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**TOWARDS POLICY FRAMEWORKS:  
ARTICULATING GUIDING PRINCIPLES**

BY  
CAROLYN CAMPBELL  
QUALITY ASSURANCE AGENCY FOR HIGHER EDUCATION  
UNITED KINGDOM

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# **TOWARDS POLICY FRAMEWORKS: ARTICULATING GUIDING PRINCIPLES**

**By**

**Carolyn Campbell  
Quality Assurance Agency for Higher Education (UK)**

## **Introduction**

The impact of business on society is an important and contentious public policy issue. As privatization and deregulation have increased, corporations have been expected to assume responsibilities and roles that used to be regarded as the sole province of the public sector. Examples include the provision of energy and water supplies, of telecommunications services and some aspects of health and education services. The extent of this role varies, but it is a trend not only in industrialized countries but also in non-industrialized ones. Business is playing a greater role in shaping societal values and norms and defining public policy and practice. This is likely to continue, generating observations that, "the 'public sector' in future will comprise a diverse range of institutional forms of delivering public interest services funded from a bewildering mixture of sources" (Zadek, 2001).

Over the last decade, the increased role and influence of business has been matched by the growing power and influence of other organizations which operate on a global scale, notably non-governmental organisations (NGOs) and inter-governmental organisations. If globalisation is to maximize opportunities for all a global partnership between governments, business and civil society is seen as essential. In 1999, Kofi Annan, Secretary General of the United Nations, challenged business leaders to help build the social and environmental pillars required to sustain the new global economy and make globalization work for all the world's people. The solving of social and environmental problems is not only essential for future growth, but sustainable development is increasingly being seen by leading industrialists as good for business. Philanthropy has given way to enlightened self-interest.

The combined effect of the changing dynamic between business, the state, and civil society has been the emergence of voluntary codes of business ethics, social and environmental commitments and a wide range of social and environmental non-statutory standards which companies are using, examples of which are briefly outlined in the first section of this paper. In the second section, the position of the education sector in relation to these initiatives is explored, raising issues in respect of the next steps the higher education sector might take in terms of articulating ethical principles in globalisation and higher education.

## Part 1

### ***Business and Society: Codes of Ethics; Ethical Principles; Codes of Conduct; Corporate Social Responsibility and Sustainable Development***

Globalization has prompted some of the most heated debates on ethics, particularly in respect of business practices. When organizations operate abroad they have often had to deal with moral dilemmas in relation to human rights, sometimes to do with bribery and corruption, and more recently to do with the environment. Responses to these over the last thirty years have included the development variously of Codes of Ethics, Codes of Conduct, Value Statements, Guidelines and Ethical Principles, Corporate Social Responsibility and more recently Sustainable Development.

These initiatives have been at various levels - within individual corporations, within professions, at industry or sector level and at intergovernmental level.

Definitions of Codes of Ethics include 'a profession's contract with the service it serves', 'reflections of the morally permissible standards of conduct which members of a group make binding on themselves', and, 'a positive statement, a reflection of core values providing direction on how one should behave'. Ethical codes tend to focus on themes such as behaviour, feelings and integrity. A common criticism of them is that they are broad and general in content and so incapable of application. Ethical principles are goals to be obtained and relate to matters such as fair and impartial governance, transparency, accountability and honesty. Those who sign up to such principles are expected to live up to the spirit of them at all times.

Codes of conduct, however, are more prescriptive and imply or involve compliance with penalties and sanctions being implemented if codes are violated. However, both ethics and conduct may be embraced within the same code, a practice which is becoming more common in some large companies in respect of e.g bribery. While individual companies may have codes of conduct, policy statements that define their ethical standards, there are many codes of conduct that have been generated externally for multinational corporations. Governments, intergovernmental organizations, trade unions, employers' organizations, professional bodies and various environmental and consumer organizations are among those who have generated codes for multinationals. Existing codes of conduct address a wide variety of issues including:

- Relations between multinationals in world markets with regard to advertising, marketing, sponsorship and competition in general;
- Labour matters such as terms and conditions of work and equality;
- Environmental standards, for example, emissions, waste or safety in production and transportation;
- Health and safety issues related to individual products, for example, children's toys and baby milk substitutes;

Some of these externally generated Codes may well already be subscribed to or be appropriate for aspects of trade in education services, for example, the International Chamber of Commerce (ICC) Codes on Advertising and market related matters.

