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GENEVA SCHOOL OF ECONOMICS
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Center for Business
and Human Rights

Post-Covid-19: Managing Business Sustainability with Human Rights

Webinar: American University Cairo

May 5, 2020

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Human Rights at Business Schools



Mission

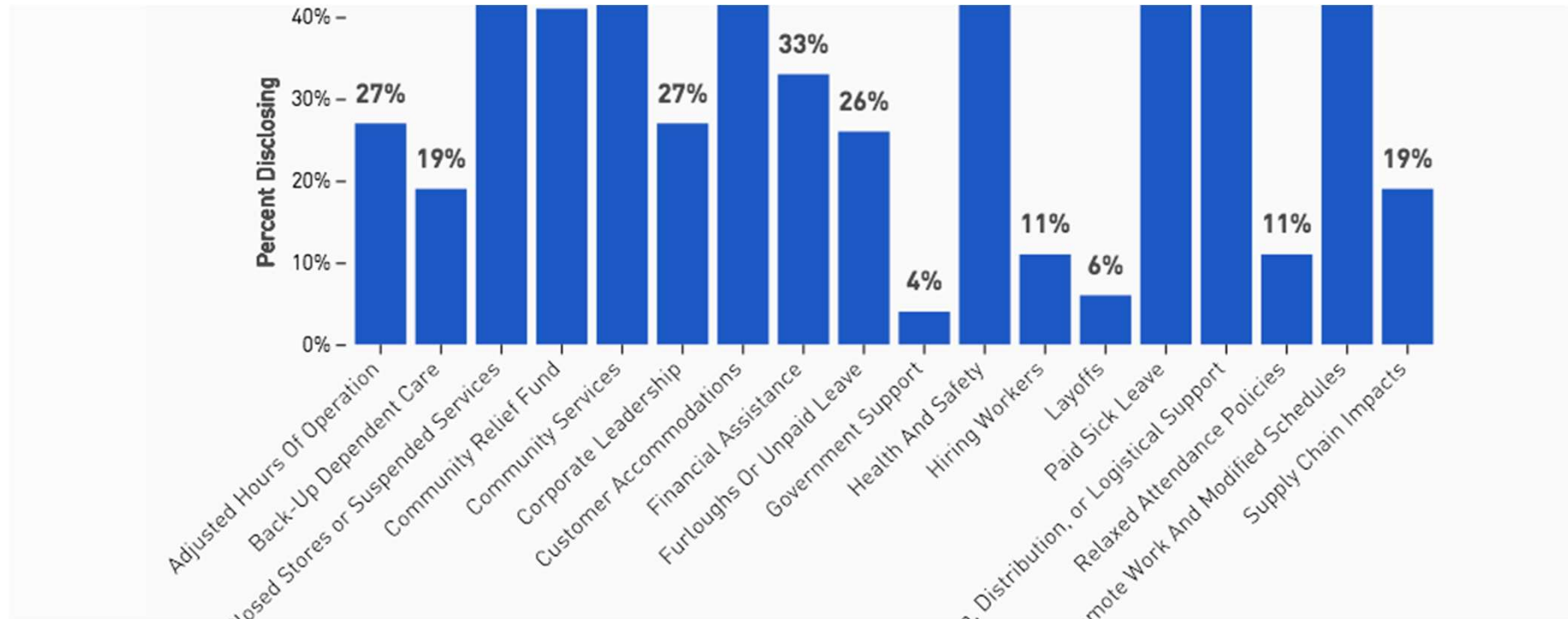
To challenge and empower current and future business leaders to advance human rights in corporate practice

Hypothesis

How companies handle the Covid-19 crisis will affect their recovery and business sustainability long-term

Companies with business models that integrate Human Rights in core business processes are better prepared for Post-Covid-19

Company Responses to Covid-19



Source: <https://justcapital.com/reports/the-covid-19-corporate-response-tracker-how-americas-largest-employers-are-treating-stakeholders-amid-the-coronavirus-crisis/>

Company Responses to Covid-19

1. Transactional: Companies shut down all production and cut off supplier relationships
2. Philanthropy: Companies make charitable contributions to relief funds
3. Adjust operations: Companies repurpose their production to goods needed in this health crisis, e.g. they produce masks
4. Good employer: Companies generously provide flexibility around working hours and sick leave for own employees
5. Relational: Companies honor their contracts with suppliers and pay for existing orders; they support suppliers' business continuity

Implications: Coronawashing ?

