

Organisational Geographies of Corporate Responsibility: a UK-US comparison of retailers' ethical trading initiatives

Alex Hughes, Martin Buttle (Newcastle University) and
Neil Wrigley (University of Southampton)



Outline

- **Buyer-driven value chains, global labour standards and corporate responsibility**
- **Ethical trade, corporate strategy and national-institutional contexts**
- **Overview of UK-US comparative research project**
- **Ethical trade and the strategic significance of national multi-stakeholder institutions (MSIs): a UK-USA comparison**
 - **Campaigning and the emergence of MSIs**
 - **The organisation and governance of MSIs**
 - **Contrasting MSI approaches to ethical trade**
- **Transnational experimentations in ethical trading approaches**
- **Conclusion: global labour standards, national-institutional contexts and the unsettled geographies of corporate responsibility**

Buyer-driven value chains, global labour standards and corporate responsibility

- Emergence and expansion of buyer-driven global value chains
 - Retailer power and global commodity networks
 - Buyer-driven value chains and global labour standards
 - Private global regulation and corporate responsibility
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Ethical trade, corporate strategy and national-institutional contexts

- Emergence and 'drivers' of ethical trade
- Corporate variation in ethical trading approaches
- Ethical trading strategy and national-institutional regulatory contexts

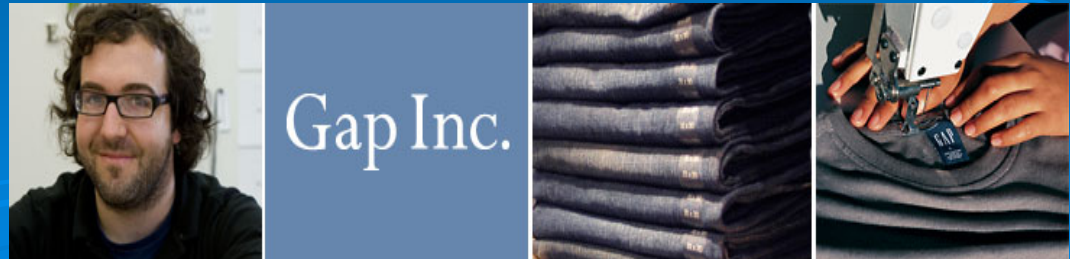
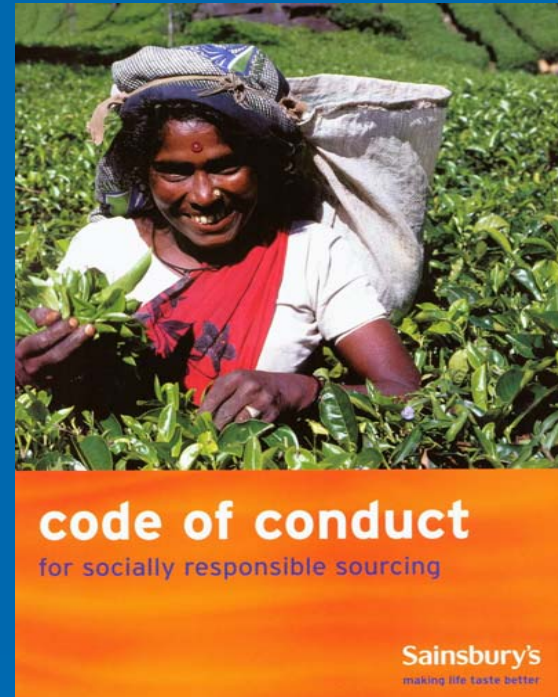
“Global labor standards strategies derive from and are embedded in broader corporate production and marketing strategies, which can be traced back to conditions in the country of origin of the firm. The intersection between the national industrial relations system and company practices is particularly significant”

(Christopherson and Lillie, 2005, page 1920)


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Overview of Research Project

- ESRC-funded research (2005-07)
- Organising ethical trade: a UK-US comparison
- Importance of national-institutional contexts
- UK and US food and clothing retailers
- Interview-based methodology



Ethical trade and the strategic significance of national multi-stakeholder institutions (MSIs): a UK-USA comparison

- **National-level political and consumer cultures: campaigning and the emergence of MSIs**
 - **The organisation and governance of different national-level MSIs**
 - **Contrasting approaches to ethical trade: developmental (UK) versus compliance-monitoring (US) methodologies**
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Campaigning and the emergence of MSIs for ethical trade: the UK

- Campaigning and media exposés: early to mid-1990s
- Targeting of UK clothing and food retailers
- Supermarket brands as key targets of campaigns
 - Christian Aid 'The Global Supermarket' (1996)
 - Oxfam 'Trading Away Our Rights' (2004)
 - Numerous articles on Tesco in UK press
- Ongoing campaigns as part of broader trade justice movement
- Development of the Ethical Trading Initiative (ETI) in 1997/98



... development of the Ethical Trading Initiative (ETI) ...