Value statements stem from an organisation's mission and provide an insight into how organizations integrate ethical issues within operating priorities. Values commonly articulated by companies include fairness, integrity, commitment and transparency. While value statements may clearly set out the principles intended for use by the organisation in its operations, the challenge is to ensure that they are upheld and implemented. Recent scandals in the corporate world have revealed that, although the organisations concerned had well-articulated statements of values and were subject to external professional standards, the clearest statement of their values was what they did rather than what they said.

Globalisation is one of the principal factors driving the demand for greater corporate citizenship or Corporate Social Responsibility (CSR). Definitions of Corporate Social Responsibility (CSR) which is also often referred to as sustainable development or corporate citizenship, include:

'the social responsibility of a corporation which if implemented will lead to a corporation being sustainable' (Pricewaterhousecoopers)

'the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life' (World Business Council for Sustainable Development)

'capacity building for sustainable livelihoods. It respects cultural differences and finds the business opportunities in building the skills of employees, the community and the government (Global Compact Ghana)

'is about business giving back to society' (Philippines)

In essence, CSR, or sustainable development, is about treating a corporation's stakeholders in an ethically responsible way. Stakeholders may be defined as either primary stakeholders, that is management, shareholders, owners, employees and consumers, or, secondary stakeholders such as government, environment, community or society at large. Sustainable development is about aligning an organization's products or services with stakeholder's expectations thus adding economic, environmental and social value. This is a shift in away from the notion of sustainable development being an act of philanthropy towards the realization of enlightened self-interest.

### **Business and Society: global initiatives**

*Towards eliminating unethical business behaviour*

During the 1970s, multinational companies were widely criticized for their behaviour in developing countries. Host countries and labour organizations claimed that multinational corporations failed to operate in harmony with local economic, social and political objectives. This led to the development of intergovernmental guidelines including:

1976: The Declaration on International Investment and Multinational Enterprises by the OECD. This Declaration has separate chapters on information disclosure, competition, financing, taxation, employment and industrial relations, the environment and science and technology. In 2000, the OEDC published a report on the monitoring of compliance with this declaration.

1977: The Tripartite Declaration of Principles Concerning Multinational Enterprises from the ILO. The principles cover multinational enterprises' activities related to labour matters such as employment, conditions of work and life, industrial relations, consultation, examination of grievances and settlement of industrial disputes.

The OECD and ILO codes are still regarded as the most universal and comprehensive international codes of conduct for multinationals.

### ***Towards meeting the new social responsibilities of global business***

In the 1990s, the codes of employers' organizations becoming more broadly oriented in social terms, covering matters beyond simple business or labour matters. One example of this is the revised version of the Charter for Good Corporate Behaviour (1996) of the Japan Federation of Economic Organizations. The Charter includes obligations for the subscribing institutions that threaten the order and security of society, transparency of corporate activities, and, providing socially useful goods and services.

### ***The Global Sullivan Principles of Corporate Responsibility***

These were launched originally in 1977, as the Sullivan Principles and were originally designed to help persuade US companies with investments in South Africa to treat their African employees as they would their American counterparts. They were re-launched in 1999, when Kofi Annan, UN Secretary- General, declared that 'enlightened business leaders recognize that their reputations, and even their bottom lines, are intimately tied to good corporate citizenship'. A company wishing to be associated with the Principles is expected to provide information which publicly demonstrates its commitment to them. The Principles which aim to be applicable to companies of any size, operating anywhere in the world.:

- Express support for universal human rights, particularly those of our employees, the communities within which we operate and parties with whom we do business;
- Promote equal opportunity for our employees;
- Provide a safe and healthy workplace; protect human health and the environment; and, promote sustainable development;

- Promote fair competition including respect for intellectual property rights and not offer, pay or accept any bribes;
- Work with governments and communities in which we do business to improve the quality of life in those communities - their educational, cultural, economic and social well-being - and seek to provide training opportunities for workers from disadvantaged backgrounds;
- Promote the application of these principles with whom we do business.

