



The Influence of SA8000 Standard on the Export Trade of China

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Abstract

Following ISO9000 and ISO14000, SA8000 standard is now attracting international attention and it exerts influence on the export trade of China, particularly on the export trade of labor-intensive products. Because Chinese enterprises lack understanding of this standard and the importance attached to this standard in the government's macro-administration is not sufficient, at this stage, only a small number of Chinese enterprises have passed the certification of SA8000. But in order to gain a trade environment of just competition and at the same time to raise the international competitiveness of Chinese enterprises, the government of China and Chinese enterprises shall treat this standard with active attitude and consider it to be the impetus to help enterprises to regulate their management, to improve their management levels and to become favorable enterprises.

Keywords: SA8000 standard, Certification, Export rampart

Economic globalization gradually and increasingly puts the export trade of China under the influence of international trade rules. At present, the developed countries, in order to protect their products from the impact of the low-cost products produced by developing countries, not only adopt the traditional measures, such as antidumping, countervailing and guarantee measures, but also lay some new trade ramparts in name of working environment and condition, respect of human right, and the concern on the labor status. SA8000 standard is a typical measure among them.

1. The basic contents of SA8000 standard

SA8000 is short for Social Accountability 8000. In October 1997, SA8000 international standard and the certification system for SA8000 management system were established, with the Accreditation Agency of Council on Economic Priorities of the USA as initiator and multinational enterprises of Europe and the USA and other international organizations as cooperators. SA8000 officially came into force in June 1998. In November, Social Accountability International issued the first amended edition of SA8000, which is SA8000:2001. Opposite to the certification standard of ISO9000 quality management system and the certification standard of ISO14000 environment management system, SA8000 is a certification system for social accountability standard, the first one in the world that can be applied in the certification of a third party.

SA8000 standard raises the lowest requirements from three aspects for enterprises to fulfill their social accountability and provides perfect operation modes for the management system. The contents of SA8000 include as follows.

Labor guarantee: the standard makes particular and detailed regulations from four aspects, namely, child labor, labor compensation, safety and health, and working hours.

Human right guarantee: the standard endows labors with the freedom to organize associations and the right to strive for their rights and interests by collective bargaining; prohibits forced labor and discrimination of workers; makes out clear regulations on the detailed formats of labor disciplines.

Management system: the standard makes out clear regulations for enterprises on the procedures, standards, and ways to make out, implement, examine, rectify and improve worker policies and raises requirements on the monitoring of suppliers and subcontractors.

The operation mode of SA8000 management system is similar to that of ISO9000 quality guarantee system and ISO14000 environment management system and it consists of four stages, namely, the planning stage, the implementation stage, the validation stage and the improvement stage.

It can be concluded that SA8000 management system is a systemized management system with fixed procedures and documents. The emergence of SA8000 international standard makes it realistic and probable for social accountability actions of enterprises to develop from internal regulations to external regulations, from industry regulations to general regulations, from regional regulations to global regulations, and from the second party certification to third party certification.

2. The practice of SA8000 standard in China

Since the time SA8000 came into existence, it has taken developing countries as its main aim to implement itself. In January 2001, the Accreditation Agency of Council on Economic Priorities Committee of the USA propagandized and introduced SA8000 standard in Guangzhou, after which SA8000 standard started to enter China. An American company named Altee Lansing Technologies, a factory of electronics in Dongguan, Guangzhou, first passed the certification of SA8000. In the following years, the main retailers in the world, multinational companies and trade companies enlarged their purchases in China in succession, and at the same time, they enhanced their examination and surveillance on social accountability of factories towards Chinese producers and suppliers. Some factories obtained more orders due to good performance, while some were deprived of goods supply qualifications because they did not improve social accountability status. For example, in July 2002, a factory with Taiwanese investment in Dongguan, Guangzhou, was once trapped in a very difficult condition where all of its orders were cancelled because a female worker was poisoned.

Judging from the realistic condition, at present, the main power that pushes the implementation of SA8000 in China is still the multinational companies who are engaged in comparatively big purchase business in China. Many multinational companies have publicly stated that they would adopt SA8000 standard and they encouraged suppliers and contractual factories to apply for SA8000 certification. Although Social Accountability International has not conferred any Chinese certification institute the right to handle the application of SA8000 certification, at this stage in China around 60 enterprises have passed SA8000 certification due to the active involvement of certification institutes with foreign investment and the representative branches of abroad certification institutes,

But under the influence of many factors, there still exist many problems in the process of the implementation of SA8000 in Chinese enterprises, such as the low social reorganization degree of SA8000 standard, the insufficient acknowledgement of the values of SA8000 standard, the low implementation force of enterprises, and the unclear aims in the implementation of SA8000 standard, and etc.

