Powerful participants and sidelined stakeholders: exploring Private Standards Initiatives in a global value chain

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1. Private standards initiatives as a form of collaborative governance
2. Conceptual framework
3. Case study of a Kenyan PSI
4. Governance structures and processes in PSIs
5. Conclusions
Private standards initiatives (PSIs)

- Organisations, networks & individuals who develop, monitor and promote new standards (on labour rights/ good agricultural practice)
- Focus on PSIs in global south
- Early enthusiasm
- Localisation
- market access
- space for participation
- multi-stakeholder

'Safe space to address common problems'; promote 'social dialogue' (Brown 2005)

Concerns

Overshadow or conflict with government regulation of business & undermine existing institutions (Utting 2005)

They ‘reorganize aspects of the market to better suit its needs’ (Busch & Bain 2004)

Prevent other regulatory approaches being developed

Benefits conditional on effective representation of relevant stakeholders, periodic reviews of standards, and effective monitoring systems (Courville 2003)

Observers

Africa Now
NGOs
UNDP
UK Department for International Development

Royal Netherlands Embassy Rep
Ministry of Agriculture, Horticulture Division rep
Ministry of Labour rep
Ministry of Trade rep

HEBI Board:
Exporters
NGOs
Trade Union

ETI delegation
Civil society campaign

What HEBI offered
Social Base Code
Training on auditing
Coordination of social ethics annual stakeholder workshop
First and Second Party Auditor Service

HEBI: short-lived collaboration

2002/3

"to encourage the development and use of locally developed schemes, as sustainable and credible monitoring systems. For example, the South African Wine Industry Ethical Trade Association scheme and the development of the Horticulture Ethical Business Initiative scheme in Kenya" (Sainsbury Ethical Trade reports, 2002 and 2003)

"striving to develop an all-encompassing Code of Conduct that will be acceptable to all stakeholders. World Flowers has actively participated in the HEBI discussions and meetings and two supplier farms were audited during the pilot trials" (World Flowers website)

2007

"It's absolutely dead in the water...HEBI is out of money and out of ideas...There is no multi-stakeholder forum in Kenya...You're back to KFC being the only game in town..." (Interview, UK private sector)
Governance implications of PSIs

Formal governance
- Legislative: who sets the rules and how
- Judicial: how conformity is assessed
- Executive: how compliance is promoted

Governance processes

How spaces are created, where and the power relations within them.....


Legislative governance and HEBI: participants
- Aim to have multi-stakeholder initiative in ETI mould
- Unions not participated
- Individuals rather than organisations
- Side-lining of civil society
- Donors as observers and as funders

Judicial governance
- Aim to institutionalise Participatory Social Auditing
  “helps in getting the truth...Participatory social auditing – you get things you don't get with conventional approaches”
- Parts of HEBI standard used by auditors (Africa Now, KFC) but not the process methodology

Executive governance
- Aim to promote the use of locally appropriate standard and be the focal point for stakeholder engagement regarding national labour standards
- Strategic plan not agreed
- Resources dwindled
- Meetings badly planned
Governance & HEBI

Some non-chain actors have a role in Legislative and Judicial governance
- NGOs & ‘experts’
- Donor support to the initiatives
- Some voices continue to be excluded: smallholders and workers

Whilst the disputes between civil society and private sector and non-participation of trade unions affect Executive governance, the power of buyers and exporters affects the scope of activity
- Visible value chain power
- Hidden agenda setting
- Invisible power shaping acceptable solutions

Opening and closing space

Visible & hidden power of retailers (and donors’) in creating the space and inviting participants

“We got the people round the table, decided that the issues should be solved in Kenya. .......Because they didn’t get the right structure, perhaps it was always doomed; [but for the larger retailers], HEBI could not offer the capacity to audit. ....HEBI [had to learn to ] fly quite quickly....[but as it took time] companies have had to use alternatives.” (interview UK private sector)

Visible power of Kenyan exporters
- Standard content not methodology
- Identifying new solutions (KFC and Fairtrade service oriented NGOs)

Hidden power of Kenyan exporters
- Board meetings irregular/short notice
- Mis-communication

Invisible power
- Standards & audit as only mechanism

Contrasting visions of local PSIs for labour rights
Future trajectories

• Retailers want compliance but FAST
  • No time for PSA and developing relationships between stakeholders
  • Some evolution of business-led standards
    • changes in KFC
  • Global versus local solutions

GSCP: Global Social Compliance Programme

Some keen to have ‘local resources’ but on their terms and for special cases

Conclusion

• Local PSIs are, perhaps inevitably, highly influenced by upstream actors, but not only buyers
• Spaces for dialogue opened when external pressure mounts
• Invited spaces gradually closed down
• Need to recognise visible, hidden and invisible power processes in context of the ethical space
• But PSIs often regarded as a technical instrument
• Standards initiatives are policy spaces which are dynamic and have their own history & process of negotiation between competing visions and interests

Sources

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