The Principles have been criticized by trade union organisations for not including the right to freedom of association for employees.

### *The Global Compact*

The Compact, first proposed in 1999, was launched in July 2000. The Compact is not a regulatory instrument or code of conduct but a value-based platform to promote institutional learning. It brings together companies, four UN agencies, NGOs, labour and other civil society organizations to foster action in partnerships in the ‘pursuit of good corporate citizenship’. It has nine Principles drawn from the Universal Declaration of Human Rights, the ILO’s Declaration on Fundamental Principles and Rights at Work and the Rio Declaration on Environment and Development. The Global Compact provides a framework which is complementary to governmental (regulatory) action and voluntary initiatives and which encourages convergence around principles that are ‘unique in their universality and legitimacy’. The nine Principles are:

#### Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

#### Labour Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour; and
5. the effective abolition of child labour; and
6. eliminate discrimination in respect of employment and occupation.

#### Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

The fact that the Compact integrates principles from the areas of human rights, labour standards and the environment, provides a single authoritative platform on which to define the meaning and practices of global corporations – an international framework to help companies in the development and promotion of global, value-based management.

An overriding objective of the Compact is to imbed the Principles into corporate management strategy and decision-making. The UN acts an authoritative convenor and facilitator for the Compact.

### *The Global Reporting Initiative (GRI)*

A key element in building sustainable societies is ‘timely, credible, consistent information on an organisations’ economic, environmental and social performance’. The GRI was established in 1997 with the mission of developing globally applicable guidelines for reporting on the economic, environmental and social performance, initially of corporations and eventually for any business, government and non-government organization. The initiative grew out of environmental work by the Coalition for Environmentally Responsible Economies (CERES) and the United Nations Environment Programme (UNEP). The GRI’s goals are to:

- Elevate sustainability reporting practices worldwide to a level equivalent to financial reporting;
- Design, disseminate and promote standardized reporting practices, core measurements, and customized sector-specific measurements;
- Ensure a permanent and effective institutional host to support such reporting practices worldwide.

The GRI’s Guidelines are not a code of conduct but may be used to support such codes. The guidelines are a reporting standard for corporate sustainability reporting and are aimed at a global audience. The reporting Principles include: completeness, inclusiveness, consistency, accuracy, clarity, neutrality, timeliness, auditability, transparency and sustainability. Although the Guidelines were designed for use by organizations of all types, sizes and locations, the majority of reported users are large corporations such as Nokia and General Motors. However small companies and non – corporate organizations such as universities and municipalities have begun to use them to prepare their sustainability reports. The only reported incidence of this for higher education is the University of Florida.

It is intended that industry/sector specific supplements to the general guidelines will be developed and the GRI has been working with the automotive, financial services, mining and tourism industries with the aim of providing such supplements.

## **Part 2**

### **Education – a missing sector?**

Global initiatives promoting greater corporate social responsibility appear to make little or no specific reference to education as a sector or as an issue for inclusion in any cultural or social impact reporting, other than in respect of the education and training of employees. Education, however, is central to the pursuit of sustainable development and

access to education is recognized world over as a basic human right. For business, the case for engagement in education is generally connected to the needs and aspirations of all its stakeholders – employees, customers, suppliers and shareholders. Countries and companies need more highly educated, informed and skilled populations to compete and thrive in the world today.

Within the education sector, the response to corporate citizenship has perhaps been greatest in research activities and in management and business schools which are having to respond to the challenge of training future business leaders for a different corporate environment. This activity has only been gaining ground for the last five years or so but leading business schools have recently shown a commitment to include social, environmental and ethical issues in the curriculum and to changing traditional teaching methods to better prepare their students. One example of this is the launch of the CSR Academy at INSEAD, a new attempt by a group of business schools in Europe to persuade business schools of the importance of CSR for them.

There are a number of organisations working in the field of business education and leadership actively engaging corporate sponsors and partners in their work. Students have had a part to play in this process. For example, the International Association of Students in Economics and Management (AIESEC), one of the world's largest international student-managed education associations operates in more than eighty five countries and aims to develop students who are globally minded and responsible members of society: CSR is very much on their agenda.

