The Private Regulation of Labour Standards: The case of the apparel and footwear industries

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<table>
<thead>
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<th>Abbreviations</th>
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<tr>
<td>AAMA</td>
<td>American Apparel Manufacturers Association</td>
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<tr>
<td>BSCI</td>
<td>Business Social Compliance Initiative</td>
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<td>CCC</td>
<td>Clean Clothes Campaign</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>ETI</td>
<td>Ethical Trading Initiative</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>EU</td>
<td>European Union</td>
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<td>FFC</td>
<td>Fair Factory Clearinghouse</td>
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<td>FLA</td>
<td>Fair Labor Association</td>
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<td>FTA</td>
<td>Foreign Trade Association</td>
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<td>FWF</td>
<td>Fair Wear Foundation</td>
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<td>ILO</td>
<td>International Labour Organisation</td>
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<td>ISO</td>
<td>International Standardisation for Organisation</td>
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<td>ITGLWF</td>
<td>International Textile, Garment, Leather Workers Federation</td>
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<td>JOIN</td>
<td>Joint Initiative on Corporate Accountability and Workers’ Right</td>
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<td>MSI</td>
<td>Multi-stakeholder initiative</td>
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<td>NIEO</td>
<td>New International Economic Order</td>
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<td>NGO</td>
<td>Non-governmental Organisation</td>
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<td>SA8000</td>
<td>Social Accountability 8000</td>
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<td>SAI</td>
<td>Social Accountability International</td>
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<td>SEDEX</td>
<td>Social Ethical Data Exchange</td>
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<td>SGS</td>
<td>Société Générale de Surveillance</td>
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<td>TNC</td>
<td>Transnational Corporation</td>
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<td>UNIDO</td>
<td>United Nations Industrial Development Organisation</td>
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<td>UNRISD</td>
<td>United Nations Research Institute for Social Development</td>
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<td>WRAP</td>
<td>Worldwide Responsible Apparel Production</td>
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<td>WRC</td>
<td>Workers Rights Consortium</td>
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Introduction

The failure of governmental and intergovernmental institutions to implement effective labour legislation has resulted in a rich variety of private (or non-governmental) regulatory initiatives that seek to address labour standards and enforcement in a wide range of global product chains. While some view these non-governmental regulatory systems as a negative development associated with globalization, neo-liberalism and the hollowing-out of the nation state, this paper will argue that these systems represent a site of contention between different social and economic forces which could potentially have an emancipatory impact for workers and civil society.

In the first section of this chapter I will discuss how the internationalisation of production has led to a process of ‘deep integration’ of the world economy, i.e., the fact that manufacturing increasingly takes place within global production networks. In section 2, I will argue that the market is by no means the only way by which the social/technical re-integration of divided labour processes is achieved. Non-market relations of planning, coordination, cooperation and governance, are necessary for the functional integration of dispersed productive activities. They are testimony to a deeper process of socialisation of labour (Vergesellschaftung), which creates the spaces in which codes of conduct, and regulation generally, have emerged. Part three of the paper illustrates this by assessing the development of regulatory practices in the apparel and footwear industry, and by identifying four phases of political struggle surrounding these regulatory practices.

1. Internationalisation of Productive Capital

The dispersion of productive activities across national borders is one form of the internationalisation of circuits of capital — others being international markets of commodities, international finance, etc. (Palloix, 1977, Jenkins, 1987). Driven by the need for accumulation and competition, capital is compelled to ‘reconstitute itself on a world level incorporating resources, labour and produced commodities in other areas of the world under its sway, pushing the internationalisation process further’ (Radice, 1975). This is best understood as a long historical development in which trade of commodities, finance, and finally, production itself, have become internationalised; hence the transnational corporation is not ‘a phenomenon in its own right, but as an aspect of a broader process of internationalisation of capital which tends to create a more integrated world economy’ (Jenkins, 1987: 34). The commodity hence becomes an item that in the words of Palloix, is ‘conceived, produced and realised more and more at the level of the world market’ (1977: 26). No longer are we looking at an international economy based on exchange relations of finished products between national social formations; instead there emerges a global economy in which productive activities are dispersed across social formations, and yet functionally integrated into hierarchically co-ordinated global product chains (see Dicken, 1998: 5).

In other words, the world economy has moved from what scholars call ‘shallow integration’ (roughly speaking until the 1970s), to ‘deep integration’ thereafter (Dicken, 1998; De Angelis, 2000). ‘Shallow integration’ refers to the period during which production took place predominantly within national borders, while realisation (sales) took place on international markets. Profits made from trade then were accumulated to
start up a new cycle of production. ‘Deep integration’, in contrast, takes place when the productive circuit becomes internationally dispersed and ‘linkages between national economies are increasingly influenced by cross-border value adding activities within…TNCs and within networks established by TNCs’ (UNCTAD, 1993, cited in De Angelis, 2000: 16).

Make or Buy

The deep integration of the world economy presumes the disintegration of national productive structures. But how is this process of ‘deep integration’ organised on the level of the corporation? To answer this question it is useful to examine one strategic question all corporations face; whether to make or buy the components and services it needs (Baily et al.,1998: 213). A firm may perform each business function within the production chain and in doing so, incorporate all value-added moments, internalising all transactions. But equally, business operations within a product chain can be performed by ‘independents’. This would mean that transactions are externalised and take place via the sphere of exchange (i.e., the market). In reality, of course, there exists a, ‘spectrum of different forms of co-ordination which consist of networks of interrelationships within and between firms structured by different degrees of power and influence. Such networks increasingly consist of a mix of intra-firm and inter-firm structures. These networks are dynamic and in a continuous state of flux’ (Dicken 1998: 8-9).

Internalised transactions across borders take place through foreign direct investment. In this case the company remains in direct control of the offshore production processes performed within (at least partly) owned subsidiaries. In contrast, externalised transactions across borders take place through commercial subcontracting arrangements. In both cases, international trade plays a pivotal role in co-ordinating and re-integrating these transnationally dispersed production processes. The internationalisation of production is therefore first of all represented in the growing importance of international trade in components and semi-processed manufacturers. It has been estimated that around 500 transnational corporations control two-thirds of all world trade, while about 30 per cent of the world trade is intra-firm (Went, 2001). This is underlined by changes, which have taken place in the nature of goods being traded between industrialising and industrialised countries. In 1980, only 25 percent of the exports from developing countries were manufactured products, by 1998 this percentage had gone up to 80 percent. One might also point to the example of Wal-Mart, the retailer, which imported goods worth $12 billion from China alone in 2002.

