Corporate governance structures and practices:

From ordeal to opportunities and challenges for transnational labour law

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Corporate governance and labour
**Impact of corporate governance on workers’ rights**

1. Lack of legal connection between the concept of corporation and the concept of the firm
   - Enables practice of breaking up the firm
   - Practice of outsourcing peripheral activities
   - Separate power from responsibilities
   - Establishes workers from related establishments as competitors
2. Model of governance

• by which directors have large discretionary power

• while shareholders enjoy de facto primacy
  – Paves the way for practice of seeking to maximise shareholder value.
  – Legitimises hostile take-overs and externalisation of costs and risks to workers
Socially responsible corporate governance

1. Enlargement of directors’ fiduciary duties
   - Paves the way for practices such as:
     • Reporting and
     • stakeholder engagement,
     • sustainable and integrated decision-making

2. Socially responsible investment
   - Use of shareholder participation mechanisms to press for socially desirable goals
Opportunities for Transnational Labour law

1. Link transnational firms to the working conditions prevailing across the entire production chain
2. Establish new forums for participation
3. Opportunities for TLL to work through new channels
4. Enhance the visibility of the core ILO conventions
Challenges to Transnational labour law

1. Corporate governance remains focused on the maximization of shareholder value

2. Workers are only one of the stakeholders that the firm must take into account, at the same level as consumers, local communities, sub-contractors, the environment and ...shareholders.

3. Socially responsible corporate governance relies upon the action of directors and shareholders. It doesn’t empower workers.
The use of transnational labour law

1. Transnational labour law builds a coherent narrative of why workers’ rights are important.
2. Second, international labour law sets a referential minimal line of labour standards.
3. Transnational labour law also encompasses private means of enforcing labour rights.
4. Transnational labour law is attuned to the central role played by national laws in protecting workers.
Thank you!