Nevertheless, it appears that the least active sector in respect of implementing corporate social responsibility is the service sector. A recent report on CSR, the Corporate Responsibility Index Through Internet Consultation, (CRITICS) – reported that educational establishments and public institutions did very poorly in their survey. This finding prompted the comment that this was 'almost hypocritical given the high store some of the establishments set by good ethical behaviour'. It appears that few education service providers or academic institutions have a manager responsible for CSR or ethical issues other than in respect of academic research especially in scientific and/or medical fields. While education providers might 'preach and teach' on environmental and social and cultural impact it appears that relatively few operationalise the theory or those that do so not report on their activities in a public or auditable manner.

Mission and value statements may be relatively common either at the level of individual higher education institutions or expressed on a national basis through the Ministry of Education or equivalent but widely recognized codes of ethics and principles in relation to the conduct of many aspects of higher education are relatively rare. Exceptions tend to focus on some of the newer activities in education such as study abroad and cross border delivery of education. Some of these are at national level – others are regional. The overall picture perhaps reflects a presumption that as education is a public service and public good under government control all providers deliver on the public service agenda whatever they do. Is this an assumption too far? Is there a not a need for all providers of higher education not merely to be more explicit about their values and principles but to

report on and measure their real social and cultural impact rather than rely on perceptions of impact?

### ***Globalisation and higher education: towards articulating principles***

One of the objectives of the Global Forum launched at the UNESCO meeting in Paris, September 2001, was to develop an internationally accepted position related to international issues of quality assurance, accreditation and the recognition of qualifications as impacted by globalization and the growing trade in higher education services.

A Code was originally suggested to provide an international policy framework for dealing with private and transnational providers, reconciling the interests of national governments, the traditional public higher education sector, for-profit providers and the needs of students and the general public interest.

In addition to the existing legal framework focused on trans-border recognition of qualifications in higher education (UNESCO regional conventions and the Council of Europe/UNESCO Lisbon Recognition Convention), a number of recent documents address some aspects of transnational education, quality assurance and accreditation from an international perspective, the further liberalization of trade in education services, and higher education and GATS. Some examples to contribute to the debate on Principles are provided below.

#### ***International NGOs:***

Education International (EI) **Resolution:** Transnational Provision of Higher Education (Jomtien, July 2001)

- Urges the higher education trade unions to protect the rights of personnel employed by transnational providers;
- In conjunction with relevant IGOs (UNESCO, ILO, WTO) develop guidelines for best practice that would address governance structures, the importance of culturally relevant content and modes of delivery, accreditation, intellectual property management and academic freedom.

International Association of University Presidents (IAUP): Higher Education and the 'General Agreement on Trade and Services (GATS) (January 2002) (**Circular Letter to Members**)

- Underlines higher education as a public good;
- Obstacles to internationalisation to be removed through a new global regulatory framework for academic recognition, quality assurance and accreditation;
- Public and private higher education to co-exist and co-operate in the fulfillment of social educational needs;

- Calls for full involvement of the academic sector in the GATS negotiations.

*In the European/North American framework (IGOs/NGOs)*

EU framework

Confederation of European Union Rector's Conferences: Transnational Education **Project and Recommendations** (March 2001): based on research findings of the project, proposes a set of recommendations (a) general; (b) for the internal European dimension of TNE; and (c) for the external European dimension of TNE which focus on the following:

- establishing a European forum on TNE;
- undertaking further research;
- improving information for citizens;
- ensuring appropriate national legal frameworks
- applying the Lisbon Convention and UNESCO/Council of Europe Code on of Good Practice in the Provision of TNE;
- including TNE issues into strengthened national QAAs and the European network (ENQA)
- encouraging traditional educational providers to innovate and reform.