Le mot du jour. Après le
“greenwashing”, place au
“coronawashing”

ÉCONOMIE > LE TEMPS - LAUSANNE

Publié le 01/04/2020 - 13:58



"Coronawashing"

Implications: Economic Pressure

- We estimate that **revenues for the global fashion industry (apparel and footwear sectors) will contract by –27 to –30 percent in 2020** year-on-year, although the industry could regain positive growth of 2 to 4 percent in 2021 (compared with the 2019 baseline figure). For the personal luxury goods industry (luxury fashion, luxury accessories, luxury watches, luxury jewelry, and high-end beauty), we estimate a global revenue contraction of –35 to –39 percent in 2020 year-on-year, but positive growth of 1 to 4 percent in 2021 (compared with the 2019 baseline figure). If stores remain closed for two months, **McKinsey analysis approximates that 80 percent of publicly listed fashion companies in Europe and North America will be in financial distress**. Combined with the McKinsey Global Fashion Index (MGFI) analysis, which found that 56 percent of global fashion companies were not earning their cost of capital in 2018, we expect a large number of global fashion companies to go bankrupt in the next 12 to 18 months.

Implications: Reputation

Has Committed to Pay in Full for Orders Completed and in Production:

- adidas
- H&M
- Inditex
- Kiabi
- LPP
- Marks & Spencer
- Next
- Nike
- PVH
- Target (USA)
- Tesco
- UNIQLO
- VF Corporation

Has Made No Commitment to Pay in Full for Orders Completed and in Production:

- Arcadia
- ASOS
- Bestseller
- C&A
- EWM/Peacocks
- Gap
- JCPenney
- Kohl's
- Mothercare
- Primark (for more info)
- Sears
- Under Armour
- Urban Outfitters
- Walmart/Asda (for more info)

Last updated: May 1, 2020

Implications: Business Models

Table 1: The Garment Industry - Comparison Between Typical Transactional Sourcing and the Partnership Model of Decathlon


	Typical Transactional Sourcing	Partnership Model of Decathlon
Time horizon	Short term business transactions with suppliers	Longer term business relationships
Interaction with suppliers	Little communication beyond the contractual terms	Frequent communication and presence at supplier factories
Joint planning	No joint business planning	Order forecasting to improve planning for suppliers and joint five-year business plan
Pricing	Price negotiations or tenders that go to the lowest bidder	Open costing, no price negotiations
Workforce	No engagement with workforce other than maybe a social audit according to Code of Conduct	Skill development of workforce through training and the provision of increasingly complicated styles
Wage levels	Low wage levels	Relatively high wage levels that increase over time as workers become more skilled
Productivity	Relatively low productivity	Relatively high productivity
Employee turnover	Very high employee turnover	Relatively lower employee turnover

Source: Own, unpublished paper

Implications: Trust

Trust is the social glue that holds business relationships together. Business partners who trust each other spend less time and energy protecting themselves from being exploited, and both sides achieve better economic outcomes in negotiations. But, how do managers decide whether to trust a potential partner outside of their business? And how does culture influence this decision-making process?

Implications: Trust



**EDELMAN TRUST BAROMETER SPECIAL
REPORT ON COVID-19 DEMONSTRATES
ESSENTIAL ROLE OF THE PRIVATE
SECTOR**

Source: March 2020, <https://www.edelman.com/research/edelman-trust-covid-19-demonstrates-essential-role-of-private-sector>

Implications: Trust

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- The Edelman survey found, however, that trust in the institution of government had risen across the board, with an overall gain of 11 points from its January survey to an all-time study high of 65%.
- That figure reflected an appreciation of state support for the economy and the work of public health services. **Conversely, only 29% agreed that CEOs and business leaders were doing an "outstanding job" meeting the demands of the moment.**
- **"Business will be looked at very closely in the months ahead," Edelman said, citing how companies perform in areas such as retaining and reskilling workers or using small businesses in their supply chains.**

Thanks!

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