3. The influence of the implementation of SA8000 standard on Chinese enterprises engaged in export business

To see from the development trend of recent years, developed countries have started to lay higher and higher requirements on the “labor standard” in the production process of imported products, to urge the necessity to incorporate “labor standard” into various bilateral and multi-lateral trade systems, and to connect “labor standard” with international trade through various ways. Under this situation, it is imperative for Chinese enterprises engaged in export business to implement SA8000 standard. SA8000 standard has become a permit for Chinese export products to enter markets of developed countries, especially markets of Europe and the USA.

3.1 Positive influence

3.1.1 Decreasing the production costs for enterprises, optimizing operation and management modes of enterprises, and raising the economic profits for enterprises

Almost all labor disputes and production diseases arise from the defective management system and bad technology operation or production control. With a view to decreasing labor disputes, lowering the occurrence rate of occupational diseases and mitigating accidental losses, the standard, full-rounded and systematic SA8000 shall be implemented for enterprises or companies to fully and wholly control their production operations and for enterprises to establish effective management systems with continues improvement. The implementation of SA8000 standard will help enterprises to lower or even eliminate recourse waste and expenses on handling accidents and curing occupational diseases, which will ultimately lead to the decrease of production costs and the raise of economic profits for enterprises

The implementation of SA8000 standard will optimize the operation and management modes of enterprises so as to help enterprises to design production flows and production techniques in accordance with people oriented principle and it can help enterprises to save a great amount of management costs and to raise economic profits.

3.1.2 Raising the brand images of enterprises and improving the relationship of enterprises with other organizations

With the increasingly improvement of people’s life standard, the public’s requirements on life quality, civilized production and person and property safety gradually become stricter and stricter. An enterprise who cares about its own workers and social accountability will build up a good social image. Consumers think that an enterprise, which can combine its social accountability with commercial accountability, will put its social accountability awareness into its product design, production flow, product examination and product sale. What is more, in such a people oriented enterprise, workers work for the happiness of labor and the realization of personnel values, so the products and service provided by them are reliable. By this way, consumers will set up a sense of trust towards the enterprise’s brand. If an enterprise implemented SA8000 standard to raise its social accountability to the international level, it will create favorable conditions for it to build up good international image. An enterprise with good brand image would attract more talents from outside world and gain more chances to establish cooperation relationship and social and commercial relationship with others.

3.1.3 Avoiding trade friction and sanction and obtaining competitive advantage in export sales

In recent years, some developed countries have been implementing trade protectionism under the disguise of protecting the

rights and interests of labors and social accountability of enterprises and lowered the international competitiveness of Chinese export products by dint of doubts on the labor issues of China. Only through the implementation of SA8000 standard, can Chinese enterprises engaged in export trade gain reasonable and just trade rights in international markets, keep away from the trade ramparts laid by developed countries, and win the acknowledgement from consumers of international markets.

3.2 Negative influence

The direct influence of SA8000 is that in China many products will have no way to enter their target markets or will be forced to withdraw from their target markets because of labor factors. The export enterprises of labor-intensive processing and manufacturing industry may face stronger and stronger obstacles in export markets and more and more consumers will refuse to accept products from “blood and sweat covered factories”. Many small-sized enterprises have to withdraw from markets because they cannot bear the increased costs for improving the working conditions for workers. It can be seen that SA8000 standard will exert huge influence on the export of Chinese enterprises.

In addition, some multinational companies may be unwilling to invest in China for fear that their subcontractors cannot reach SA8000 standard, which will exert negative influence on China’s attraction of foreign investment.

4. Countermeasures and measures in the implementation of SA8000 standard

4.1 Countermeasures that the government shall adopt in dealing with SA8000 certification

4.1.1 To improve law and regulation system concerning the social accountability of enterprises as soon as possible

The State shall as soon as possible establish and improve laws and regulations concerning the social accountability of enterprises and reinforce the relevant law execution capacity, which is an important premise for enterprises to all-roundly execute the international standard of social accountability.