The strategic answers to the make-or-buy question have broken up nationally organised product chains. As a result, an emerging organizational split can be observed between brand-named and/or innovation-oriented companies that concentrate on the moments of conception (that is, product definition, development, design) and realisation (marketing and distribution) on the one hand; and original equipment manufacturers (OEMs) that are specialised in production. This often entails the more routine tasks, especially in labour-intensive industries, being performed by manufacturers operating in low-wage countries.

Growing Economies, Growing Disparities
As long as export from new-industrialising countries goes predominantly towards some 30 developed countries, two bleak prospects emerge. First, given that most non-labour production costs are stable and more or less equal between the different industrialising countries, the flexible costs (i.e. labour) will remain under downward pressure (see Kearney, 1999: 207). The integration of the world economy might therefore be accompanied by a growing international disparity in wages, labour costs and labour standards. Second, this gloomy prospect is further intensified by a growing excess production capacity. As a result, world prices for (especially standardised) industrial goods in many countries have come under serious pressure, just as they did in agricultural commodities a few decades before. This means that profit rates can only be maintained by cutting costs. Falling export prices triggered by growing industrial output at the low-value added part of the chain, might therefore led to ‘immiserising growth’, e.g., growing exports through lower wages, and/or export prices that fall faster than volumes increase (Kaplinsky and Morris, 2001: 21-2). With Chinese factory prices still falling, and mainland China (as a whole) signing for an ever-larger part of world industrial exports (due to enormous in flows of foreign capital and a seemingly endless supply of cheap labour) world prices for manufactured commodities can be expected to remain under (deflationary) pressure into the foreseeable future.

2. Socialisation of Labour in Global Production

In a system of internationalised production, regulation is necessary to co-ordinate and manage the various integral processes and companies involved. According to neo-liberal theory, such regulation should be provided by the self-regulatory market. Since the market is understood as a spontaneous, and superior allocation mechanism for the distribution of scarce resources, social order is the result of profit-maximizing activity under the rule of law. International trade is accordingly seen as the, ‘result of endowments, technology, taste difference and product differentiation at an abstract level’ (Raikes et al., 2000: 4). Organisational linkages tend to be qualified as ‘rigidities’ or ‘market imperfections.’

In the global commodity or value chain approach (e.g., respectively, Gereffi, 1994, and Kaplinsky, 2000), on the other hand, the emphasis is on the various non-market linkages that are necessary for the functional integration and co-ordination of dispersed productive activities. These include the co-ordination of the linkages within the value chain (input-output structure), the monitoring of quality, price and delivery (QPD) reliability, and procedures in appearance and packaging (see Kaplinksy and Morris, 2001). Humphrey and Schmitz argue that the concept of regulation, or governance, implies that ‘some firms in the chain set and/or enforce the parameters under which others in the chain operate. A chain without governance would just be a string of market relations’ (2002: 2). Power therefore plays a crucial role. Instead of a spontaneous order, trade between corporations develops under ‘the discipline imposed by complex webs of contracts and sub-contracts dominated by key agents’ (Raikes et al., 2000: 5).

The concept of socialisation of labour (from the German Vergesellschaftung), which identifies the processes of coordination and cooperation by which divided labour is reunified to cohere in a single effort, takes this argument one step further. Along with the
widening and deepening of commodification by which goods, social relations, and people, and nature itself, are turned into marketable items, socialisation develops as ‘capital utilizes planning at increasingly higher levels of the productive process—from simple cooperation to manufacture and to large scale industry—in order to strengthen and extend its command over labour-power and obtain larger access to it’ (Panzieri, 1976: 7).

Or, in the words of Stephen Hymer (1975: 37-8), with the growth of capital, ‘business enterprises needed a more complex administrative structure to co-ordinate its activities and a larger brain to plan for its survival and growth’. So whilst the production of a single commodity takes place through an ever-larger sequence of input-output activities that encompasses an entire range of firms, sectors and countries connected with each other through exchange relations, the consciously organised labour process increases as well. ‘Control, planning, organisation and direction [are pushed] further into the sphere of the market’ (van der Pijl, 1998: 20). What is being established in this process is, ‘the connection of the individual with all, but at the same time the independence of this connection from the individual’ (Marx, 1973: 161, italics deleted). Hence the emergence of what Marx calls the collective worker, even if we are speaking of a collectivity, which under capitalist conditions, still operates in an alienated fashion, through management control.

The immanent ‘collective worker’ from the late 19th century on has strived to overcome an alienated existence by trade union organisation and through the workers’ party. Workplace and state power in this perspective would allow the workers to become conscious of their existence as a collective social force capable of directing society rationally, and transcending the blind operation of market forces. The transnationalisation of capital from the late 1970s aimed at evacuating the collective worker from the national arenas in which the overall political balance was beginning to tilt in its favour. Instead, capitalist market discipline was restructured on an international level, where trade unions and workers’ organisation did not exist, or were extremely rare.

But neo-liberalism cannot undo the process of the socialisation of labour per se and various non-market linkages continue to develop. Any advanced social division of labour thus demands objectified knowledge, logics, standards, rules, benchmarks, training materials, guidelines, trust, and so forth, to merge the inter-firm division of labour into a coherent sequence of activities. The international fragmentation of production logically implies that these processes acquire a global dimension.

Here the role standards and benchmarks play are particularly important. Although standards remain largely invisible in daily life for consumers, corporations – who buy and supply products to each other – rely crucially on standards or processes covering quality, safety, reliability, efficiency and interchangeability. As ‘external points of reference’ (Hawkins, 1995, cited in Nadvi and Wätring), standards facilitate the international exchange of goods and services and widen the social division of labour (Elam, 1990). As a result of market socialisation of labour, any company that seeks to enter the world market must abide by rules of co-ordination of an industry, state and, ultimately, world society (Low and Gleeson, 2000).

A number of scholars have pointed at the growing importance of so-called coordination service firms (Cutler et all, 1999, Sinclair, 1999, Nölke, 2003). Law firms, management
consultants, debt-rating agencies, insurance companies, accountancy firms, financial clearing houses, and so on, coordinate the behaviour of other firms. They play an important infrastructural role by reducing uncertainty, acting as gatekeeper, promoting parallel practices, or coordinating the flow logic of global production chains. These companies promote ‘the narrowing of the expectations of the different social elements of capital to a shared, transparent set’ (Sinclair, 1999: 184). Indeed, these firms have come forward to assist private capital in terms of market socialization of labour (Van der Pijl, 2004: 199).

