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INFORMATION, ICTs AND ETHICAL TRADE: IMPLICATIONS FOR SELF-REGULATION

Richard Duncombe
and
Richard Heeks
University of Manchester

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Further details: Fiona Wilson, Centre Secretary
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Institute for Development Policy and Management, University of Manchester,
Crawford House, Precinct Centre, Oxford Road, Manchester M13 9GH, UK
Tel: +44-161 275 2798 Fax: +44-161 275 0808
Email: crc@man.ac.uk Web: http://idpm.man.ac.uk/crc/

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Abstract

Increasing numbers of ethical trade initiatives are being launched, reflecting concerns about the limited benefits that globalisation brings to producers in developing countries. Ethical trade is an information-intensive activity yet little is known about the role of information systems in supporting this activity. Ethical trade – with its voluntary codes and consumer campaigns – also represents a new approach to interaction between market actors. This form of self-regulation is seen as an alternative to state regulation and sanctions, and more appropriate to a liberalised international economy. This paper provides a summary of the literature concerning ethical trade, self-regulation and the role of information. It presents models and issues in relation to both ethical trade information systems and information and communication technologies. Findings about information systems and ethical trade also advance our understanding of self-regulation.

INTRODUCTION

Ethical trade is increasingly moving into the mainstream of development activities, through programmes such as the UK's Ethical Trading Initiative (ETI, 2000). Ethical trade is seeking to encourage voluntary codes of conduct amongst large producers with subsidiaries or suppliers in developing countries. The codes of conduct and related standards are intended to benefit workers' rights and human rights, and help to meet other social and environmental development goals.

Ethical trade is a form of market intervention practised through self-regulation. Self-regulation is an alternative to the more traditional forms of regulation, such as binding national or international agreements. It allows stakeholders – including government, the private sector, and advocates of ethical trade – to work together in order to set voluntary standards governing developing country workplaces, and communities, involved in the global supply chain. It also provides collective representation for the values and choices of consumer groups, whilst enabling the power of individual customers to be exerted in the marketplace.

Self-regulation has been presented by business as a means for consumers to find better traders who subscribe to codes of practice. It is increasingly being promoted as an alternative to

state regulation, although it is widely recognised that self-regulation should form part of a hierarchy of regulatory frameworks and objectives, the appropriateness of which will depend upon the level of risk associated with a range of possible outcomes (Cabinet Office, 2000). The approach of the literature analysis presented in this paper is, therefore, not to regard self-regulation as an alternative to state regulation, but rather as a complementary activity.

This study contends that the processing and transmission of information is critical to self-regulation generally, and to ethical trade in particular. Data collection forms the basis of independent monitoring and new forms of social auditing. Accordingly, information must be processed and made available to stakeholders and, critically, disseminated and publicised in order to inform consumer choices.

The forces of globalisation dictate that such information handling is increasingly dependent on the implementation of information and communication technology-based (ICT-based) systems. Modern corporations, themselves, are increasingly dependent on ICT-based systems to control the supply of goods and services, allowing them to establish complex global sub-contracting relationships integrated with production and distribution (supply) chains. New technologies and new media have also become powerful tools for promoting global brands. Alongside the growth in corporate use of new technologies there has also been a rapid expansion in global networks of organisations seeking to highlight issues of workers' rights and employment conditions associated with north-south trade. Ethical trade advocates act as intermediaries and use such networks to build and maintain ethical trade campaigns.

Yet very little is known about the role of information, information systems or of ICTs in the functioning of ethical trade. This paper addresses this issue; aiming to provide the first overview of information systems within ethical trade. Based on a review of current ethical trade cases and literature, it will examine the way in which information flows support the self-regulatory processes of ethical trade; and will also examine the potential benefits and issues that arise with increasing visibility of information systems and increasing use of ICTs in ethical trade.

The paper is organised into seven sections including the introduction. Section 2 outlines the background to ethical trade providing a categorisation of ethical trade initiatives. Section 3 suggests an approach to understanding ethical trade based on its role both as a vehicle for

advocacy and for mediating market relationships between producers and consumers. Section 4 expands upon this approach by considering ethical trade as a system of market-based self-regulation, gauging the appropriateness of self-regulation to ethical trade, as well as the benefits and limitations associated with recent ethical trade initiatives. Sections 2-4, therefore, provide an analysis of ethical trade within a framework of self-regulation. This forms a backdrop for Section 5 which suggests a central role for information generally and for management information systems (MIS) specifically in ethical trade. Following this, Section 6 takes a preliminary view of a potential role for information and communication technologies, and Section 7 provides the summary and conclusion to the literature review providing a link to the 2002/2003 research plan contained in Appendix 2.

It is hoped that the outputs of this research will provide a better understanding of information systems, ethical trade and self-regulation – not merely as an academic exercise of knowledge-building – but also through the practical goals outlined in the research plan. This paper demonstrates that management information systems are integral to the workings of ethical trade. Poor MIS design will therefore hamper the achievement of ethical trade goals which, in turn, will have a negative impact on the development goals with which ethical trade is associated. In addition, if successful, the use of ICTs in ethical trade systems will represent a clear contribution of new technologies to development.

ETHICAL TRADE: BACKGROUND

There is continuing political debate concerning whether or not social clauses should be included in international trade agreements. On the one hand there are those who wish to create a mechanism whereby agreed international labour standards can be regulated within a liberalising international trade environment[1]. In this case, violations of agreed standards would be grounds for invoking trade sanctions. On the other hand there are those – within the business sector, amongst the major donors and developing country governments – who largely reject such legally binding enforceable frameworks.

There are particularly strong objections from developing countries emphasising the counterproductive effects of possible sanctions, and the negative impact of non-tariff barriers to trade (Lee, 1997). It is suggested that enforceable standards would have the effect of removing the comparative advantage that developing countries are able to derive from their absence (Tallontire and Blowfield, 1999). Universally applied standards are often construed

by developing countries as thinly-veiled protectionist measures designed to favour producers in developed countries whose existing cost base already reflects adherence to basic standards – thereby further constraining access to global markets for the poorest countries[2]. It is also unlikely that poor countries would have the resources, as well as the legal and institutional instruments, to effectively settle trade disputes involving social issues (UNDP, 2000). The debate has yet to be resolved, but given the strength of the economic and political arguments against imposing core labour standards through trade policy there seems little prospect – at least in the foreseeable future – of effectively linking social criteria to trade rules (Maskus,1997).

In the absence of comprehensive statutory and enforceable agreements at the inter-governmental level, regulatory frameworks governing the social dimension of international trade have developed in an ad-hoc manner. What has become known as 'ethical trade' has arisen primarily due to voluntary initiatives rather than government decree.

> "Private approaches to social regulation try to work through the market mechanism by providing companies with a financial incentive to improve working and environmental conditions in developing countries. The assumption is that if demand and consumption patterns can be changed in favour of goods produced or sourced in a socially responsible way, the market place will induce manufacturers to provide what consumers want. The actual impact of private regulation initiatives (such as labelling schemes) on the market depends thus on the general level of issue awareness among consumers and investors, and their willingness to make respect for human rights, labour standards and environmental protection relevant criteria in their purchasing decisions." (FitzGerald, 2001, pp13-14)

Ethical trade constitutes an informal regulatory system. Historically, companies have adopted corporate codes of conduct unilaterally, largely specific to individual sectors, and with a wide degree of variation in codes between firms and sectors (Seyfang, 1999; Ferguson, 1998). More recently, ethical trade initiatives have become formalised and integrated into a range of programmes managed under the auspices of national governments, international organisations and non-governmental organisations (NGOs). A range of *alternatives to state regulation* has thus arisen based on the principle of *self-regulation*.