European Region framework: UNESCO Europe Region and Council of Europe

UNESCO/COUNCIL OF EUROPE **Code of Good Practice** in the Provision of Transnational Education (adopted June 6, 2001)

- Takes account of existing codes of major exporters of higher education, i.e. (a) Code of Ethical Practice in the Provision of Education to International Students by Australian Universities, Australian Vice-Chancellors' Committee; (b) Quality Assurance Code of Practice: Collaborative Provision, United Kingdom Quality Assurance Agency for Higher Education; and (c) Principles of Good Practice for Educational Programs for Non-U.S. Nationals;
- Defines the terminology used in the Code;
- Puts forward 11 principles on TNE arrangements that relate to academic quality and standards; policy and the mission statement of TNE institutions; information to be provided by TNE institutions; awareness of cultural context; qualifications of staff; admission of students (full text provided as reference);

The ESIB (European Students Information Bureau) **Statement** on the Commodification of Education (2001) which

- Denounces as unacceptable the notion of education being a tradable commodity while fully understanding the benefits of internationalisation;
- Promotes increased consciousness about the current and future negative implications of commodification;
- Suggests analysis by ESIB of the positive contribution towards education remaining a public good;
- Encourages student unions and decision-makers to involve themselves in discussion relating to commodification.

#### European/North American Framework

The Association of Universities and Colleges of Canada (AUCC); American Council on Education (ACE) ; European University Association (EUA); and the Council for Higher Education Accreditation (CHEA): Joint Declaration on Higher Education and GATS (September 2001)

- Declares the readiness of its member institutions to reduce obstacles to international trade in higher education using conventions and agreements outside of a trade policy regime;
- Calls upon respective countries not to make (further) commitments on Higher Education Services in the context of the GATS.

The regional case studies and responses to the UNESCO questionnaire on new providers prepared for the UNESCO Global Forum meeting provide some different perspectives.

#### ***Articulating Principles: taking the debate further***

Are guiding Principles for the higher education sector needed as a contribution to the development of international policy framework(s)? Should the sector draw, at least in part and where appropriate, on Principles already elaborated in other recent global initiatives in respect of corporate citizenship and sustainable development? As intentions have been expressed that some of these initiatives – e.g. the Global Reporting Initiative, should have sector specific criteria or interpretations, how should the education sector ensure that it is well-informed of such initiatives and in at the start of the debate rather than risk a repeat of the experience with the current round of GATS negotiations?

To whom would any such Principles be directed? All higher education providers or only new or cross-border providers? Principles articulated in other global initiatives are directed at the providers of goods and/or services and are intended to be inclusive, to encompass not only multinational corporations but also public providers. The more recent global initiatives in respect of corporate citizenship and social impact reporting such as the Global Compact and the Global Reporting Initiative currently appear mainly to be taken up by large multinational corporations. But, small and medium sized

enterprises are not excluded and indeed may already be drawn into such initiatives as part of a supply chain. These sustainable development initiatives are not restricted either to the private or the public sector, recognising that the ‘public good agenda’ is no longer everywhere a ‘public’ monopoly.

Would Principles for higher education providers be intended to inspire or regulate? To guide or require? In making decisions on this, should the ‘enforceability’ of the Principles be taken into account? Are models from other sectors, where voluntary commitment to broad overarching Codes of Ethics, Principles or Values is supported by a requirement for (public) reporting on how they are being implemented, appropriate ones for higher education? In other sectors, voluntary commitment to global Codes and Principles co-exists with regulatory and legal frameworks.

What would be appropriate themes or matters on which Principles in respect of globalisation and higher education should be articulated? Broad issues which are common to many Codes, Value Statements and Principles from local to global level but are expressed or interpreted differently depending on context include:

- Human rights
- Employee/labour rights
- Transparency
- Information
- Integrity and honesty
- Respect for cultural diversity
- Recognition of/sensitivity to cultural and social impact.

Could these be translated appropriately for higher education where, as an example, equity in access to education is a human rights issue? What is missing from this list for higher education? What is unique to higher education in terms of values and Principles?

The development of other global initiatives to respond to the challenges of globalisation, including sustainable development, have been founded on a dialogue between a wide variety of actors, often facilitated by the United Nations, to try to ensure the appropriateness and widespread endorsement and use of the outcomes. The UNESCO Global Forum affords a similar opportunity to the higher education community not only to debate issues but also to determine concrete solutions..

## **Resources**

Crowe, R. (ed) (2002) *No Scruples*

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Internet based

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