One type of coordination service firm that greatly benefit from the fragmentation of production across borders and the expansion of world trade are companies specialised in inspecting, testing and certification services. The largest three global companies in this business are Intertek, SGS and Bureau Veritas. Each of these employs tens of thousands of people and operates offices and laboratories on a global basis. By order of a buyer, these kinds of companies inspect the production processes of suppliers in order to check whether they meet the specifications concerning quantity and quality of deliveries, labelling, packaging, etc. They test whether products comply with specific safety standards, regulations or quality and performance criteria set either by the buyers or the safety requirements of the markets in which the products are sold. Finally, by approving the outcome of an inspection or test against a range of pre-specified standards, these companies certify products, systems or management processes. Such certification provides evidence to customers of a factory’s compliance with regard to a set of requirements or standards set by governments, standardization bodies, or buyers themselves, and these certificates are increasingly a prerequisite for local companies for entering global circuits of capital. With already more than 360,000 organisations certified to ISO 9000 and/or ISO 14000 standards (Deutsche Bank, 22 October 2004); certifying companies has become a very large global business in itself.

The importance of standardization and certification also indicate that today – under neoliberalism – the institutional forms that support these activities are increasingly of a private, non-state, nature. Various scholars have pointed out that this represents a wider shift within society from a politically negotiated system of rules towards privatised systems of negotiations in which business plays a more important role (see Raikes et al., 2000: 10, Cutler et al. 1999, Gill, 2003). In this shift, regulatory tasks are delegated away from state bodies to private specialists, as discussed above. Market-based and private voluntary strategies are presented as an alternative or a supplement to traditional state regulation (Haufler, 2001). They have created a political context highly conducive to the rise of private regulation in which reporting, standard-setting, auditing, monitoring and certification have become central elements (Utting, 2000: 74).

However, the web of social linkages on which global trade relies, as for example represented in standardization, or the role coordination service firms play in facilitating international sourcing, remain open for politicization. This is what happened in the 1990s when a wide variety of groups started to hold companies to account for their social or environmental actions. The ‘connection between the individual and all’, which at first appears as an ‘objective’ relation mediated by the market, and enforced by management,
in this, still elementary political form, suggests that there is global space for democratic regulation. In the remainder of this chapter, I will assess the development of regulatory practices in the production of apparel and (athletic) footwear in this light. After ten years of anti-sweatshop campaigning, important developments have taken place that may generate insight into the prospects for further democratisation of global production more generally.

3. Private regulation of labour standards

Substandard labour conditions and extreme forms of exploitation became a public issue in the early 1990s when anti-sweatshop groups started to target branded corporations over labour conditions in the factories that produced their wares. Particularly large branded corporations became targets of these campaigns, which gained momentum over the course of the decade and succeeded ‘in bringing to the fore an aspect of the polarization characteristic of capitalist globalization – on the one hand the glitter of consumption ideology, and on the other the brutal reality of production in conditions of extreme exploitation’ (D’Mello, 2003: 27). The central aim of these transnationally organised campaigns was to improve working conditions and, ‘to bring back to the TNC level some responsibility for workers no matter in whose employment they are or in what part of the world they live’ (Clean Clothes Newsletter, 2000).

As a result, the 1990s have witnessed a revival of interest in ‘codes of conduct’ regulating the behaviour of transnational corporations (TNCs).1 Contrary to earlier (failed) initiatives to regulate TNCs that were driven by governmental or intergovernmental organisations, contemporary initiatives have largely been fuelled by non-governmental organisations (NGOs), student groups, labour organisations, church groups and consumer organisations. Together they form a loosely organised global movement that seeks to hold corporations accountable for their actions (Bendell, 2004). Hereafter, I will therefore refer to them as the corporate accountability movement or simply as labour advocates.

However, the emergence of these private instruments can not be understood outside the neo-liberal framework (Bartley, 2003). Voluntary initiatives like codes of conduct were seen by business interests as ‘non-threatening as [they] respected the central tenets of neo-liberalism centred on FDI, export-orientation, privatization and downsizing of the state’ (Utting, 2000: 4). Codes of conduct could serve different interests and agendas, ‘catering to both reformist and conservative interests’ (ibid.). The proliferation of codes of conduct is

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**Action/reaction**

The disproportionate amount of attention placed on auditing methods is primarily due to the strong commercial and corporate interest in social auditing as a technique. Therefore, both auditing companies and companies interested in utilizing such services have developed their own auditing methodologies and helped shape a role for this tool in the context of corporate social accountability. As a result NGO/trade union led initiatives have been forced to prioritize their own experimentation with social auditing in order to have input in the debate on the value of auditing.

(emphasis added).

Source: Ascoly and Zeldenrust, 2001, ‘Discussing key elements of monitoring and verification’, Amsterdam, SOMO
therefore driven by a wide range of stakeholders, which have different interests and contrasting expectations of the purpose of these instruments (Jenkins, 2002: 13).

Hence it is crucial to understand context, history and the political processes associated with the emergence and development of these voluntary initiatives (Utting, 2000: 4, Bartley, 2003). These instruments can therefore best be understood as objects of political contestation and strategic framing between different social forces searching for ways to fill the regulatory vacuum (Bartley, 2003: 437, Yantz, 2001).

Next I will discuss four phases of political contestation through which the code of conduct debate has developed since the early 1990s. Each phase also demarcates a terrain of struggle which is absorbed into a broader field in the subsequent phase. As a result of these struggles, the opportunities for achieving transparency are much greater, as are the possibilities for connecting with established worker organisations. While I limit myself to the apparel and athletic footwear sector, many of these developments can be witnessed in other sectors as well. A whole range of commodity chains have turned into transnational sites of social struggle, ranging from mobile phones to toys, and from the collection of plant-gene data in the tropical forests of Costa Rica to the organisation of health care.

(i) Denial
The first area of political contestation has been centred on making companies accept that they can be held responsible for working conditions in entities which they do not own. When branded companies were first confronted with allegations of sourcing from factories with substandard working conditions in the early 1990s, they tended to reject the assumption that they had any association with the circumstances in which their commodities were produced. For example, Disney spokesman Ken Green answered to a critical question from a reporter about sweatshops: ‘We don’t employ anyone in Haiti’ and he continued ‘With the newsprint you use, do you have any idea of the labour conditions involved to produce it?’ (cited in Klein, 2000: 198).

Very few companies today maintain the principals behind this position, although some neo-liberals maintain that corporations have only a fiduciary duty to make profit for their shareholders. Instead, when it became clear that anti-sweatshop campaigns were a permanent feature of TNCs’ operating environment, and furthermore were actually gaining strength during the 1990s, many corporations replaced this kind of defensive posturing by a more proactive stance on CSR. Codes of conduct represent one way of responding to pressures exerted by, NGOs and trade unions (Utting, 2000, Jenkins, 2002). Still, by implementing CSR, companies started to recognize their responsibility for working conditions. Such recognition represented the first step by which social instructions and directives started to play a role in the planning and organisation of production.