They can be categorised as follows:

Enterprise Initiatives. Predominantly sector specific initiatives overseen by trade associations. They seek to tighten the accountability of large corporations, and promote the use of codes of conduct and social and environmental accounting – encouraging greater corporate responsibility. They also endeavour to bring external pressure to bear on inward investors by seeking to influence developing country government policy to such investment[3].

Consumer Initiatives. They seek to influence the actions of industrialised country consumers either through direct campaigning or indirect means such as social and environmental labelling at point of sale. They include consumer action, awareness campaigns and boycotting. They seek to create market incentives for producers and suppliers to unilaterally raise labour, human rights and environmental standards in developing country workplaces[4].

Trade Initiatives. Ethical trade can also encompass fair trade. Fair trade is primarily concerned with encouraging increased participation of developing country producers in global trade, by providing market (export) opportunities and direct assistance for small-scale producer groups that would otherwise find it difficult to participate in international trade (Thompson, 1999). Trade initiatives have endeavoured to ensure that developing country producers receive fair recompense and are provided with benefits and sustainable employment. Fair trade initiatives have attempted to go a step further than ethical trade, not only seeking to improve workers' conditions, but also to ensure that production has a positive knock-on effect outside the place of work – within the wider community[5].

Multi-Stakeholder Initiatives. These are increasingly managed under the auspices of international organisations or national governments. These include the Ethical Trading Initiative (ETI) in the UK. The ETI represents a benchmark in the development of ethical trade in the UK, bringing together a wide range of stakeholders with the support of the UK Department for International Development (DFID). The ETI seeks to consolidate disparate codes, auditing and verification procedures – within an agreed framework of common standards[6].

Inter-Governmental Initiatives. Programmes seeking to gain the co-operation and involvement of developing country governments and employers to improve workers' rights

and to implement basic standards. They tend to be co-ordinated under the direction of international organisations, often focusing on specific areas of concern, an example being the International Programme for the Elimination of Child Labour (IPEC) managed via the ILO[7].

Blowfield (1999) emphasises that ethical trade encompasses the shared goals and approaches of a wide range of disparate organisations and initiatives around which private, public and campaigning interests have coalesced. Although the categorisation of initiatives used in this paper simplifies the complexity of ethical trade, it serves to distinguish between action taken in areas of 'production', 'consumption' and 'trade'. It also emphasises how ethical trade initiatives operate at 'differing levels', seeking action and change within international and national forums, within specific sectors and enterprises, as well as amongst individual consumers and purchaser groups in the north, and amongst workers and their representatives in the south. It is also the case that most ethical trade projects and programmes include a range of initiatives. For example, sector-based projects will typically involve both enterprise initiatives (e.g., codes of conduct) and consumer-based initiatives (e.g., labelling schemes) and are increasingly organised within multi-stakeholder frameworks. In recent years, all ethical trade initiatives have widened their scope – increasingly taking on a greater advocacy role – particularly at the multi-stakeholder and inter-governmental level.

The following section will seek to describe the differing approaches to ethical trade according to their widening scope and changing role for market intervention and advocacy.

DIFFERENT APPROACHES TO ETHICAL TRADE

The primary objective of ethical trade is to provide a vehicle for promoting internationally recognised labour standards and fundamental human rights in developing country workplaces[8]. Stated objectives typically include the reduction and eventual elimination of child labour and forced labour in the workplace, the promotion of non-discrimination, adherence to recognised health and safety standards, and the recognition of trade unions and trade union rights (ETI, 2002). At all levels, ethical trade initiatives seek to advocate the basic goals of ethical trade. However, as already indicated, there are different approaches to achieving these goals.

Ethical Trade Advocacy

Advocacy-based approaches seek to pressurise, persuade, educate and mobilise key decision makers and those with power to influence key decision makers (Cohen et al, 2001). In the context of ethical trade, key decision makers will be largely political decision makers in northern and southern governments, whilst those with power to influence will be predominantly found within the boardrooms of large corporations.

Fundamentally, advocacy-based approaches seek to push issues of ethical trade into the mainstream of trade negotiations and international agreements, whilst also encouraging agencies involved in trade regulation to adopt particular approaches and techniques (Zadek et al, 2000). In this context, self-regulatory codes of conduct can be viewed as a necessary stepping stone to more formalised and enforceable regulatory frameworks based on national – and ultimately international – agreements between governments, private sector organisations, workers' representatives and other stakeholders[9]. In the current climate of liberalisation, outcomes are more likely to appear in the form of national advisory codes, or governmental advocacy rather than policies of regulation (Mayne and Lequesne, 1999). However, the use of such mechanisms has also come in for much criticism – as previously mentioned.

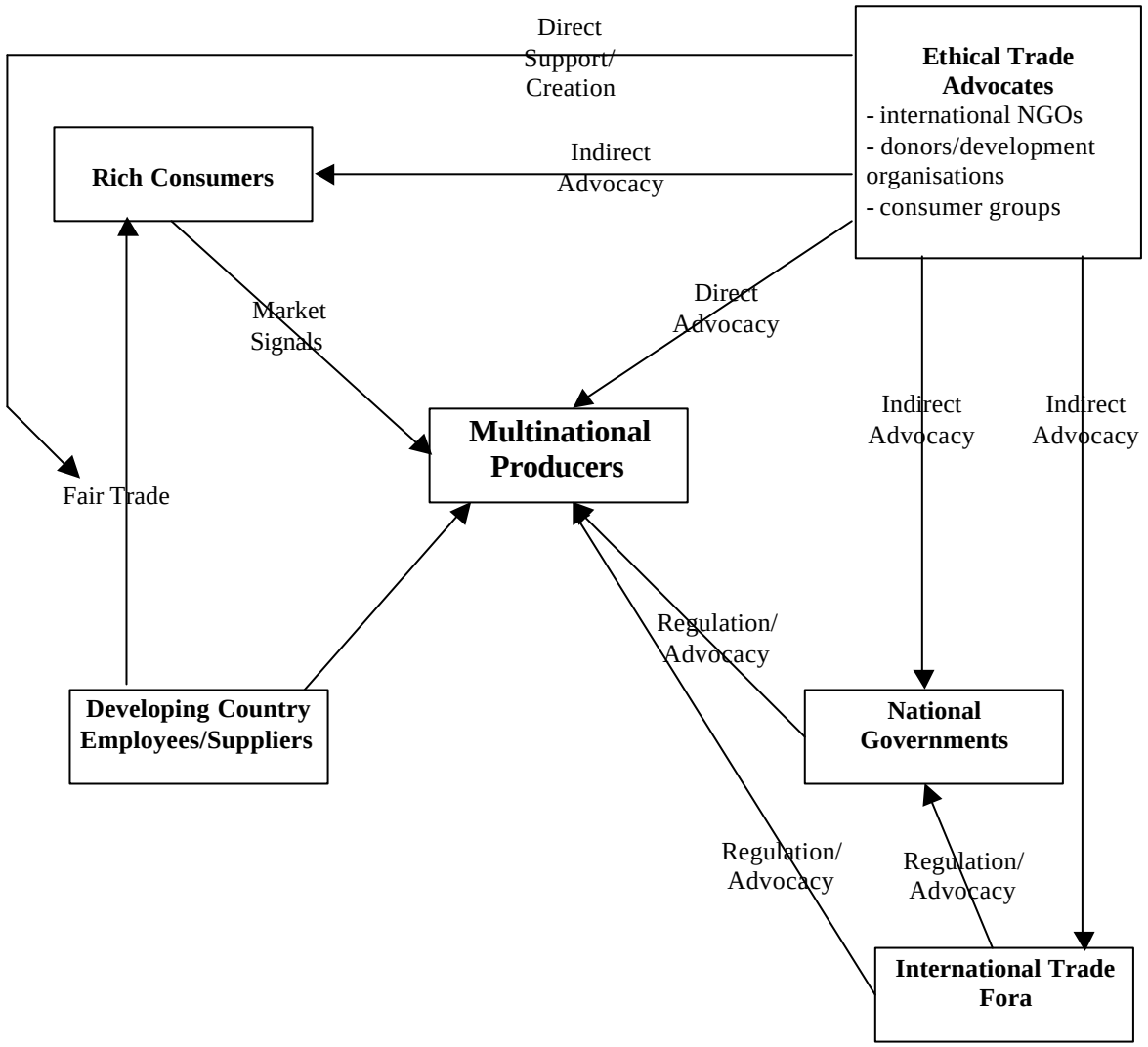
We can summarise the approaches made by ethical trade advocates in the following way:

- ***Direct advocacy***: international NGOs, donors and other ethical trade advocates are exerting pressure on multinationals for improvement of socio-economic standards. This is done through encouraging internal company codes of conduct or greater corporate responsibility or improved methods of social and environmental accounting.
- ***Indirect advocacy via consumers***: influence on rich consumers has come either through direct campaigning or indirect means such as social and environmental labelling at point of sale. By affecting the purchasing decisions of consumers this will create market pressures on producers.
- ***Indirect advocacy via national governments***: ethical trade advocates seeking to influence national governments, particularly in developing countries. Their aim is to alter a variety of national policies, including those related to multinationals and foreign investment, as well as those related to the aforementioned labour, human rights and environmental standards.
- ***Indirect advocacy via international trade forums***: advocates (such as the ILO) are seeking to push issues of ethical trade into the mainstream of trade negotiations and

agreements. For example, to include social clauses or binding codes of conduct into multi- or bi-lateral trade agreements, with associated sanctions for those who break the codes

Ethical trade advocacy increasingly involves multi-stakeholder groups – such as through the ETI framework. It becomes necessary, therefore, to adopt a stakeholder perspective and understand some of the pressures and influences on stakeholders. A simplified summary of the potential stakeholders and pressures involved is presented in Figure 1. It must be recognised, however, that the reality is more complex than indicated. For example, governments can be both targets for and organisers of ethical trade actions. A more detailed description of stakeholders is contained in Appendix 1, identifying the key stakeholders involved and defining their roles, power and interests.

Figure 1: Stakeholders and Activities in Ethical Trade Initiatives

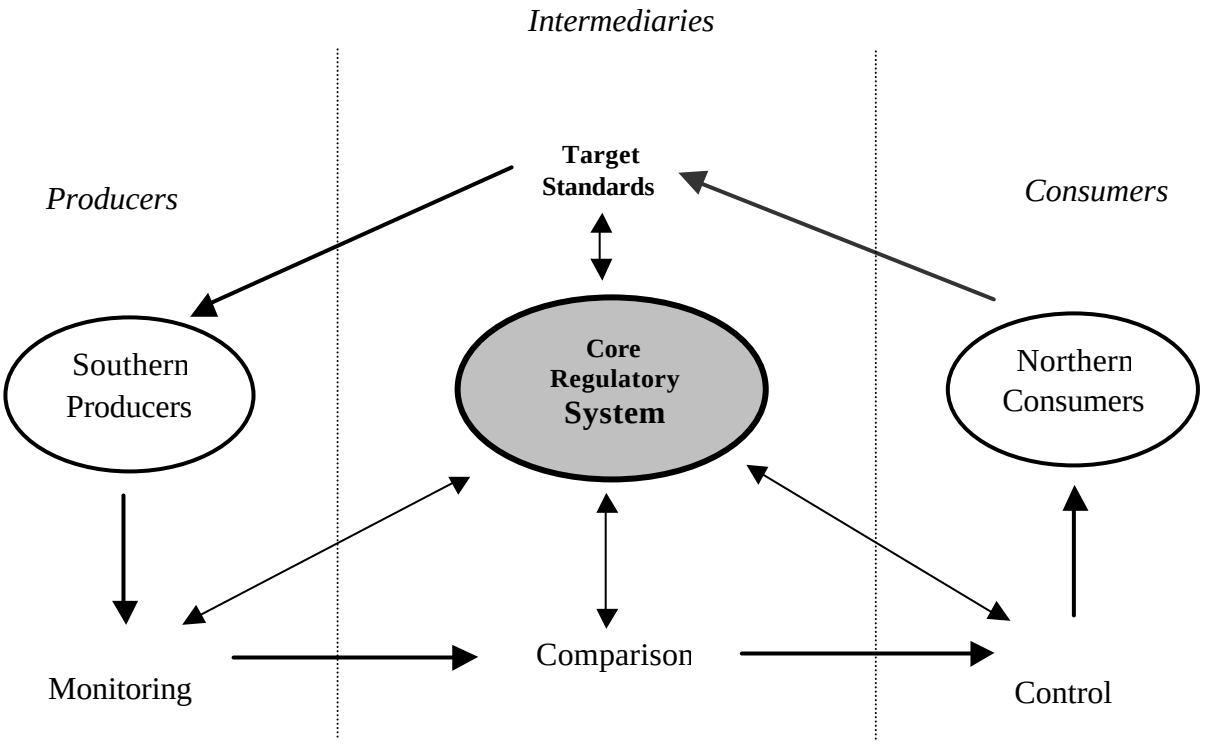


It is possible, therefore, to view ethical trade as an advocacy-based activity – whether seeking to influence producers, consumers or governments. Although ethical trade is increasingly taking on a wider advocacy role involving multiple stakeholders, the primary focus for ethical trade remains on enterprise initiatives seeking to regulate the activities of multinational producers sourcing final or intermediate goods from developing countries. The following section, therefore, will look at market-based approaches to self-regulation in more detail.

Market-Based Approaches to Ethical Trade

Market-based approaches to ethical trade arise out of indirect advocacy via consumers, as a result of direct campaigning or indirectly through purchasing decisions. Inputs to the system initially consist of agreed targets and standards governing ethical practice, which arise from consensus amongst stakeholders. The most critical regulatory input concerns the monitoring of agreed standards, which as Figure 2 indicates should take place in close proximity to centres of production – ideally carried out through collaboration with independent arbiters.

Figure 2: A Self-Regulatory System for Ethical Trade



Market-based approaches seek to use consumer power to directly affect the policies of large corporations and their suppliers. In this respect, ethical trade constitutes a regulatory

mechanism that has the power to influence individual consumers as well as patterns of consumption (Ekins, 1989). It also has the power to change and regulate conditions of production and supply of goods and services of developing country producers. In both of these respects (production and consumption) ethical trade also has the potential to impact significantly on the competitive process.

> "Ethical trade is evolving at a global/local rather than national level, facilitated through both the global supply chains of large corporations and through collaboration with non-governmental stakeholders in the north and south. It reflects the search for new means of facilitating the relationship between market and society" (Barrientos, 2000, p564)

It is important to recognise, however, that although ethical trade purports to challenge trading relationships between the north and south, the main thrust of ethical trade initiatives (such as ethical sourcing) has focussed on managing production, and not addressed trading relationships *per se* (Blowfield, 1999).

Market-based approaches involve diverse groups of stakeholders who inevitably display a wide range of power and interests. It is the motivations of key stakeholders (and potential conflicts between stakeholders) that will most likely influence the degree of success of individual projects and programmes (Montgomery, 1995). For example, *producer surveys* have shown protection of reputation, the motivation of company staff, the improvement of product quality and protection of the customers' good conscience to be often equally important drivers for large multi-national producers for participating in ethical trade initiatives or subscribing to codes of conduct (European Commission, 1999). Ethical trade has also been used to form the basis of a positive corporate image, and as a means of creating increased stability within the commercial environment of large global corporations – particularly within global supply chains (Barrientos, 2000).