ETI emerged in 1997/98 from a Monitoring and Verification Working Group and was endorsed by the UK government's Department for International Development:

“It was a group of interested NGOs and trade unions and discussed issues of monitoring, and out of that working group came a proposal from the New Economics Foundation and the Fair Trade Foundation to establish the ETI and we were very supportive of that idea that there should be a multi-stakeholder group that would help develop good practice and supply chain management. And in 1997/1998 we negotiated the basic articles of the ETI- what it would do as an organisation, as a base code, how to negotiate a base code indeed”.

(Interview with UK trade union representative on ETI Board, 04/10/05).

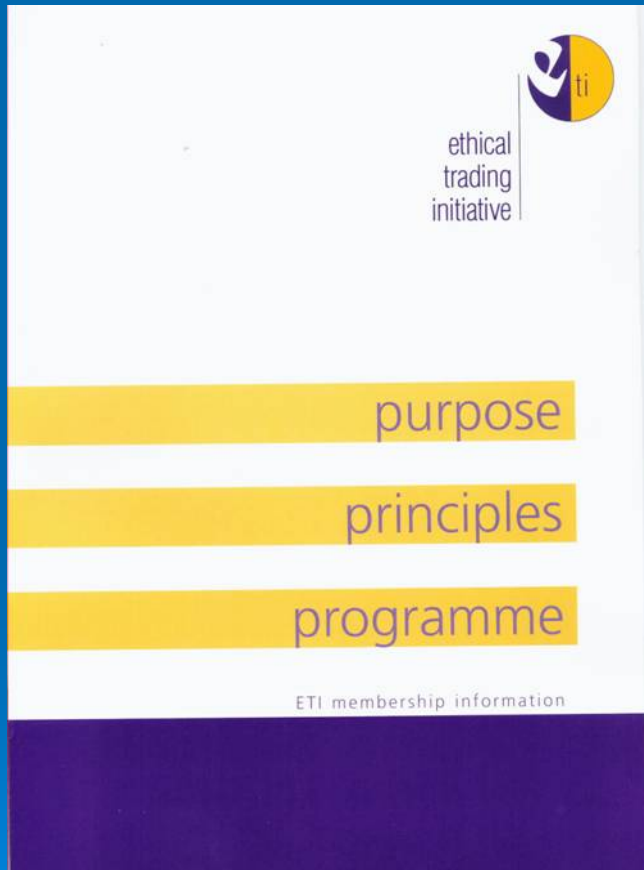
... development of the Ethical Trading Initiative (ETI) ...

Corporate retail membership of the ETI- strong emphasis on supermarket chains:

““The ETI is not really about fruit and food, it’s about the supermarket [in addition to clothing retailers]... Once a critical mass joined, then everyone joined. You haven’t got that in the US ... It’s great that the supermarkets in the UK are in ... For me, that is one of the great strengths about the ETI and I’m very, I will stand up for it. Would you rather live in a world where it [the ETI] doesn’t exist? You have all the major UK retailers all around the table. They want to be there. They need to be there. They need to show that they care, and that is so much stronger than the state in the US”

(Interview with UK NGO representative on ETI, 19/09/05).

Organisation and governance of the ETI



➤ ETI BASE CODE

- 1. Employment is freely chosen
- 2. Freedom of association and the right to collective bargaining are respected
- 3. Working conditions are safe and hygienic
- 4. Child labour should not be used
- 5. Living wages are paid
- 6. Working hours are not excessive
- 7. No discrimination is practised
- 8. Regular employment is provided
- 9. No harsh or inhumane treatment is allowed

Organisation and governance of the ETI



Approaching ethical trade: the UK's ETI as a learning organisation with a developmental approach

- Voluntary membership
- Learning organisation
- Development of best practice
- No enforcement mechanism and no transparency



... ETI's developmental approach ...

“This is not an exact science. Membership is not a badge. It doesn't mean that these companies are all great. Actually what it probably means is some of them are doing good and bad things all the time, and we try and identify the good and talk about the good”.