(ii) Substance
The second phase of political contestation was to make companies or business associations – who also started to adopt codes of conduct – accept internationally recognised labour standards as set by the International Labour Organisation (ILO). Many corporate codes are criticised for representing weak principles or vaguely defined guidelines. Often, code requirements only focus on those issues that are considered most
sensitive to public outcry such as child labour or forced labour. In other instances they are defined in such general terms that they amount to ‘useless as instruments that would uphold or advance workers’ rights’ (Kearney, 1999: 210).

Trade unions and NGOs reacted to these weak codes by adopting “model codes”, the purpose of which was to set standards for standards, i.e. minimum levels which the codes themselves should reach. Model codes make an explicit reference to international labour standards and ILO jurisprudence. Trade unions use them in their negotiations with companies while, for NGOs and activists, the adoption of a model code has been useful as a campaigning tool against companies ‘highlighting the often glaring differences between codes on paper and the actual standards found in the workplace’, as Ineke Zeldenrust, coordinator of the International Secretariat of the Clean Clothes Campaign (CCC), argues (personal conversation). For the CCC, the model-code made it possible for European and Asian labour advocates to speak with one voice to the companies, granting them a benchmark against which corporate codes could be measured. For campaigning objectives, these model-codes turned out to be useful as a point of reference in order to push corporations into accepting higher standards, or as a way to create a public debate.

Furthermore, reference to the ILO’s tri-partite membership grants these core labour standards a high degree of legitimacy and raises the credibility of the instrument. As a consequence the legitimacy (or moral authoritativeness) of these model codes is superior compared to most company codes. This is in spite of debates which have continued to crystallise around issues such as freedom of association, wages (minimum vs. prevailing vs. “living”), and the scope of “non-discrimination” clauses” (O’Rourke, 2002).

(iii) Implementation, monitoring and verification
No matter how stringent the criteria contained within a code are, they remain symbolic instruments for improving workplace conditions as long as they lack a programme ‘to go from paper to practice’ (Zeldenrust, personal conversation). Critics soon challenged companies to demonstrate conformity to the standards they had adopted. A third moment of political contestation was therefore centred around the question of what would constitute an adequate way of implementing, monitoring and verifying compliance with codes of conduct (see for positions; Athreya, 1998, Connor, 1998, Yanz and Jeffcott, 1997, Bartley, 2003). Implementation refers here to the range of concrete measures

Gildan active wear (example)
In March, the Montreal-based T-shirt manufacturer Gildan Activewear announced it was adopting the SA8000 standard and would have its manufacturing facilities audited by SA8000-accredited auditing organizations. Gildan owns factories in Canada, Honduras and Mexico, and has also contracted production to non-Gildan assembly factories in other countries in the Caribbean Basin region.

While Gildan's commitment to the SA8000 standard was announced after the company was the subject of an exposé on alleged labour rights abuses that appeared on the CBC television program "Disclosure," Gildan insists the decision was in the works months before the program was aired.

The Solidarity Fund of the Quebec Federation of Labour (FTQ), a major shareholder in the company, has been instrumental in encouraging Gildan to commit to SA8000. At the same time, Gildan continues to also seek factory certifications under the WRAP program (see above article).

Source: Codes Memo: Number 10
that a company carries out to give effect to a code (Ascoly and Zeldenrust, 2003: 5). This implies a managerial system capable of translating standards into operational practice. This is not only necessary to ensure that the structure and resources are in place to implement the code (Urminsky, 2001: 34), but also to ensure that business is conducted in such a way that suppliers can meet the standards they are supposed to uphold. The latter particularly refers to the need of addressing the negative impact which purchasing practices or sourcing systems can have on code compliance.²

Internal monitoring or company monitoring refers in the context of this paper to the procedures and practices a company carries out in order to check that labour standards have been implemented and are continuously observed in the workplace (Ascoly and Zeldenrust, 2003: 5, Justice, no date). Some companies have set up social compliance teams for these tasks, while others have extended the tasks of their quality controllers to include monitoring of labour standards. It is increasingly argued, that when companies employ a commercial firm to monitor code compliance (i.e. the outsourcing of monitoring) and pass this off as external verification, this is in fact not much different from having the work done by company staff (Justice, no date). But company-initiated procedures alone, while necessary to integrate ethical standards into business operations,³ remain insufficient. Neil Kearney (1999: 214), Secretary General of the International Textile, Garment, Leather Workers Federation (ITGLWF) formulates it as follows;

Self-assessment, no matter how well applied, will not deliver credibility. [Only] independent verification will confer legitimacy and credibility. In reality companies cannot police and judge themselves when they themselves are the potential offenders

Therefore, verification is all about establishing the credibility of claims concerning actual labour practices, the observance of code provisions, or the observance of code implementation (Ascoly and Zeldenrust, 2003: 8). In other words, credible verification would require rule based systems covering the selection and training of auditors as well as inspection techniques etc. (Justice, 2001). This implies at least that verification is carried out by a body independent of the entity whose claim is being verified (Ascoly and Zeldenrust, 2003: 8).

These kinds of criticism have brought into the open the need for an overarching system for evaluating company claims and to rise above the limits of corporate self-regulation. It has stimulated the creation of a number of so-called multi-stakeholder initiatives (MSIs), which involve a variety of business interests, NGOs and/or trade unions trying to develop (more) systematic approaches to code implementation, monitoring and verification, as well as developing structures for accountability to civil society. In the apparel and (athletic) footwear industries the most important MSIs are: Fair labor Association (FLA); Workers Rights Consortium (WRC); Ethical Trading Initiative (ETI); Social Accountability International (SAI); and Fair Wear Foundation (FWF). (See appendix 1 for a short summary of these initiatives).

These initiatives have the following in common. They:

- bring a wider range of actors into decision-making procedures
- agree upon a standardized code of conduct generally informed by ILO standards
concur upon follow-up activities designed to put labour standards into effect

To a varying degree they might also:

- use social audits as a mechanism for monitoring/verifying codes of conduct
- authorise or accredit organizations to conduct the verification process
- certify workplaces or branded companies
- promote social dialogue and learning between different stakeholders
- facilitate the processing of complaints from workers, trade unions or NGOs as part of the monitoring/verification process
- stimulate stakeholder participation in code verification at points of production
- get financial or facilitative support from governments

At the same time, governance arrangements, standards, and procedures differ significantly between these different initiatives. Also, important to note is that these systems are still in an experimental phase, and subject to change. The intricacies of the different MSI models are not dealt with in this paper as there are already numerous existing studies (cf. Faure, 2001; Utting, 2001; Urminsky, 2001; Nadvi and Wältring, 2002; Wick, 2003; O’Rourke, 2002).