For *consumers* the motivations for ethical trade also embody multiple objectives. From the consumer's point of view, ethical trade has been described as both *a window and a mirror* (Zadek et al, 1998). The window represents an aperture through which the ethical consumer can be informed, whilst the mirror represents a means to self- expression and a positive social identity. This has been tested with regard to the impact of 'point of sale' social labelling schemes.

> "The effectiveness of the label itself needs to be understood in the wider context of awareness raising and education on the issue concerned … the main mechanism for labels (or brands) to work is not to change or make up the mind of the consumer in a shop, but to confirm an earlier decision made outside the market place influence by marketing, the media, and crucially, civil processes. Many labels such as the Forest Stewardship labels and the Rugmark have emerged out of consistent NGO campaigning and media attention which effectively raised the heat on the issue" (Zadek et al, 1998, p35)

The true motivations of consumers are also called into question with regard to the observed disparity between increased awareness (as a result of ethical trade initiatives) and ethical purchasing behaviour (Hurtado, 1998; Coddington, 1993). A number of studies have attempted to analyse the process of ethical decision making and stress the importance of looking at ethical purchasing behaviour in the wider social and political context, and also at the factors that govern the preparedness of consumers to pay a premium on ethically sourced goods (Shaw and Clarke, 1999).

Market intermediaries involved in ethical trade initiatives may also have multiple objectives – not only aimed at those concerned with ensuring compliance. Intermediaries may have long-term objectives – relationship building between stakeholders – both producers and consumers. For example, those seeking to foster ethical trade partnerships often view what might be regarded as secondary objectives – of learning and empowerment – as equally important goals for ethical trade initiatives (Barrientos et al, 2000).

There is evidence that the wide-ranging initiatives encompassed by ethical trade are proving to be effective in advocacy terms. This is reflected in the progress in treaty ratification in such areas as child labour, and in the active involvement of governments and large private sector organisations in ethical trade projects and programmes (ILO, 2002; European Commission, 1999). However, a market-based approach promotes self-regulation as a practical consumer-led framework for directly ameliorating poor working conditions and enhancing human rights in developing countries. The following section will examine self-regulation and ethical trade in this context – surveying the evidence concerning enterprise, trade and consumer initiatives which are seeking to mobilise the power of the consumer and the market to this end.

SELF-REGULATION AND ETHICAL TRADE

The extent to which ethical trade can be viewed as a valid and effective tool for 'market self-regulation' is still open to question. Self-regulation seeks to advocate a value system throughout the production-marketing chain, which reflects both consumer and producer interests. Previous studies of self-regulation, including market-based systems, suggest there are a number of common attributes that can be assigned to the voluntary frameworks that distinguish them from legally-binding regulatory systems (NCC, 2001; Industry Canada, 2000; Commonwealth of Australia, 2000; Cabinet Office, 2000; Seyfang, 1999).

Within systems of self-regulation, ownership of rules is not confined to a single body, but is dispersed amongst market actors and non-governmental stakeholders, such as found in ethical trade where multi-stakeholder initiatives are becoming typical. Rules of self-regulation are designed through participation and consensus of stakeholders, constituting a dis-intermediated form of regulation (i.e., although government may act as facilitator or even stakeholder, they no longer retain control of the rule-making process). Key participants include non-governmental stakeholders – such as NGOs and trade unions – who may have a direct influence on rule-making, implementation and compliance procedures.

The key attribute of a system of self-regulation, however, is that adherence to rules and regulations is obtained through 'voluntary compliance'. Within ethical trade, compliance will be based largely on trust between market actors: consumers voluntarily incorporating values into their individual purchasing decisions, whilst producers add ethical criteria to business decision making and action (Jenkins, 2001).

According to the parameters set by existing models of self-regulation, ethical trade should fit well within this framework. Many of the characteristics and requirements of ethical trade are similar to those identified in other areas. However, further examination of the literature concerned with the experience of ethical trade initiatives may shed more light on the appropriateness of such systems in practice.

The Appropriateness of Self-Regulation to Ethical Trade

There may be inherent reasons why ethical trade has developed in a self-regulatory manner, which relate to the appropriateness of a range of positive environmental conditions. These have been summarised according to the following criteria (Cabinet Office, 2000):

?? Regulatory solutions based on self-regulation are seen to be most appropriate where the primary objective is to exert a degree of control over *fragmented markets.* This is clearly the case in trade relations where there are numerous enterprises of differing sizes operating within complex supply chains.

?? It is also suggested that self-regulation will be more effective for involving *a wide range of stakeholders* embodying differing power and interests. This is clearly the case with regard to both the variety and the contrasting objectives of the stakeholders outlined.

?? Self-regulation is also suited to *fast changing environments* that may be hindered by overbearing static systems of state regulation. In this respect ethical trade may be more aligned with the flexibility and adaptability of self-regulation.

?? Stakeholders most closely involved in the supply chain will be those that have both the *expertise* and the practical ability to ensure compliance with social or environmental objectives. In the case of trading relationships the *active involvement* of stakeholders – particularly producers – is viewed as essential.

In many situations, self-regulation is already considered as a viable alternative to enacting an international framework of law that may well be largely unenforceable. The area of child labour provides an illustration of why voluntary codes provide a more realistic option for action. It has been reported there were at least 120 million children aged 5 to 14 in full-time work in the mid-1990s world wide – the problem being most serious in Africa were the child labour participation rate has been measured at 26%[10]. The overall economic dependence on child labour in many countries is likely to be considerable and in most cases has only declined due to reductions in poverty and through the provision of compulsory primary education (Basu, 1998). A blanket ban on child labour, possibly enforced through trade

sanctions, would represent a blunt instrument that would take little account of individual country circumstances or the direct short-term effects on families and communities. However, an internationally-agreed framework of self-regulation, embodying a multi-stakeholder approach may well provide a more practical alternative that is able to take account of the needs of children and communities as well as economic and political realities (Blowfield, 1999).

However, the appropriateness of ethical trade initiatives (particularly enterprise initiatives) has also been criticised. This has happened most notably in relation to inadequate producer country stakeholder involvement leading, for example, to the undermining of worker organisation and the ability of trade unions to organise within workplaces, a reduction in the role of the local state in enacting and enforcing labour and environmental standards, and lack of involvement from southern NGOs.

> "It is important, therefore, to develop strategies to ensure that codes are complementary to government legislation and provide space for workers to organise. They are most likely to do so when they are multi-stakeholder codes rather than unilaterally developed by companies or trade associations. Codes of conduct should be seen as an area of political contestation, rather than as a solution to the problems created by the globalisation of economic activity" (Jenkins, 2001, p30)

So, whilst a model of self-regulation may seem appropriate, experience associated with implementation suggests that self-regulation based on purely voluntary initiatives is an inadequate substitute for intergovernmental action (Jenkins, 2001; Lee, 1997). This reinforces the view that advocacy-based approaches to ethical trade should be considered equally important as market-based approaches. In this respect, there is an increasing realisation amongst internationally-active non-governmental organisations of the necessity to link lessons and experiences at the grassroots level (within ethical/fair trade initiatives, for example) with effective advocacy (Madon, 2000; Millar and Covey, 1997).

Correspondingly, new approaches to advocacy and policy influence are arising as a reaction to the rapidly shifting roles of the state in market regulation. A new need and opportunity for advocacy also emerges as a result of the forces of globalisation and economic liberalisation, pushing NGOs and other international organisations into a more prominent and active role in representing the interests of their constituents within the political sphere and within society in general.