(Interview with Director of ETI, 12/09/05).



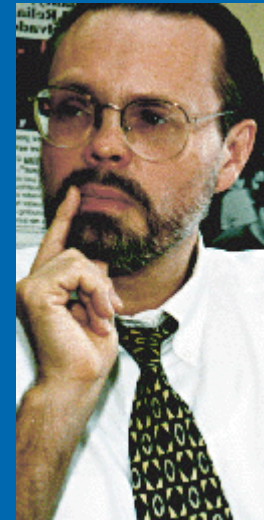
... limitations of ETI's developmental approach ...

“There isn’t an enforcement mechanism, and I don’t think there is a minimum standard of who can join. Of course you can say we comply with the ETI code, but not all organisations have it in place in all places at all times. So everyone is coming in on a curve towards good practice, and to what extent are companies actually under pressure to go there or can they just hang out in the ETI? I think a lot of them aren’t just hanging out, but some of them might be. Some are happy just to send their ethical person along, but don’t actually try and disrupt their commercial strategy”.

(Interview with UK NGO, 19/09/05).

Campaigning and the emergence of MSIs: the USA

- Workers in global South joined by immigrant workers in the USA in organising for better working conditions (1980s and early 1990s)
- Anti-sweatshop campaigns, including United Students Against Sweatshops (USAS) (mid to late 1990s)
- Charles Kernaghan (National Labor Committee) makes Kathie Lee Gifford cry on national television (1996)
- Focus on clothing (including sportswear) and college apparel, including retailers
- Fair Labor Association (FLA) established by Clinton administration (1996)