The social accountability of enterprises shall be incorporated into the range of the law adjustment of China’s labor relationship with a view to leading the social accountability of enterprises onto a road governed by law. We shall see that the law construction on the social accountability of enterprises in China has lagged behind. For example, compared with SA8000, up to now, the 22 labor protection international conventions approved by the government of China have not yet touched upon “labor discipline”(body punishment, forced actions on spirit or bodies, or language assault are not allowed). For another example, with regard to “provide health and safety education and provide cleaning facilities”, “the salary of workers must be enough to meet their basic need”, “employers must pay workers allowance and deduct the workers’ insurance fees”, “when choosing suppliers, their law execution conditions shall be examined” and many other aspects, China does not join in any international conventions and basically is in the stage almost without legislation in this respect. Consequently, the legislation organizations must quicken the establishment of relevant law system to direct enterprises to actively fulfill their social accountability. To call for social accountability does not simply mean to make out regulations in enterprise law; it also requires making detailed laws and regulations in various department laws to protect labors. China shall form an organic system with *Enterprise Law* as the core supplemented by the relevant department laws, such as *Labor Law*, *Hygiene Law* and *Law on the Protection of the Rights and Interests of Consumers* so as to effectively advance the realization of social accountability of enterprises.

After China acceded to WTO, it is objectively required that the domestic legislations including *Labor Law* be in line with the relevant international regulations, such as the lowest salary standard and income distribution policies.

4.1.2 To strengthen scientific instruction on enterprises for their implementation of SA8000 standard

Chinese government shall strengthen its scientific instruction on enterprises for their implementation of SA8000 standard through making out scientific management polices. Governments of various levels shall pay special attention to and correctly treat SA8000 certification jobs, enlarge the propaganda input in the certification of SA8000 standard, take the lead to start researches on the standardization of the certification of SA8000 standard as soon as possible, and boost the localization process of SA8000 standard. At the same time, the government shall as soon as possible set up early warning system for SA8000 to collect and track the relevant SA8000 measures taken by foreign countries, establish information centers and data bases, and actively take part in the discussions on trade, labor standard and economic globalization held by international labor organizations.

4.2 Countermeasures that shall be adopted by enterprises to face SA8000 certification

4.2.1 To correctly understand the strategic meanings of SA8000 certification for the long-term development of enterprises

The enterprises shall fully understand the important promotion functions of SA8000 on their long-term developments. SA8000 adopts the social accountability management concepts and measures internationally used, is the management requirements on enterprise actions, and can support enterprises to form a system that fulfills their social accountability. Labor issue is at this stage a sensitive issue in international trade activities. We should observe that the competition in international markets is not only the commercial competition, but also the competition of labor standard. In the near future, reasonable working condition and harmonious labor and capital relationship will become new competitions. It is certain that

the combination of SA8000 management system, quality standard system, and environment management standard system will before long become the basic requirement for enterprises to exist, develop and march to the world market. As a result, enterprises should take the social accountability management as a long-term strategy, incorporate the requirements of SA8000 standard into their management systems, and guarantee the smooth realization of social accountability management from the aspect of systems.

4.2.2 To abide by laws and regulations on labor protection and put the social accountability system into effect

We must keep in mind that the execution of labor regulations by many domestic enterprises is not satisfying. Many private enterprises, individually-run enterprises, and town and village run enterprises still employ child labors, pay very low payments and discriminate employers of their genders or their regions. This phenomenon severely influences the international images of Chinese enterprises and will exert unfavorable influence on China's export. Under this situation, to adopt SA8000 may be the realistic choice for domestic enterprises. Enterprises shall attach importance to social accountability management, put social accountability system into effect, continuously improve the working conditions and working environment for workers, and respect the rights and interests of labors so as to change the unfavorable international images of Chinese enterprises, that is "the low labor standard and insufficient protection on the rights and interests of labors". The human resource management personnel in enterprises shall strengthen their studies on the standards of international organizations, especially the regulations made out by international labor organizations, and the international labor conventions and suggestions approved by China, and their management practices shall be in line with international level.

4.2.3 To actively receive the examination of SA8000 certification

Chinese enterprises shall choose the right time to apply the certification based on their own qualifications and characteristics and participate in the certification activities systematically. Chinese enterprises shall pay attention to the product certification requirements of the countries with which they do trade business. The trade organizations in the USA, France, and Italy who import light industry products from China are now in discussion of a resolution that requires all Chinese enterprises that produce textile products, clothing, toys and shoes pass the certification of SA8000 standard, or else they will boycott import from China. Therefore, Chinese enterprises must incorporate social accountability management concept into their whole production and service processes and actively obtain the international certification of SA8000.

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