However, it is important to note that some of these initiatives are actually more multilateralist (involving several corporate actors) than genuinely multi-stakeholder (involving several stakeholders representing diverging interests). The more corporatized (or privatised) initiatives are characterized by top-down elite structures and are based on voluntary or incomplete self-regulatory structures: they involve little serious participation of non-corporate actors (this will be discussed further below). Another danger is that verification, or “independent monitoring”, can be used as a substitute for enforcement of law. Other multi-stakeholder initiatives are ‘attempting to build democratic, locally accountable, substantively responsive, participatory strategies of governance’ (O’Rourke, 2004: 31). These initiatives might provide a space where NGOs and trade unions have a voice in furthering the development of regulatory initiatives. In addition, these institutions have provided new forms of social dialogue where different stakeholders regularly meet, exchange views or devise joint projects (Faure, 2001: 48). Thus, by moving the debate from corporate self-regulation to co-regulation, the credibility of these initiatives is further enhanced.

(iv) Workers’ Participation

Multi-stakeholder initiatives succeeded in placing the topic of implementation, monitoring and verification high on the code of conduct agenda. They have attempted to address some of the weaknesses associated with corporate-led attempts. As a minimum, MSIs convened around the core ILO conventions. In addition, they opened up space for participation and social dialogue between different stakeholders on an international level. Nonetheless, many within the corporate accountability movement stay critical about the realization of these standards on the ground, e.g. the real impact these standards have in the factories and workplaces around the world. For labour advocates, the critical question remains how to guarantee a meaningful role for the workers concerned, their unions, and labour-related non-governmental organisations. Their main
question is how to encourage labour self-organising at sites of production and/or to connect with traditional workers’ struggles in today decentralised, globalised context.

The promotion of worker self-organisation and participation within (and beyond) these code monitoring and verification systems has become a fourth area of political contestation. Much of this criticism is directed against the dominant role social audits have started to occupy within a number of monitoring/verification initiatives. The term social audit emerged to distinguish the auditing of labour practices from financial auditing. In some cases it refers to the entire social and environmental ‘footprint’ of the activities of a company, in others it refers only to social issues (Ascoly and Zeldenrust, 2003: 7).

Most often these social audits are performed by global audit firms, such as those discussed in the section on coordination service firms. In a few cases, however, civil society groups also perform social audits. Labour advocates have questioned whether these social audits will (a) empower workers; (b) accurately assess labour conditions, and; (c) encourage improvements in working conditions. At the end of this paper, these three elements of criticism will be discussed in more detail. First, I pause for a moment and look how the weight of multiple audits has pushed different social forces to promote the harmonization of compliance models at an international level.

**Anarchy in the sphere of social auditing**

The anti-sweatshop campaigns, as well as the codes developed in response to them, have carved out a new global space in which essentially political struggles are being fought out. The four phases discussed above represent the four most vocal criticisms and political struggles since the early 1990s. Naming and shaming was often an effective means of exerting pressure on large corporations and the overall centre of gravity has now moved in favour of more stringent forms of code implementation and monitoring.

Certainly the overall influence of this movement must not be overstated. Global production practices continue to worsen in many places of the developing world and governments still fail to enact or enforce labour laws. Labour movements that have won some rights in recent years, for example in Indonesia and Mexico, have witnessed the migration of industry to China. In addition, numerous companies have managed to escape the same levels of scrutiny of sweatshop conditions that the big brand-named companies have been subjected to, even though the labour practices in the supply chains of these smaller brands are very similar to those of the larger brands. In fact, they often use the same suppliers.

Nonetheless, real gains have been achieved which are circumscribing the discipline of capital. Most corporations active in these sectors have accepted responsibility for labour conditions in factories they do not own. There has been a converging pattern away from firm- and sector-specific standards towards the evolution of generic minimum standards along the guidelines of the ILO core labour standards (Nadvi and Wältring, 2002: 37, O’Rourke, 2003, World Bank, 2003). Fewer companies, although growing in number and often representing market leaders, have joined one (of the various) multi-stakeholder
initiatives to implement, monitor and verify labour standards. Some of these initiatives are clearly dominated by corporate interests; others articulate heterogeneous interest and are (more) open to democratic checks.

At the same time, the dynamic of action/reaction has resulted in a myriad of diverse, non-state driven regulatory initiatives. Estimations about the number of codes in the apparel and (athletic) footwear industry run from about 300 up to an astonishing 1,000 (World Bank, 2003). There is a similar uncertainty about the number of social audits that annually take place; one specialist estimates the number amount to 30,000 (personal conversation with Francois Beaujolin). Indeed: anarchy in the sphere of the market seems to have found its counterpart in the sphere of social auditing.

This proliferation of corporate and multi-stakeholder initiatives has now been widely acknowledged as confusing and inefficient. Manufacturers, who often supply several retailer or branded companies, find themselves subjected to numerous – partly overlapping, partly diverging – standards, assessments and social audits. They complain that the multitude of ‘audits divert management time and resources, disrupt workflow, and challenge planning processes’ (World Bank, 2003: 18). Retailers and brand-named corporations also increasingly recognize that the multiplication of private efforts is inefficient, expensive, time-consuming, and, probably, counterproductive (ibid.). For example, the Business Social Compliance Initiative (BSCI), a recent European business-led initiative argues that:

The flood of standards has made it burdensome for retail companies to do their share regarding corporate social responsibility issues. The situation is no better for their suppliers; they are confronted with an ever increasing number of requirements and auditing procedures to fulfil. There is therefore urgent need for consorted action in the retail and industrial sectors (BSCI, 2004).

Although opinions within the corporate accountability movement are somewhat more diffuse, among the main multi-stakeholder initiatives consensus exists that ‘better coordination and cooperation among different organizations in the field is essential if greater success and broader impact is to be achieved’ (…). This inefficiency is partly caused by the fact that their regional division does not correspond with the way the industry is organised; many US companies have significant European interests, and visa versa. To make the confusion even greater, some US companies have joined European initiatives, while some European companies have joined US initiatives. Also, local organisations at points of production are annoyed with the many different approaches and initiatives making demands on their time.