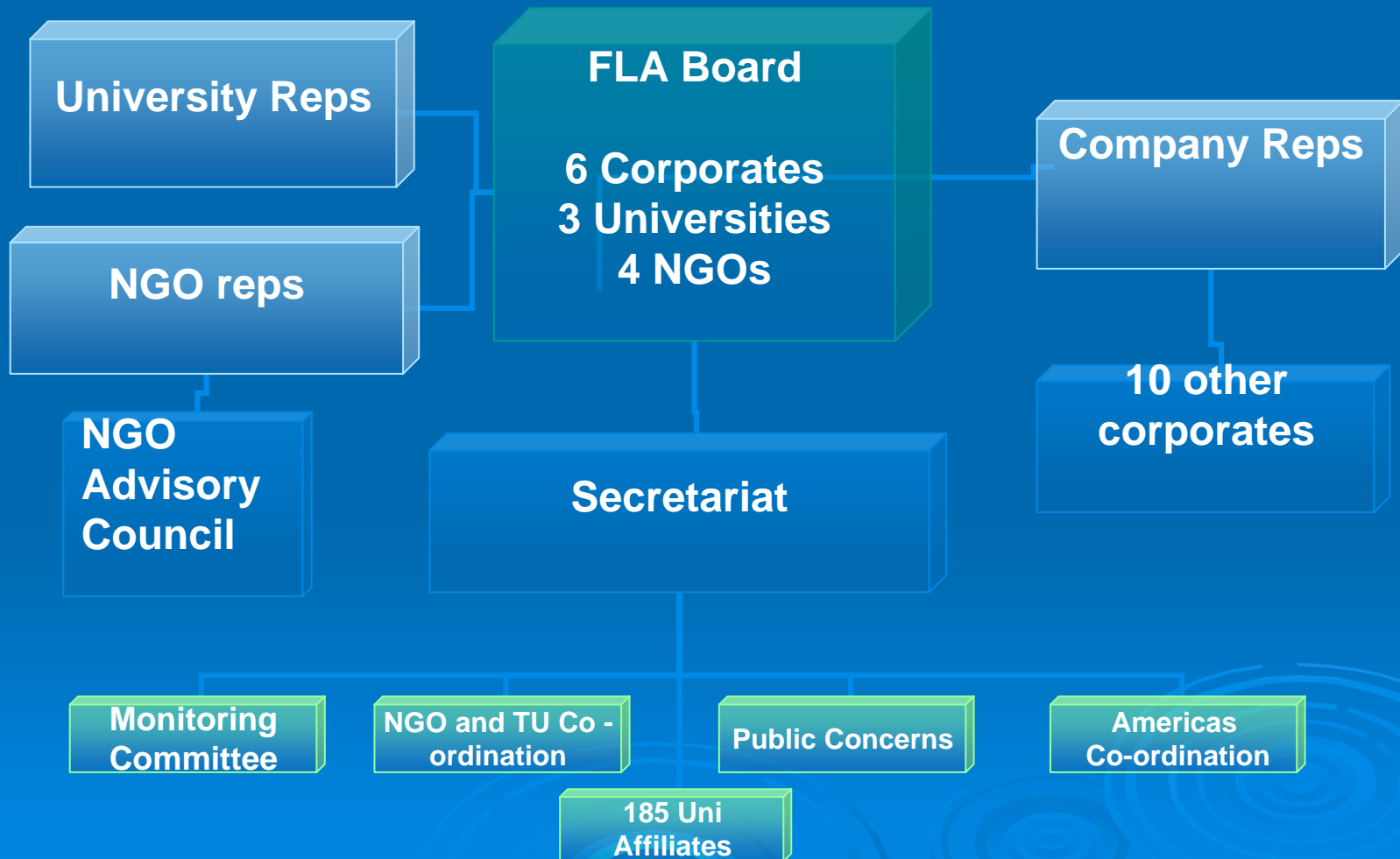


... establishment of the FLA under Clinton administration in 1996 ...

“FLA was started under Clinton in '96, as the Apparel Industry Partnership, which was a Clinton Administration attempt to come to grips with the bad PR that American retailers were getting because of sweatshop labour conditions, you know, like Kathy Lee Gifford and Charlie Kernaghan stuff and all that. So Clinton souped-up this Apparel Industry Partnership and, originally, it was a good idea and it consisted of some NGOs- Workers' Committee for Human Rights, Human Rights Watch, International Labor Rights Fund, a bunch of others, some unions – UNITE- and, you know, the major brand, shoes, sportswear, apparel companies. And you know, what happened is, that that group broke apart over the issue of a living wage ...”.

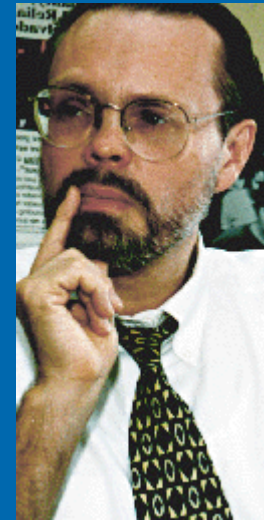
(Interview with US NGO, 03/03/06).

