on the development and maintenance of mutually beneficial and rewarding relationships with those stakeholders—in spite of the blurriness.

Global Citizenship

Globalization is not new. Businesses have been crossing borders for more than a century. According to Boatright (2000), however, what is different is that we are now seeking the “‘rules of the game’ of a new global economic order” (Boatright, 2000, 6). Although the rules of the game are still evolving, their roots are embedded in the growing conversation about global citizenship (Altman, 1998; Altman & Vidaver-Cohen, 2000; Carroll, 1998; Vidaver-Cohen & Altman, 2000). The themes that emerge out of this conversation parallel what MNEs are learning firsthand through their global operations. As Logsdon and Wood (2002) suggest, global citizenship is not only profitable but also integral to the operation of society:

Business citizenship is a necessity for the survival and health of the business institution, and individual enterprises can and should use business citizenship to maintain and enhance their positions as the broader society changes. No particular firm is essential to the business institution, but the business institution itself is necessary to societies because of its vital functions. Business citizenship represents a pathway to a collective good (Logsdon & Wood, 2002, 181).

Organizations and societies are inherently interdependent; global citizenship encompasses recognition of this interdependence.

The primary challenge for global corporate citizenship lies in the successful management of stakeholder relationships (Waddock et al., 2000b). A relational perspective of organizations results in consideration of a broader array of stakeholder concerns and deeper inquiry into and understanding of those concerns. Instead of ignoring seemingly minor stakeholder concerns, organizations are encouraged to address them early on in anticipation of consequences that could result from lack of attention. Viewed within the context of ongoing relationships, decisions become developmental and organizations are prompted to take a long-term perspective in addressing stakeholder concerns. Waddock and Smith (2000) contend that this contributes to long-term success:

[G]ood corporate global citizenship involves building good relationships with stakeholders and that such citizenship is the very same thing as doing business well. By building successful relationships, based on dialogue and good conversation, all stakeholders will be mutually engaged in a respectful relationship where needs on both sides can be met (Waddock et al., 2000b, 59).

As organizations travel along the learning curve toward becoming good global citizens, it is important to recognize the achievements they make. *Business Ethics* publishes an annual listing of top global corporate citizens in order to raise awareness about business practices and to set a standard toward which organizations can aim. This listing, however, is merely a starting point (Graves, Waddock, & Kelly, 2001).

It is in this spirit that LS&Co. is offered as examples of good global corporate citizens who have demonstrated that there are viable and profitable alternatives to sweatshop labor practices. In spite of the inherent imperfections of these organizations, their initiatives and practices illustrate many valuable learnings for the global business community. It is important to keep in mind that it is a sprint, not a marathon—fraught with both successes and setbacks, both

learnings to be shared. It is by passing along the stories of their successes and others that we will raise the threshold for global labor practices such that we move ever closer to a community of good global corporate citizens.

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