In the final section of this paper I will briefly discuss three different ways of addressing the notion of multiple audits and the harmonization of their aims. These examples show an attempt to increase cooperation and coordination at an international level, but again, they are framed by different interests and agendas.
Joint Initiative on Corporate Accountability and Workers' Rights

The Joint Initiative on Corporate Accountability and Workers’ Rights, summarised as JOIN, unites six key organizations – CCC, ETI, FWF, SAI, FLA and WRC – in a single programme of collaborative work. Each of these organisation believe that codes of conduct can only make an effective and credible contribution if their implementation involves a broad range of stakeholders, including trade unions, governments, employers’ organisation and civil society (JOIN, website). Its collaborative programme aims to share the wide range of experiences and “best practices” with monitoring and verification models between these organisations, as well as to start a dialogue on how closer cooperation between these organisations can best be achieved. This could be done, for example, through the development of common tools. To begin with, the project will carry out a joint code monitoring and remediation project at a series of apparel factories in Turkey that supply both US and European companies. The project also involves trade unions, NGOs, industry and employers’ associations.

Shared databases

Another way to pursue greater transparency and cooperation between the different initiatives is the creation of shared databases. In 2004/2005 two business-initiated but not-for-profit data-systems emerged: SEDEX (supplier ethical data exchange) and FFC (Fair Factory Clearinghouse). Both initiatives seek to promote the mutual exchange of social audit information between their members and to reduce the number of duplicative social audits. Initiators are companies that have become aware that many companies are trying to implement comparable, yet slightly differing, compliance schemes. SEDEX is a British initiative for manufacturers and farmers to maintain data on labour standards at production sites and make it available to companies with which they are in a trading relationship. The founding members behind SEDEX are four large UK supermarkets (Marks & Spencer, Safeway Stores plc, Tesco, and Waitrose) and four food manufacturers (Geest, Uniq, RHM, and Northern Foods).

The Fair Factories Clearinghouse (FFC) -- was set up in North America and officially launched in early 2005. FFC is a collaborative effort by consumer brands, retailers, and trade associations to create a shared database of factory information and social compliance audit reports. It aims to ‘facilitate the improvement of workplace conditions by giving companies the tools they need to make cost-effective and well-informed sourcing decisions’ (FFC, 2005). The athletic footwear company, Reebok, played a key role by donating its software – known inside Reebok as the Human Rights Tracking System11 – to FFC to make it a standard for multiple users.

SEDEX and FFC both facilitate information exchange among multiple corporations and support the interoperability of data among different approaches (unilateral, sectoral, or multistakeholder). They aim to bring efficiency to monitoring of suppliers, to guide (ethical) sourcing decisions, and reduce the number of duplicative social audits. Members autonomously assess the information gathered in the database, and then, decide what kind of action, if any, will be undertaken with regard to its manufacturing partners. Both initiatives mediate between the desire of corporations to collaborate and share information (with the intention to reduce the financial and/or managerial burden of
duplicate social audits), and the desire to set their own standards or to join multistakeholder initiatives of their own choosing. In other words, by being infrastructural in nature, SEDEX and FFC consciously avoid the cost of political contestation associated with projects that seek to harmonize standards and/or monopolize the application of standards. This would appear to be the approach of the next two initiatives discussed in this paper.

**Business-led monitoring initiatives**

The Business Social Compliance Initiative (BSCI) was officially launched on 30 November 2004. It represents a coordinated effort on the side of the European retail industry to implement a harmonized code of conduct and improve working conditions in supplier countries on a voluntary basis. It has already attracted over 30 European retailers. Unlike SEDEX and FFC, this initiative sets out to harmonize standards and to standardize the way social audits are conducted.

In many aspects the BSCI is the European counterpart of the Worldwide Responsible Apparel Production (WRAP), a US organisation which describes itself as ‘an independent, non-profit corporation dedicated to the promotion and certification of lawful, human and ethical manufacturing throughout the world’ ([http://www.wrapapparel.org](http://www.wrapapparel.org)). WRAP was set up in 1998 to compete with multi-stakeholder initiatives like FLA, WRC and SA8000 and is sometimes described as the industry’s version of monitoring and verification (Jenkins, 2002: 24, O’Rourke, 2002,). The American Apparel Manufacturers Association (AAMA) was the driving force in coordinating the industry’s role in dealing with these issues. Companies like Kellwood, Sara Lee and Wal-Mart played a key role in the WRAP’s establishment. Although WRAP has gained little credibility with the corporate accountability movement, it has become the initiative of choice of manufacturers’ associations and their member manufacturing companies from major apparel producing countries. Eighteen such counterpart organisations of the AAFA have endorsed the WRAP principles and are said to participate in the WRAP Certification Program. WRAP claims that in 2005 over 700 international manufacturers with more than 1500 factories participated in the program. In total, 775 factories in over 85 countries have been certified (WRAP newsletter, January 2005).

Since the WRAP has been discussed elsewhere (MSN 2000, 2002, O’Rourke, 2002, Jenkins, 2002), I will particularly focus here on the BSCI, which can be viewed as its European counterpart. The driving force behind the BSCI is the Brussels-based Foreign Trade Association (FTA), which is the association for European commerce lobbying particularly on foreign trade issues. On their behalf, the FTA has always lobbied strongly ‘against any form of new protectionism, particularly if initiated by European textile manufacturers.’ The FTA also lobbied aggressively against the creation of binding rules on CSR. The trade association is particularly concerned that there will be a possible linkage between trade agreements and sustainable development, and that this will result in new barriers to trade liberalization. The FTA position on the European Commission Green paper promoting a European Framework for CSR states that the ‘broad spectrum of social issues connected with business can not be controlled by
legislation…Each company must be able to choose and define its own approach to corporate responsibility.\textsuperscript{14}

Probably in an attempt to take the wind out of the Commission’s sails, the FTA started efforts to ‘establish a common platform for the various different European codes of conduct and monitoring systems and to lay the groundwork for a common European monitoring system for social compliance.’\textsuperscript{15} At the same time, members of the FTA were approached in various countries, particularly in Germany and the Netherlands, with ideas about multi-stakeholder initiatives. In addition, some of its members were highlighted in anti-sweatshop campaigns. This further increased pressure on the FTA to launch its own initiative. By thus creating its own platform for code compliance, the BSCI could simultaneously resist pressure from above by the EU, and pressure from below by civil society groups.

The BSCI code of conduct covers the most important labour and human rights standards. In contrast to most company- or sector-dominated initiatives, the code explicitly names these conventions. Weighed against multistakeholder codes like those adopted by the FWF, SA8000, WRC and ETI, the BSCI code is only weaker with regard to living wage.