It should be emphasised, therefore, that approaches based on market self-regulation should not be seen in isolation from attempts to institutionalise legally-binding frameworks. In this respect, it is widely recognised that voluntary initiatives can contribute to an *evolutionary approach to the regulation of the social dimensions of trade* embodying both voluntary and statutory mechanisms (Howitt, 1998). Self-regulation can be viewed as a tool to promote better practice and to promote *higher standards*, whilst acknowledging that the worst offences will only ever be prevented through national and international laws and binding rules to ensure *minimum standards*.

Benefits and Limitations of Self-Regulation and Ethical Trade

The previous section concludes that market-based approaches to ethical trade should be viewed as a complementary activity – essentially as a stepping stone to more formalised frameworks of regulation. A central benefit of market-based ethical trade initiatives based on self-regulation, therefore, is that they provide that stepping stone. However, the timeframe associated with the realisation of these benefits is uncertain, and will be highly dependent on a range of economic and political factors outside the immediate control of both producers and consumers. In the intervening period, the practice of ethical trade is providing a catalyst for bringing disparate people and organisations together for the purposes of positive dialogue and action. In fact, the creation of a range of partnerships between large private companies, government agencies and NGOs – both north and south – has been described as the single most important achievement of ethical trade to date (Blowfield and Jones, 2002).

Benefits associated with ethical trade initiatives can be expressed in both direct and indirect terms. Direct benefits can be viewed as *real benefits.* Real benefits will be felt directly by workers, their families and communities through ensuring compliance by producers in developing countries, with the prospect of achieving those benefits over the short term. Indirect benefits can be considered as predominantly *perceptual* in nature, arising not directly for producer groups but amongst a wider range of stakeholders. Perceptual benefits may lead to real benefits – but not necessarily so.

The practical application of corporate codes of conduct has provided ample evidence of indirect benefits. For example, codes provide the opportunity to influence corporate behaviour providing a means to compare existing company codes against benchmarks. The

existence of a code, in itself, constitutes a necessary requirement for observance and compliance by individual companies. Failure to implement codes opens up companies to criticism and negative publicity. The existence of codes leads to greater consumer awareness – extending the concept of social responsibility through the supply chain (Jenkins, 2001). These all represent perceptual gains.

There is a danger, however, that within ethical trade, *benefits remain perceptual and not real*. Studies have suggested that the majority of codes lack effective implementation and have been used primarily as a means to deflect public criticism. Those who criticise ethical trade initiatives cite lack of independent monitoring and lack of information generally about the process of implementation, as well as lack of real penalties on those who fail to implement or comply with agreed codes.

> "There is reason to be sceptical about the likely impact of consumers as such bringing about greater corporate responsibility. In fact, what is often referred to as consumer pressure is usually political pressure from civil society, orchestrated by NGOs, which use the threat of consumer action to achieve this end. There are relatively few cases where there appear to have been significant actual effects on consumer demand for a particular product or range" (Jenkins, 2001, p15)

Lack of effectiveness of implementation of high profile ethical trade initiatives has been widely reported, for example in relation to child labour for carpet manufacture in India. An impact study demonstrated little attention to the issue of working conditions, ineffective monitoring, lack of involvement of local communities and the inadequacy of complementary initiatives such as education and rehabilitation (Sharma, Sharma and Raj, 2000). In this case, lack of real benefits for workers and communities were seen as symptomatic of the *laissez faire* approach of self-regulation. These criticisms could be considered as proof of the ineffectiveness of self-regulation for ethical trade.

There are wider limitations, however, concerning ethical trade itself. It is suggested that even where effective implementation takes place the *scope and extent of benefits are limited*. For example, initiatives exclude marginalised workers, many women workers and others who do not form part of export sector (Barrientos et al, 2001). The majority involved in production for domestic markets are not likely to be affected. Enterprise initiatives also have limited sector coverage – active only in consumer and low cost industries – where brand names and corporate image tend to be important. There may also be counter-productive affects due to

ethical trade. Substantial growth in ethical consumption may have a significant adverse impact on the nature of competition amongst producers in developing countries (Lee, 1997).

Thus far, current evidence concerning ethical trade initiatives suggests that the observed limitations of ethical trade outweigh the real benefits. As suggested previously, some of these limitations may be due solely to the ineffective operation of ethical trade (self-regulation) systems, whilst others will be due to the inappropriateness of trade itself as a means of addressing such ethical concerns. The role of information will be considered in the context of the former – providing a framework for understanding how some of the practical limitations in the operation of ethical trade systems can be overcome – and how new or improved management information systems may enhance the effectiveness of current initiatives.

INFORMATION AND ETHICAL TRADE

The effectiveness of regulatory systems that seek to govern the behaviour of market actors (producers and consumers) is conditional upon access to information and assessment of information, leading to action on the basis of information received. Information is an essential ingredient in key areas of regulatory activity. For example, understanding the requirements of an ethical trade system necessitates information gathering and consultation with all stakeholders. The task of designing such a system requires detailed assessment and application of information; and implementation of rules requires continual processing of information, through monitoring of compliance by stakeholders as well as the evaluation of impact on producers, consumers and other stakeholders (Zadek et al, 1998; NCC, 1998).

Information will also play a key role in the advocacy-based activities that arise from enterprise, consumer and trade initiatives. These will include education, publicity, campaigning and lobbying. For example, the credibility of an organisation or group involved in all forms of advocacy will depend largely on the reliability and quality of their primary data – upon which their claims to representation are made. NGOs and other advocates will only be lent legitimacy and authority if their information is believed and trusted by those who exercise power and influence, as well as by their constituents and the public at large (Cohen et al, 2001; Millar and Covey, 1997).

Information, therefore, can be considered as the lifeblood of a system of market self-regulation, playing a key role for both market- and advocacy-based approaches to ethical trade, as the next section will outline in more detail.

The Role of Information in Ethical Trade Initiatives

The role of information and information systems will vary according to the emphasis on market- or advocacy-based activities within individual ethical trade initiatives. It will also depend upon whether the initiative is focusing primarily on production or consumption, and according to the level at which the initiative is operating. The initiatives categorised in section 2 can be considered according to their information-related roles.

Enterprise Initiatives. Corporations (such as large manufacturers and retailers) generate large amounts of data concerning the ethical dimensions of their direct manufacturing, sub-contracting and sourcing in developing countries. Ethical information is subsequently generated through formal corporate channels, utilising accepted business, accounting and auditing tools, quantifying and reporting the social and environmental aspects of corporate operations. This information is used to inform codes of conduct and to carry out social and environmental auditing. These two instruments are now widely used in the corporate sector and represent a critical source of raw data. Data for enterprise initiatives may also come from independent verifiers (consultants) and less often from NGO and trade union groups – who may themselves be stakeholders.

Consumer Initiatives. Information relating to non-price factors is already at the forefront of many consumers' minds when considering questions of quality, safety and hygiene. This is not only because formal – and usually binding – regulatory standards already govern such issues, but also because consumers are in receipt of critical information which governs their purchasing decisions. This information comes in many forms, but includes labelling, in-store advertising, media advertising, consumer protection campaigns and media reporting. Both producers and consumers accept this type of information as essential for mediating purchasing decisions. Such information, therefore, is likely to play an equally important role in ethical consumption and ethical trade.

Consumer initiatives related to ethical trade have utilised a wide range of information tools including publicity campaigns, direct marketing, and labelling at the point of sale (Childs and

Whiting, 1998). Thus far, labelling has had more impact in the environmental sphere – commonly referred to as eco-labelling. This represents a direct method of informing and seeking to influence consumers to make environmental decisions – just as they would for product quality or product safety – at the point of sale. Evidence also points to the importance of informal sources of information and knowledge (gained from friends and family, for example) in guiding ethical purchasing behaviour, as well as from wider sources gained prior to purchase (Cowe and Williams, 2000).