Organisation and governance of the FLA

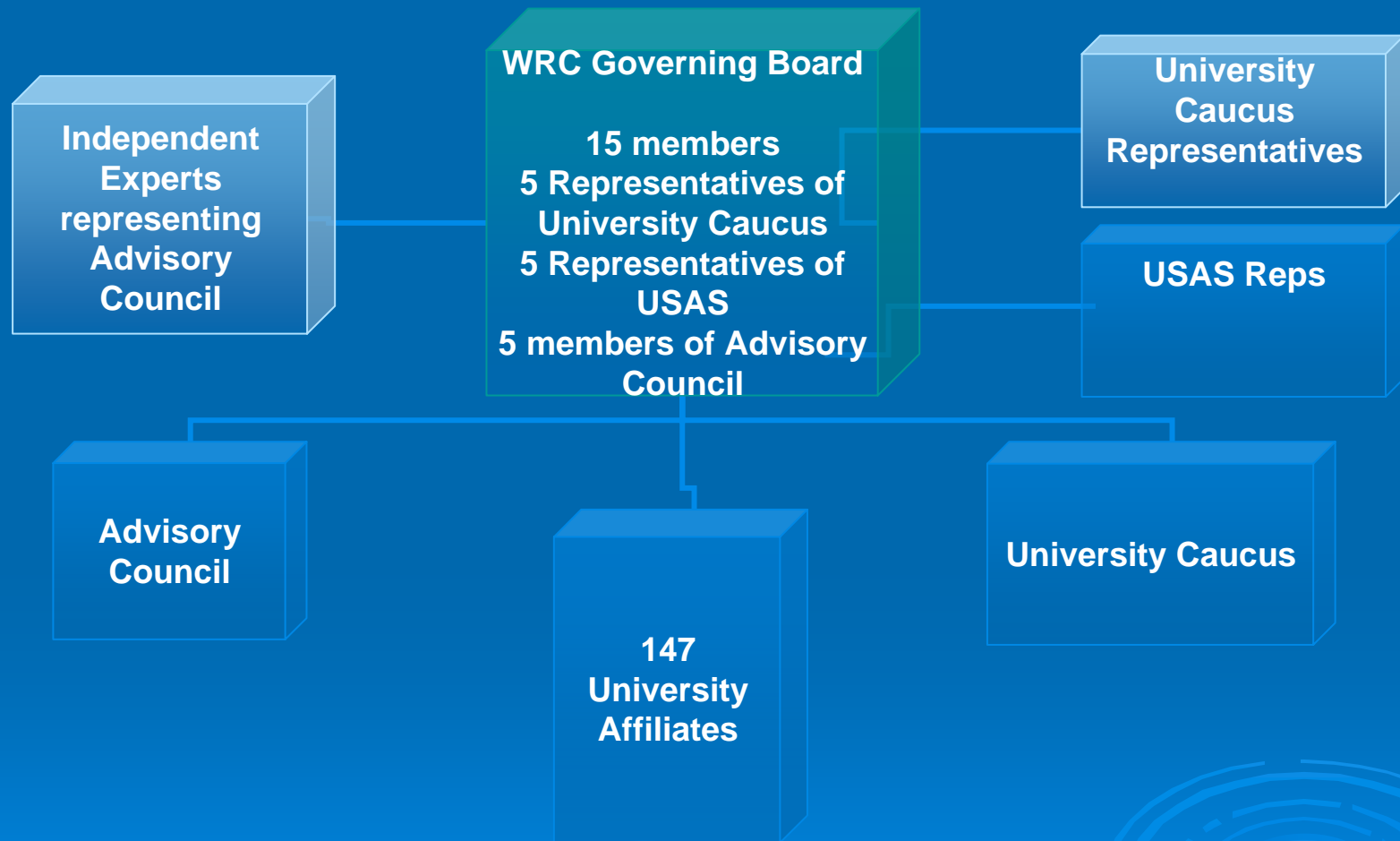


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- Worker Rights Consortium (WRC) initiated (1999)

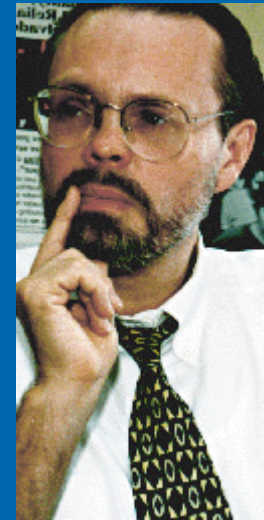


Organisation and governance of the WRC



Campaigning and the emergence of MSIs: the USA

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- Focus on clothing (including sportswear) and college apparel, including retailers
- Fair Labor Association (FLA) established by Clinton administration (1996)
- Worker Rights Consortium (WRC) initiated (1999)
- Social Accountability International (SAI) and Worldwide Responsible Apparel Production set up as parallel organisations (fragmented MSI landscape in USA)

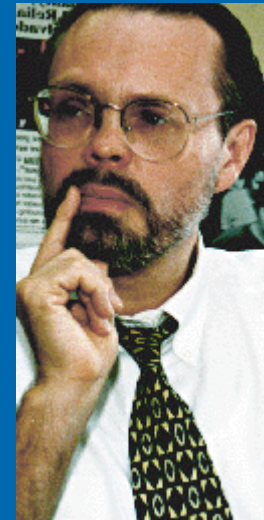


Organisation and governance of SAI



Campaigning and the emergence of MSIs: the USA

- Workers in global South joined by immigrant workers in the USA in organising for better working conditions (1980s and early 1990s)
- Anti-sweatshop campaigns, including United Students Against Sweatshops (USAS) (mid to late 1990s)
- Charles Kernaghan (National Labor Committee) makes Kathie Lee Gifford cry (1996)
- Focus on clothing (including sportswear) and college apparel, including retailers
- Fair Labor Association (FLA) established by Clinton administration (1996)
- Worker Rights Consortium (WRC) initiated (1999)
- Social Accountability International (SAI) and Worldwide Responsible Apparel Production (WRAP) set up as parallel organisations (fragmented MSI landscape in USA)
- Corporate focus on Wal-Mart



... Focus of campaigns on Wal-Mart, but absence of campaigning on US supermarkets' supply chains ...

Wal-Mart focus: “Wal-Mart is a big target in general for activist groups, but from what I know there haven’t been a lot of in-roads made in terms of making them change their sourcing practices. Just because the issues that activists focus on Wal-Mart are much broader than just what they are selling in the stores. It’s the whole way they are running the economy”. (Interview with Outreach Coordinator, Worker Rights Consortium, 07/03/05).