Also different from most business-initiated codes is that the BSCI actively promotes a uniform compliance/monitoring system. This first implies that the BSCI code becomes part of the contracts between members and their suppliers. Accordingly, the suppliers have to undergo a social audit based on the BSCI guidelines and conducted by auditing companies who can provide evidence of Social Accountability International (SAI) accreditation. The auditor assesses the social audit and indicates the corrective action that the supplier has to implement. The supplier can choose between complying with BSCI “Minimum Social Requirements” or “Best practice for Industry”, which is based on SAI standards. Information of these social audits will be recognized among BSCI members (BSCI, 2004).\textsuperscript{16}

The establishment of the BSCI can thus be seen as an all-out attempt by European retail business to harmonize the use of social audits in code implementation and monitoring. It sets into motion a coordinated effort on the side of industry and is potentially helpful in creating a more systematic approach towards labour abuses. Since BSCI applies to large European retailers, a number of products might become subject to labour standards monitoring that so far have been largely been ignored in code-related compliance initiatives, even though the initiative focuses initially on textiles, clothing, shoes and toys. Also encouraging is that the involvement of companies with a relatively strong (internal) approach to labour standards within the BSCI, like for example the Swiss company Migros, might pass on their experience to so-called ‘laggard’ companies in the industry.

Besides these more positive developments, the establishment of the BSCI has been worrying labour advocates for a number of reasons. Some criticism is related to the specific way in which the BSCI is set up; others are related to the dominant role social audits more generally occupy within code compliance models, which I earlier subsumed under the fourth area of political contestation.
First, the BSCI cannot be considered a true MSI as stakeholders are not equally represented throughout the system: at the design level, at the implementation (production) level and at all relevant decision-making (governance) levels. Since the independent nature of verification is determined by the degree of involvement of the workers concerned, their unions and labour-related NGOs (Wick, 2003: 83), the BSCI model can only be considered as a form of internal company monitoring still in need of verification.

Also criticized is the distinction made in BSCI’s social audit model between “Social Requirements” and “Best practice” (based on SA8000 or equivalent certification schemes). This is confusing and potentially misleading in relations to its scope. For example, while the BSCI Code includes all important provisions, it is up to individual members to decide if they subsequently want to demand compliance on all standards. In addition, the BSCI is criticized for a lack of transparency: While the BSCI provides information about who is involved in the system and the criteria on which BSCI is implemented, it neither (publicly) discloses information on factory locations, nor social audits. The results of the audit will be sent exclusively to the audited supplier and the BSCI member firm.

Most importantly, however, labour advocates worry that the BSCI will exclude or marginalize workers and their organisations in the systems designed to ensure code compliance. Here we return to our fourth point of political contestation discussed above: namely the need for a workers’ centred approach to addressing working conditions. Labour advocates have criticized systems that rely heavily on commercial audit firms because they doubt whether these systems will (a) promote workers’ empowerment; (b) accurately assess labour conditions; and, (c) encourage improvements in working conditions. Each of these three points of criticism applies to the BSCI model as well as to the WRAP, and a lesser extent to multi-stakeholder initiatives like SA8000 or FLA.

(a) Worker’s empowerment

Even within multi-stakeholder initiatives workers are generally ‘peripheral to processes meant to ensure their rights’ (Zeldenrust, personal conversation). As a result, workers in the effected factories have often no idea that these codes even exist or they are not trained in how to properly utilise them. Labour advocates therefore worry that too much focus on social audits distracts attention from other activities that labour rights advocates believe to be crucial to ensure code implementation. This includes complaints mechanisms, worker training and education, and changes in purchasing practices (ibid.). Complaints mechanisms, for example, could provide workers, trade unions and NGOs with tools to detect, publicize, prosecute and otherwise deal with breaches of labour standards, instead of waiting until a social audit takes place. In fact, one MSI -- the Worker Rights Consortium – operates essentially as a complaints-based system that starts to function when workers, or organisations representing workers, ‘pull the fire alarm’ (O’Rourke, 2004: 31). In the BSCI model, the Advisory Council is dedicated to the task of dealing with complaints arising. Even if the BSCI succeeds in finding organisations willing to participate, it is difficult to imagine how an Advisory Council that meets twice a year can
efficiently and effectively handle (urgent) complaints, they are not equipped to do so (ibid).

(b) Quality of social audits
The second criticism questions the quality of social audits. Most compliance approaches rely heavily on coordination service firms like SGS, Intertek or PriceWaterhouseCoopers for performing social audits. The overall quality delivered by these companies as well as their methodology in checking working conditions has been disputed (Auret and Barrientos, 2004, O’Rourke, 2002, Yantz, 2002). Labour advocates argue that social audits might uncover violations of code requirements that are quantitatively measurable (such as wages, hours, or certain health and safety requirements), but they are particularly weak in revealing more rights-based issues, such as freedom of association or non-discrimination and non-harassment. For example, while a document review at a factory site might reveal information about wages and working hours, it is unlikely to be effective in discovering anti-union discrimination (see Hunter and Urminsky, no date). Neil Kearney of the ITGLWF complains that ‘the quality of audits is appalling […] there is little understanding of freedom of association or collective bargaining’ (quoted in MSN, 2004: 17). More remarkable, probably, is that this conclusion is shared by a number of companies. For example, apparel company Gap acknowledges that violations of rights-based issues, such as freedom of association and discrimination, are difficult to uncover (MSN, July 2004). Others have pointed out that the companies which perform audits are heavily influenced by business interests and therefore ‘hesitate to present truly damaging information, based on a desire to maintain good business relations and to receive future work from the client’ (Manic, 2003: 54). Also, fake bookkeeping or the use of model factories by subcontractors are often difficult to detect. It is further argued that these auditors are often associated with factory management and, therefore, do not have the trust of workers during interviews. Sometimes, these interviews are held inside the factory and managers know exactly who is being interviewed, for how long and on what issues (O’Rourke, 2003). Another concern is that these global corporations have little or no knowledge about local circumstances and therefore lack the capacity to establish meaningful contacts with local trade unions and NGOs (Utting, 2004). This is why the Fair Wear Foundation decided not to work with commercial auditors but instead to train their own audit teams, in which local stakeholders near factory sites play an important role.

(c) Remediation
The third criticism points out that violations which are discovered are often not remedied. Attempts to address the underlying issues which cause these violations – such as the impact of pressure to meet order deadlines on hours of work, and overtime practices – often do not exist. As a result, the root causes of persistent violations remain. According to FLA President and CEO Auret van Heerden, social audits only give an indication of whether or not a factory is in conformity with code provisions. It won’t tell you the underlying reasons for non-compliance. The same issues reappear audit after audit, without much real change’ (personal conversation, October 2004).