Trade Initiatives. The fair trade model is also based on a self-regulatory framework, but it attempts to exert control over production, trade and consumption. Within this model, there is likely to be greater access to data, and greater ability by intermediaries (fair trade organisations) to disseminate information directly to consumers, given that direct influence and control is exerted throughout the manufacturing-marketing- consumption chain.

Multi-Stakeholder Initiatives. Initiatives such as the ETI in the UK are more centrally concerned with 'promoting' ethical trade: through encouraging good practice in the implementation of codes of conduct, through monitoring and independent verification and by encouraging observance of ethics code provisions (such as the ETI base code) as standards for ethical sourcing. The focus of such initiatives tends to be on institutional learning rather than direct product labelling or certification. Within such initiatives there is a primary role for capturing existing – and generating new – data, information and knowledge (through research and impact assessment, for example) and communicating learning to members and wider stakeholder groups.

Inter-Governmental Initiatives. Examples such as the International Programme on the Elimination of Child labour (IPEC) do not seek to have direct influence on trading relationships. However, their ultimate objectives can be viewed as identical to those of ethical trade. Such programmes are, therefore, important sources of data, information and knowledge concerning working conditions world-wide. Their key concern is conducting national and sector-based research and data collection, processing and disseminating ethical information and promoting increased and improved knowledge of ethical trade issues through campaigning and advocacy activities. For example, in this respect IPEC has played a key role in helping southern governments formulate and ratify key conventions concerning child labour and other workplace (and non-workplace) related issues (ILO, 2002).

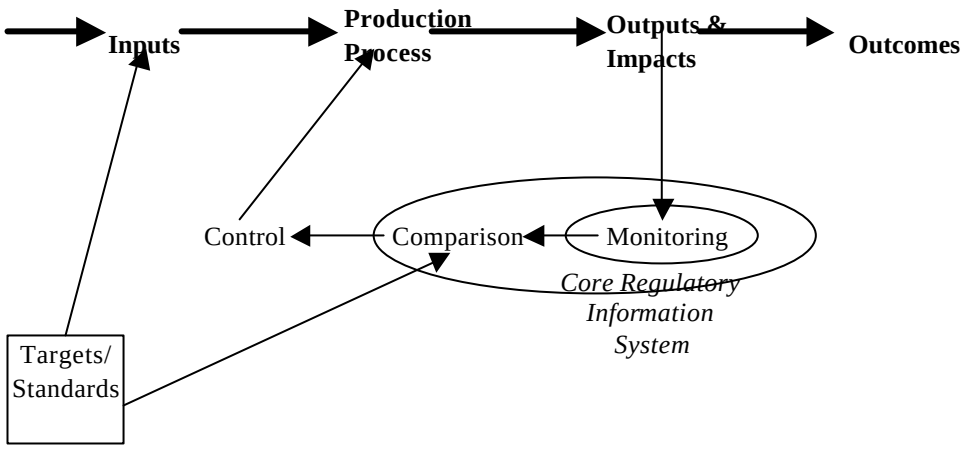
This brief overview suggests that information plays a key role across a wide range of initiatives and at all levels of activity within ethical trade. The following section will focus on gaining a deeper understanding of the role of information and information systems in the market-based approach to ethical trade by examining some basic IS models.

Understanding Information, Information Systems and Ethical Trade

This section will present a basic management information systems model designed to assist the understanding and analysis of a market-based approach to ethical trade. The model will be further broken down to examine three elements pertinent to ethical trade systems – putting forward a data view, a process view and a structure view. The applicability of the model will also be described with regard to advocacy-based approaches.

At the core of market-based approaches to regulation – including the self-regulation that governs much ethical trade – are systems of monitoring and control. A management information system (MIS) model that supports the monitoring and control of processes and resources can be modified in order to represent the systemic workings of ethical trade (Heeks, 1999). The result is shown in Figure 3.

Figure 3: The Core Information System of Ethical Trade



If it is to function effectively, this ethical trade regulatory system must integrate four main MIS elements:

- ***A process.*** At the core of the system is the production process that turns inputs into outputs, such as the manufacture of clothing, computers, or automobiles.

- ***A monitoring mechanism.*** This mechanism gathers performance indicator data: in this case, data about the impacts from the production process (e.g. on employee health and incomes or on the environment).
- ***A comparison mechanism.*** This compares the data gathered about current performance with data on previously-set standards, benchmarks, targets, etc (for example, those laid down in codes of conduct). These two types of data represent the main data needs of the ethical trade regulatory system.
- ***A control mechanism.*** This decides upon and then ensures implementation of corrective action based on the output of the comparison. For example, where a producer finds that under-age workers are being employed in a subsidiary factory, they might take action to have those under-age workers replaced.

Ethical trade regulatory systems therefore represent a *feedback loop* in which, typically, information about a later stage is fed back into control of an earlier stage (von Bertalanffy, 1976). Where all is well and production is being undertaken according to ethical standards, the system's only function is to monitor and report. Where a problem – a shortfall between the actual and the desired ethical standards – arises, the system's function is to assess the impact and cause of that problem, and to decide on and then implement remedial action.

There are two overall regulatory formats for an ethical trade management information system:

- ***A monitoring information system*:** these merely gather data about production impact and present it to the recipient, who will then do the comparison themselves.
- ***A monitoring and comparison information system*:** for these information systems, the pre-set ethical standards for performance have been entered onto the information system. The MIS is therefore able to perform the comparisons itself, typically producing an exception report where all is not well.

Within a market-based self-regulatory system, ethical control should be exerted indirectly by consumers – although direct responsibility for ensuring compliance rests exclusively with producers. The MIS model, therefore, is primarily handling data on market transactions between buyers and sellers. However, it differs from a normal free market mechanism in two ways. First, the data that flows goes well beyond the normal 'price' or 'price and quality' factors; it now incorporates data about the conditions and impact of production in one

direction, and about the values of consumers in the other direction. Second, this marketplace is populated by intermediaries. The multinationals themselves are intermediaries that intervene between original production and final consumption. More crucially there are the ethical trade advocates who add *value* to the data flows through processing and comparison, but who also add *values* to the data flows through their assumptions and norms about ethics and development.

With this perspective in mind the operation of the model can be looked at in more detail according to its data, process and structural elements.

Data Content of Ethical Trade Information Systems

The content of information within ethical trade can be considered in three key categories, drawing a distinction between consumers, producers and ethical trade advocates (intermediaries) (see Figure 2).

Data/information generated by producers. Primary data is generated, and information is derived, from sources closest to centres of production. This is most often based on formal social and environmental auditing procedures and contained in reports generated from within large companies. Increasingly, however, independent monitors and arbiters (such as consultants working to the Social Accountability 8000 standard) are producing social and environmental audits – on behalf of northern supermarkets for example – and in order to provide the necessary certification to comply with company codes or agreed standards for northern (EC, for example) markets[11].

Information intended for consumers. Information-based instruments exist for influencing consumer choice: essentially this is information that has been designed and packaged to inform individuals and groups about working conditions and labour issues in producer countries or about the ethical practices of manufacturers or retailers. Consumers access information at point of sale (such as through labelling initiatives and ethical brands) or prior to purchase through awareness raising; such as via direct campaigning, wider publicity, media reporting or informal channels.

Information generated by ethical trade advocates (intermediaries). It is important to realise that almost all information reaching consumers does not come directly from producers – but

is intermediated by a wide range of stakeholder groups. Intermediaries are also responsible for generating regulatory information – outlining codes of conduct and benchmarks that are adopted by individual companies, trade associations or multi-stakeholder groups.