Absence of campaigning against other US supermarkets: “The US consumers, despite the fact that there’s campaigns around migrant workers and people recollect, you know, they recollect the grape boycotts, there are current campaigns around migrant workers ... There hasn’t been a consumer campaign, so it’s not very well integrated with the campaigns around toys and clothing – it’s not the same campaigners, they haven’t worked the same way, there isn’t any equivalent of FLA for food, or of SAI, that’s concentrated on food and when, you know, if you were to be able to communicate to shoppers at supermarkets in the US, it would be a new idea; they don’t go in thinking about it, the way they do in Europe”.

(Interview with President, Social Accountability International, 24/02/06).

Approaching ethical trade: US MSIs and compliance-monitoring approaches

- More fragmented landscape of multi-stakeholder institutions in the USA than in the UK
- Different approaches taken by US MSIs, but emphasis on:
 - Compliance
 - Transparency
 - Disclosure
 - Certification

... FLA approach and emphasis on compliance and transparency ...

“The FLA must arrange independent audits [of members’ suppliers] and pay for them. Contract them and pay for them. And they must be unannounced and we then said that most of the analysis must be transparent, we must publish the results. It is the ultimate test, if you like, for a company walking the walk is the fact that they don’t know when we are going to arrive and they know that whatever we find is going to be public. So we’ve done that. Over the years we have taken a number of steps to make the system tougher on the participating companies”.
(Interview with the President and CEO of the FLA, December 2005).



... WRC approach: investigating complaints, disclosure and moves towards certification ...

- Investigating complaints: ‘the flying squad’
- “All the results of our investigations are made public, but in most cases we give the brands an opportunity to respond and to address the problems before we issue the report . And then the report will indicate to what degree the brand has responded” (Interview with Outreach Co-ordinator, WRC, 07/03/6).
- Designated Suppliers Program

... SAI approach and emphasis on standards and certification ...

- SAI and SA8000 as a strong workplace standard
- Monitoring using certified private sector auditors
- Systematisation and standardisation of management systems to ensure workplace standards
- Limited transparency

Transnational experimentations in ethical trading approaches: towards UK-US institutional convergence?

- Transnational corporate learning through retail TNCs (Wal-Mart, The Gap etc.)
- Dual membership of different MSIs by some large retailers (e.g. The Gap)
- Transnational institutional experimentations: the JO-IN project



Transnational institutional experimentations: the JO-IN project

- Experimental project: six MSIs
- Towards a common code of conduct and common monitoring methodologies
- Pilot project with Turkish garment suppliers
- Corporate retail brands involved include The Gap and Marks & Spencer



... Aims of JO-IN ..

“People will always see things in different ways, people will always have a patch to defend. But what the project isn’t going to do is be a beauty parade between all the different sort of [MSI] approaches. What I hope it is going to be is something that can be delivered, delivered like a common standard and some common guidelines on how to implement some of the most problematic aspects of that standard. If we can do that, then I think it is a common rock on which what I understand to be the more creditable multi-stakeholder corporate approach is to stand”
(Interview with Director of ETI, 12/09/06).



... Challenges of JO-IN ...

Challenges related to different philosophies underpinning the MSIs:

“There is a lot of debate. They are agreeing to documents. For example, the contract we have just signed with the brands took about six months to get agreement between the multi-stakeholders and the organisations themselves. The code of conduct took even longer to agree. That is a process, okay, of them all sharing their points of view and coming to agreement on how those differences are going to be resolved. The reason the contract with the brands is the big issue here is disclosure and confidentiality. WRC are saying you have to have complete disclosure, and ETI are unsure”. (Interview with JO-IN Chair, 14/09/06).

“The WRC can’t compromise. They can’t come down from where they are at, and these other organisations at this point, given who their Boards are, can’t get to, they can’t get to that transparency level. It’s bound to fail because the transparency is the key difference”. (Interview with representative of US trade union and board member of WRC, 28/02/06).

Conclusion: global labour standards, national-institutional contexts and the unsettled geographies of corporate responsibility

- **Buyer-driven value chains, global labour standards and corporate responsibility**
- **National-institutional contexts play critical role in shaping corporate retailers' approaches to ethical trade (e.g. through national-level MSIs)**
- **Influence of 'national scale' is significant, but case studies illustrate the fluidity and mutability of national political cultures, consumer cultures and institutional cultures**
- **Transnational institutional projects illustrate the rescaling of global value chain governance**