Conclusion
The internationalisation of productive capital has been integral to the strategic disruption of national economies, and the power of labour in that context. It has increased the discipline of capital, and led to a deterioration in labour conditions on worldwide scale. Yet, however minimal the results so far, the process of socialisation of labour that accompanies all capitalist development, has created new spaces for emancipatory regulation. In this light, we may understand why in response to the corporate accountability movement of the 1990s, voluntary codes of conduct appeared. The ‘connection between the individual and all’, which at first appears as an ‘objective’ relation mediated by the market, and enforced by management, in this, still elementary political form, suggests that there is global space for democratic regulation. This promotes the self-consciousness of the collective worker, turning objective connections into ‘subjective’ social relations, which permit all kinds of political negotiation.

If socialisation of labour is understood as an objective process, which develops in conjunction with commodification, one can point to numerous processes by which it actually does demarcate space for forms of negotiation, governance, regulation, and, potentially, democratization – even if the profit-maximizing logic still dominates, or at least co-exists, as an ex post coordination mechanism. This paper has identified four phases of political contestation. Each phase demarcates a terrain of struggle which is absorbed into a broader field in the subsequent phase - one might call this the ratcheting-up of the regulatory objective. Even though corporations are in control, the capability for transcending formal ownership relations has increased. A prime example of this is the creation of global databases of social audit information on working conditions in factories. Naturally, however, the corporate accountability movement do not see these developments in the same light as private business. The latter is extremely reluctant to cede any more management control of production to outside influences. The Economist recently claimed that unless the onward march of CSR is restrained, ‘bones may indeed begin to snap and CSR may encroach on corporate decision-making in ways that seriously reduce welfare’ (January 20th, 2005). On the other hand, the CSR movement welcomes what progress has been made, but maintains that it is far from sufficient and continues to fight for more. The days of national workers’ power may be past in many respects, but the globalised product chains of contemporary capitalism should be understood as offering new chances for progressive regulation.

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Appendix 1. Five Multistakeholder Initiatives

**Ethical Trading Initiative (ETI)**
- an alliance of companies, non-governmental organisations (NGOs) and trade union organisations
- working together to identify and promote good practice in the implementation of codes of labour practice
- member companies are committed to ensuring that the ETI Code is implemented in their supply chains, and to measuring and reporting to ETI on progress in doing so
- implements a range of experimental projects and commissions research
- promotes and shares good practice through seminars, publications, the ETI website, international conferences, an on-line workbook and training programmes. Website: [www.ethicaltrade.org](http://www.ethicaltrade.org)

**Fair Labor Association (FLA)**
- a non-profit organization that combines the efforts of industry, non-governmental organisations (NGOs), colleges, and universities
- promotes adherence to international labour standards and improved working conditions worldwide
- accredits, selects, and hires monitors to conduct unannounced independent external monitoring visits in factories around the world
- publishes on the FLA website annual overviews of company compliance efforts, as well as reports on factory monitoring findings and company remediation efforts
- explores ways to systematically address endemic workplace problems through special projects and pilot studies. Website: [www.fairlabor.org](http://www.fairlabor.org)

**Fair Wear Foundation (FWF)**
- An initiative of business associations in the garment sector, trade unions, and non-governmental organisations
- aims to promote humane labour conditions in the worldwide garment industry
- developed a code of conduct for garment companies
- member companies adopt the code and commit to implementing it
- verifies that standards are being met. Website: [www.fairwear.nl](http://www.fairwear.nl)

**Social Accountability International (SAI)**
- Dedicated to the multi-stakeholder development, implementation and oversight of voluntary verifiable social accountability standards
- works to improve workplaces through the implementation of the international workplace standard, SA8000, the associated Guidance and verification system, and training of managers, auditors and workers
- committed to ensuring that standards and the systems for verifying compliance
with standards are reputable and publicly accessible through:
  o Convening key stakeholders to develop consensus-based voluntary standards
  o Accrediting qualified organizations to verify compliance
  o Promoting understanding and encourages implementation of such standards worldwide Website: www.cepaa.org

Worker Rights Consortium (WRC)

- non-profit organization created by college and university administrations, students and labor rights experts
- more 114 colleges and universities affiliated
- dedicated to the development, implementation and oversight of voluntary verifiable social accountability standards
- assists in the enforcement of manufacturing Codes of Conduct adopted by colleges and universities to ensure factories producing goods bearing their names respect the basic rights of workers. Website: www.workersrights.org

Source: Joint Initiative on Corporate Accountability and Workers' Rights, http://www.join.org/

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1 Codes of conduct can be defined as 'commitments voluntarily made by companies, association or other entities which put forth standards and principles for the conduct of business activities in the marketplace (Wick, 2003).

2 For example, it has been reported that in the toy industry Asian manufacturers complain that their profit margins have decreased because Western brand-named companies press them to improve labour conditions but do not want to share the cost in raising labour standards (Anita Chan cited in The Irish Times, December 2002, “The Hidden Downside of Santa’s Little Helpers”).

3 Integration of ethical standards means that corporate management systems have a double aim: to ensure that the labour standards in a the code are implemented and monitored, but also to ensure that business is conduct in such a way that suppliers can meet the standards they are supposed to uphold. The second part concerns for example the sharing of costs associated with the implementation of ethical standards. (CCC, Newsletter 14, July 2001).

4 Some people argue that prefacing verification with the word independent is repetitive, as verification already implies independence (Ascoly and Zeldenrust, 2003)

5 A survey carried out in 2000-2001 to gather feedback on CCC activities generated responses from Southern partners that indicated that pressuring companies to enforce the labour standards outlined in their codes can be useful, but there was widespread skepticism (from Northern, Southern and Eastern NGO partners) about their usefulness in actually improving working conditions.
US federal government officials have put pressure on the various US initiatives (SA8000, WRAP, WRC, FLA) to find ways of integrating, or at least mutually recognizing, their respective systems of code compliance verification. (Codes Memo: Number 10, Maquila Solidarity Network, April 2002)

It is sometimes argued that the problems caused by multiple audits are overstated by manufacturers. Instead, multiple audits might maximize pressure and, thus, lead to better total monitoring (World Bank, 2003: 19). Others, as discussed earlier, raise more fundamental questions about the way social audits take place.

The FTA represents national trade associations, both retail and wholesale trade, as well as about many individual companies, including Carrefour, Metro, Casino, KardstadtQuelle, Migros, and C&A. These companies belong to Europe’s major multi-product retailers.


Foreign Trade Association, December 21, 2001