Processes of Ethical Trade Information Systems

The information processes undertaken within ethical trade can be considered in terms of the information feedback loop alluded to in the previous section, and represented in Figure 3, comprising data collection, data processing/packaging, information communication/dissemination and information feedback. These processes can be considered in turn.

Data Collection. Effective data collection underpins all ethical trade initiatives. Detailed data collected at the point of production – concerning working conditions, terms of employment and remuneration and the extent of abuse of minimum conditions – will provide the basic data input for monitoring and verification procedures.

Data Processing/Packaging. Raw ethical data will be subject to varying degrees of processing and packaging before it is made available to stakeholders. The way in which basic ethical data is compiled and presented will depend very much on its recipient or audience and the purpose for which it is intended. Detailed processed ethical data may be contained in reports concerning the monitoring and verification of specific initiatives or as part of wider impact studies. Ethical data will also be used as a basic input for the operation of auditable workplace standards such as SA8000, that may then be used as the basis for accreditation (such as through labelling schemes). Such detailed processed data, however, will not be readily accessible by consumers at the point of sale. Individual consumers will rely on the small amount of information contained on an accredited label, or a product leaflet. The amount of information concerning actual conditions at the point of production (processed ethical data) reaching consumers should, therefore, be considered only as the tip of an information iceberg (Zadek et al, 1998).

Information Communication/Dissemination. A wide range of information sources and channels of communication have been identified within ethical trade initiatives. There is less research, however, that points towards their relative importance – particularly for changing consumer behaviour (Tallontire et al, 2001). Sources and channels cited include NGO

campaigns, labels, fair trade and mainstream retailers, the media, family and friends. In terms of relative impact, the efficacy of relatively distant and impersonal product labels has been questioned, whilst the effectiveness of direct contact and participation by the purchaser has been emphasised (Childs and Whiting, 1998; Ayglon, 1997).

Brand names can also exert considerable influence as information conveyors, particularly where consumers are able to base their purchasing decisions on their previous knowledge and experience of particular retailers or producers. In this case a single item of information – the brand name – presented at the point of sale is taken purely on trust. However, it has also been found that trust will be based on a wide range of detailed information, and prior knowledge, concerning the mechanics and details of commodity chains or value chains, received from both formal and informal channels and sources (Gereffi, 1999).

Information Feedback. The final key information process for ethical trade concerns the feedback of information from consumers to producers. It is essential that information is fed back not only to large companies or retailers, but also to workers, communities and their representatives in the southern countries. Companies and retailers, themselves, will be in a position to access information directly from consumers. This information will be quantitative – analysing sales volumes and consumer preferences in relation to ethical sourced products. It will also be qualitative – information concerning the attitudes and motivations of consumers, obtained in customer surveys, for example. This information is clearly valuable for producers, providing direct evidence of the success, the constraints and the potential associated with consumer-driven initiatives. It is essential, however, that this information is made available to wider stakeholder groups in order that complementary activities can be undertaken and lessons can be learnt.

Structures of Ethical Trade Information Systems

It is also useful to take a 'structural' stakeholder perspective on the role of information systems. Stakeholders typically perform different informational roles. These are outlined in more detail in Appendix 1, but are categorised below into four groupings highlighting their key information system functions of monitoring, comparison and control.

- *The original producers.* These include developing country employees, subsidiaries or suppliers and are the main data sources from whom certain types of impact data are collected.
- *The multinational producers*. They are involved in other stages of the value chain (e.g. research, design, sales, marketing, management) and are active in monitoring. They may also set the targets and standards that inform the process of comparison and, for their own internal or for external reporting processes, may perform the comparison themselves. Additionally, it is the multinationals which mainly engage in the process of control; altering operations in order to increase the achievement of ethical standards. The multinationals will also be recipients of data from the other key stakeholders – advice or advocacy data from the advocates; and sales and values data from final consumers, providing inputs into the process of setting standards.
- *The ethical trade advocates*. They mainly play the role of intermediary between producer and consumer, to some extent substituting or supplementing the role of government – increasingly within multi-stakeholder frameworks. They may undertake independent monitoring of production; sometimes covertly but most often with the compliance of producer stakeholders. They will often take responsibility for holding producers to account against ethical standards. They attempt to exercise control by influencing producers through direct advocacy, through governments and international bodies or, most notably, through dissemination of information to consumers.
- *Consumers* are rarely in a position to directly monitor or compare raw data from production in developing countries. They must rely on summary data disseminated by multinational producers or by advocate intermediaries; data which normally incorporates comparison. Consumers exercise control indirectly through their purchasing decisions; creating data that – as noted above – is captured and used by producers.

Information Systems for Advocacy-Based Approaches

The information process model described is also applicable to advocacy-based activities. As previously mentioned, the role of information in advocacy is to pressurise, persuade, educate and mobilise. Within this context, information will be directed towards two key audiences – decision-makers and those who have the power to influence key decision makers (Cohen et al, 2001). For advocacy, the information loop will also involve data collection and processing, information dissemination and feedback. However, for advocacy, the key role for *data collection* will be not only to inform, but also to develop a rigorous understanding and

analysis of the problem – taking on a greater research-based approach. The *processing and packaging* of ethical data will be conditioned by the requirements of a wide range of key audiences, and the chosen entry points for educating and influencing those audiences. The entry point (to seek influence over government policies and programmes, for example) will determine the channels of *communication and dissemination* – in essence, choosing the most appropriate medium for message delivery. Finally, *information feedback* will be critical for evaluating the effectiveness and the impact of advocacy-based activities. For example, for ethical trade it would be essential to develop indicators that are able to gauge real benefits (for workers and communities), as well as the perceptual benefits that might be the most immediate outcome of legislative or policy victories.

The process of advocacy contains a strong informational element; requiring data on the impact of ethical and 'non-ethical' trade or production, sample codes of conduct, opinions of key stakeholders, etc. However, advocacy – such as an attempt to bring in a new code of conduct – is an inaugural activity that predates the main operation of an ethical trade initiative. By contrast, our main focus in this paper is the key information issues in the ongoing regulatory work of operational ethical trade systems seeking to use market-based approaches.

Key Information Issues for Ethical Trade

The analysis of ethical trade information systems presented in the previous section has taken a 'rational' view of how ethical trade might operate in a 'self-regulatory' manner (Bell and Wood Harper, 1998). In order for such a system to operate effectively it is necessary that market actors behave rationally. Consumers must make rational decisions on the basis of ethical criteria. Data/information (both quantitative and qualitative) is then fed back to via intermediaries causing producers to make rational choices to enhance ethical considerations in their production processes – in response to consumer preferences. Evidence presented in section 4, however, suggests that considerable limitations have been associated with present and past initiatives that seek to adopt a market-based approach. Information issues, therefore, should not be viewed only in a rational 'systemic' way. The following summary of issues will also take both a 'behavioural' and 'critical' view of the role of information and MIS in ethical trade (Checkland and Holwell, 1998). The issues themselves will be framed according to the analysis in the previous section – around data and processes.

Data Issues

Data issues can be seen most clearly from a rational, behavioural and critical perspective. Studies of ethical trade – in areas such as labelling for example – have tended to take a 'rational' approach measuring the effectiveness of ethical trade systems against a number of criteria. These criteria have also been identified in wider studies concerning the characteristics of valuable information (Heeks, 1999). Zadek et al (1998) suggest an approach that emphasises the importance of data quality and reliability, outlining the following criteria by which information should be judged.

