

Ethical Consumption, Global Value Chains, and Knowledgeable Spaces of Responsible Governance

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Aims of Paper

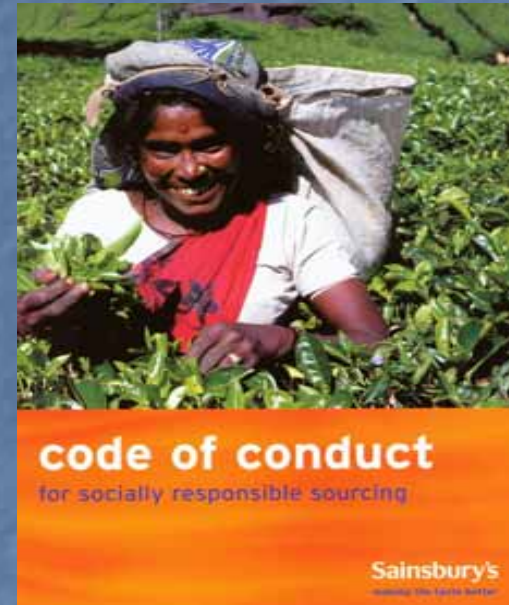
- Theoretically-pitched consideration of role of the role of consumption in shaping GVC governance
- Focus on ethical consumption and responsibility
- Specific objectives:
 - Address practices of knowledge translation through which ethics are 'worked up' into GVC co-ordination
 - Embeddedness of ethical GVC co-ordination in spaces of retail and consumption (UK-US comparison)
- Usefulness of 'knowledgeable capitalism' and 'embeddedness' concepts

Outline

- Global value chain frameworks: questions of governance and the acknowledgement of consumption
- Ethical consumption, corporate responsibility and ethical standards: implications for GVC governance
- Ethical consumption, knowledgeable capitalism and the embeddedness of responsible governance: the case of labour standards
 - **Knowledgeable capitalism and the 'working up' of ethics in GVC co-ordination**
 - **Embeddedness of ethical value chain co-ordination in spaces of retail and consumption**

Overview of Research

- (1) British Academy research on 'learning to trade ethically' (2003)
- (2) 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 (96 interviews)



GVC frameworks: questions of governance and the acknowledgement of consumption

- GVC framework
 - Governance structures, transactions costs economics, 'ordering' of network complexity, conventions theory
- GPN framework
 - Network metaphor, social processes, power, value and embeddedness
- 'Commodity cultures' approaches
 - Non-linear circuit, knowledge flow, cultural politics of knowledge circulation

Ethical consumption, corporate responsibility and the rise of ethical standards: implications for GVC governance

- Ethics of ordinary consumption and ethical consumerism ('relational ethics')
- Figure of consumer in field of politics in advanced liberal context
- Ethics of care
- Role of intermediaries
- Role of media
- Ethically-charged knowledge flow

Ethical consumption, corporate responsibility and the rise of ethical standards: implications for GVC governance

- Corporate responsibility/corporate citizenship
- Global standards (including ethical codes)
- Codes, standards and 'modular' mode of governance
- Influence of ethical codes on GVC governance
- Case of labour standards ...

Knowledgeable capitalism and the 'working up' of ethics in GVC co-ordination

- Role of knowledge-based and learning practices
- Challenges of ethical trade
- Ethical learning economy (learning spaces)
- Communities of practice/'constellations of interconnected practices'
- Circulation of ethical knowledge (codified and tacit)



Knowledgeable capitalism and the 'working up' of ethics in GVC co-ordination

- Ethical trading conferences as 'temporary clusters'
- Ethical consultants and corporate training (from risk assessment to awareness-raising)
- 'Social production of new knowledge' (Faulconbridge) & knowledge translation



The embeddedness of ethical value chain co-ordination in spaces of retail and consumption

- Varieties of capitalism and variation in GVC governance
- GPN framework: societal, territorial and network embeddedness
- Global labour standards strategies and societal embeddedness
- UK-US comparison of ethical trading strategy (role of multi-stakeholder organizations)

“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”

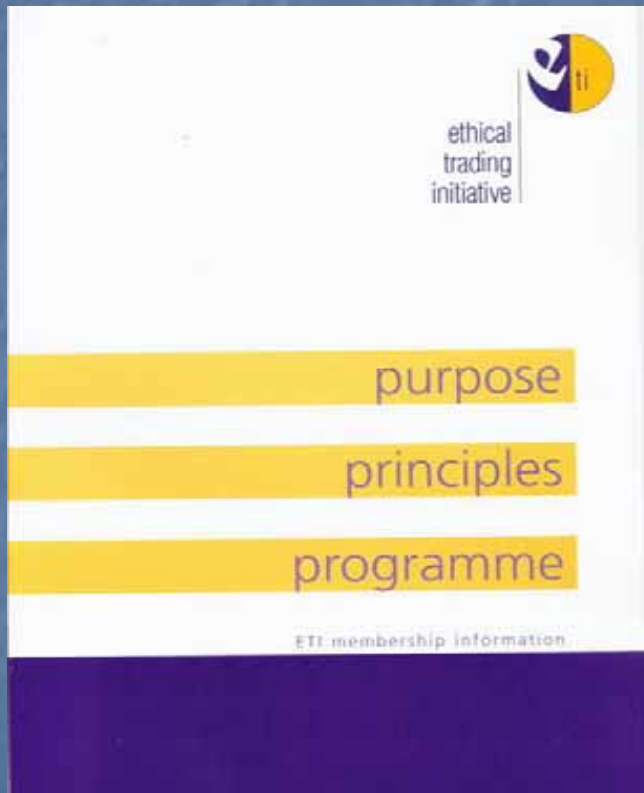
(Christopherson and Lillie, 2005, page 1920)

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



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

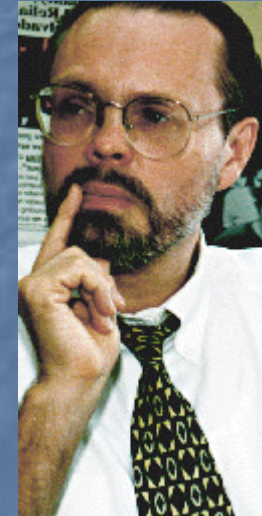
Approaching ethical trade: the UK's ETI as a learning organisation with a 'developmental' approach

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



Campaigning and the emergence of multi-stakeholder organizations: 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) [code]
- 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)
- 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).

““The concept of transparency is at the very heart of what we do; whether we do a good job of it is another question. Remember, we’re part company and part civil society and there are a lot of compromises made and I don’t mean, as in compromising yourself, I mean as in, you know, we’ll get half of what we want and you get half of what you want. There was huge resistance to any sort of transparency and at least one large company left FLA because of it. The level of transparency we created though is a compromise, but we think that the important thing is there”. (Interview with the Executive Director of the FLA, 08/03/06).

UK-US comparison ...

- Development of different multi-stakeholder organizations
- Sectoral contrasts
- Different forms of ethical knowledge flow
- Contrasting approaches to labour standards
- Societal and territorial embeddedness (relevant for understanding influence of retail and consumption)

Clarke et al (2007 246) suggest that ethical consumption is produced through specific actions and practices of key agents and is linked to:

“ ... the strategic choices made by organisations and activist groups to mobilise ‘the consumer’ in particular ways, faced with various opportunity structures and the availability of different bundles of resources”.

Conclusion

- Influence of consumption worthy of more explicit attention
- Knowledgeable capitalism and embeddedness
- Situated analysis
- Multiple practices and performances of ethics in markets (Smith)