- *Relevance* – what is the relative importance of categories of data/information, and how relevant is it to the interests of producers, consumers, intended beneficiaries (workers and communities) and other stakeholders?
- *Completeness and Clarity* – is the data/information understandable by all stakeholders – particularly consumers?
- *Accuracy and reliability* – can all stakeholders be assured that the claims made through the data/information (such as the product label, for example) are verifiable, and have been verified?
- *Timeliness* – to what extent does the data/information reflect current conditions, and can it be delivered in a timely way to all stakeholders – particularly consumers?

These will be the key rational criteria for effective operation of MIS tools in ethical trade initiatives. There is a suggestion, however, that information tools have been too narrowly defined. Blowfield (1999) contends that information systems need to provide a more complete picture utilising impact assessment tools, and not only directed towards satisfying the requirements of limited codes of practice and labelling schemes. Accordingly, criteria and indicators need to be more complete, to reflect the interests of a wider range of producer-related groups, not just primary employees of large companies, but also secondary producers such as home workers, small producers and sub-contractors.

Other studies of ethical trade have suggested that for consumers, the credibility and authority of an information provider, a label or brand, may be more important than the accuracy of the information itself (Shaw and Clarke, 1999). This evidence points towards a more 'behavioural' approach that emphasises credibility, trust and symbolism as being the dominant qualities of information that guide ethical decision making. However, it is also

emphasised that for organisations and bodies who are required to endorse the claims made by ethical producers and products (such as retailers, trade associations and fair trade organisations) accuracy will be more important.

We can also take a more 'critical' approach which questions the overall validity and legitimacy of ethical data and data collection methods. Threats to validity of data may arise from errors incurred as a result of data gathering and/or data processing. They may result from inappropriate data gathering techniques or the poor training and inexperience of data gatherers. They may also arise, however, from the motivations of those involved in data gathering – both data gatherers and respondents. This may be due to problems of perception (for example, suspicions and doubts over how the data will be used) or lack of ability on behalf of respondents to volunteer full and accurate responses (for example, due to fear or peer pressure).

The critical view suggests that data is never neutral, but reflects the contexts within which it is handled and the values of those who handle it (Davenport, 1997). Threats to data validity further reinforce the importance of transparency, accountability and independent scrutiny as guiding principles for monitoring and verification procedures in ethical trade.

A more general threat to data quality and reliability arises in ethical trade due to *information overload*. Such a wide range of initiatives, labels, schemes, monitoring and verification procedures creates lack of harmonisation and can lead to confusing and contradictory information – both for potential ethical consumers and other stakeholders (Blowfield, 1999).

Process Issues

Data collection. Two key issues arise in relation to data collection. How do we find out and who should be responsible for finding out? Within enterprise initiatives, methodologies have tended to be based on standard social auditing procedures employed by large companies often using external consultants. These focus primarily on internal workplace issues. There are growing demands, however, for the use of participatory methods that are increasingly common to development practice. This approach might involve integrated social and environmental auditing and impact assessment. Such auditing methods emphasise wider consultation with local stakeholders, encouragement of bridge-building between stakeholders,

and the use of both quantitative and qualitative data collection methods and verifiers (NRET, 2002).

A key issue for ethical trade, therefore, concerns which stakeholders should be represented and involved in basic data gathering and analysis. This relates both to access to existing information and the collection of new data. Creating the right balance of stakeholder interests in the process of monitoring and verification will be critical for ensuring the reliability and independence of primary ethical data. There is also the question of how the costs associated with data gathering should be allocated amongst stakeholders.

Data processing/packaging. For market-based approaches, two complementary issues arise. Firstly, how to process and package ethical data/information for the benefit of (and to influence) consumers at point of sale – such as through a product label, for example. Secondly, how to process and package more detailed underlying ethical data/information and make it available to consumers. As already stated, studies demonstrate that information delivered prior to sale has greater impact in terms of priming potential ethical consumers – through campaigning material, media reporting, the Internet, etc.

There is also the issue of how ethical data (arising from both producers and consumers) is filtering and aggregated by intermediaries. A rich array of data on the socio-economic conditions of production may be collected at source. However, it must be significantly filtered and summarised before presentation to consumers, a process which in its extreme form becomes the 'eco-label'. Whilst eco-labelling may have been successful in changing consumer behaviour, it has also been criticised for providing over-simplified and misleading messages (Childs and Whiting, 1998).

Information communication/dissemination. Those who are responsible for the communication and dissemination of information also control access. In relation to access, two key issues arise. Firstly, who has access amongst stakeholders and, secondly, to what extent is data/information shared within and between initiatives? Greater access to ethical data/information can give rise to greater accountability and transparency. This may initially give rise to what have been described as perceptual benefits. The ability to publicise failures will impact negatively on corporate image or brand name and leave companies open to criticism on ethical policies and practice. By making the content of company codes of

conduct widely available consumers and others can see the extent to which an individual company's practice falls short of industry best practice or recommended standards. Conversely, success stories can serve to illustrate best practice. It is hoped, of course, that these perceptual benefits will lead to improved ethical performance and hence real benefits for workers and communities as companies respond.

A further issue concerns the exchange of information and knowledge which is considered essential for creating new partnerships – bringing together business, civil society and government within a single network. For example, much of the work seeking to build a partnership approach at the European level has given rise to measures that are highly information- and knowledge-intensive. These include structured exchange of experiences; help with information, training and communication; promotion of knowledge and dissemination of European experiences; and the promotion of criteria established by codes of conduct, through dissemination of information and materials for support programmes (European Commission, 1999).

It is also the case that information sharing across sectors and organisations helps prevent duplication and re-invention of the wheel. There is also a suggestion that greater information access, and sharing of information, can be used as a tool to shift decision-making from north to south – and thereby facilitate and encourage greater involvement of southern stakeholders (Barrientos et al, 2001).

Information feedback. The acid test of the importance of information processes in ethical trade is the extent of their impact on producers – primarily in relation to the real benefits experienced by workers and communities in the south. It is important to recognise that the prime responsibility for ensuring that codes are implemented rests with the companies that have adopted them. Information feedback processes, therefore, will be critical. In order for ethical trade to be a truly market-based approach based on self-regulation, it is essential that purchasing decisions of consumers can impact on the behaviour of producers. It is important, therefore, to understand how effective information-feedback mechanisms can bring this about. Within the ethical trade literature, however, there is less evidence concerning the *modus operandi* of information feedback mechanisms than the preceding three process components.

ICTs AND ETHICAL TRADE

The previous sections have outlined the importance of information and information systems in driving and supporting ethical trade. Increasing exchange of information has led to rising awareness about adverse employment conditions and infringements of human rights. To a limited extent, this information has stimulated producers and consumers to question their activities and their preferences, and to voluntarily adopt new standards of behaviour or change their patterns of consumption. Given the centrality of information to ethical trade, we now move on to investigate the potential role of ICTs. There are, however, no studies about ICTs in ethical trade. At this stage, therefore, it will only be possible to identify some key issues.

Benefits of ICTs for Ethical Trade

Ethical trade involves data collection, processing and communication; including communication between globally-dispersed stakeholders (ETI, 2001). The rapid expansion of ICTs and global information systems are creating instant access to information relating to diverse situations in any connected part of the world. Global networks of organisations and individuals (such as those concerned with ethical trade) are able to communicate directly with each other and with producers and consumers instantaneously. Given that regulatory systems governing ethical trade operate on a global scale, this suggests that information technology and modern communications may be particularly appropriate tools for managing ethical trade initiatives.

ICTs could increase the speed and precision of data processing, enabling ethical trade information to be compiled more quickly and more accurately. They could increase the speed and scope of data communication, enabling ethical trade information to reach more stakeholders in a more timely manner. This, in itself, might help to address some of the issues identified earlier about accuracy of data, and timeliness of the ethical trade feedback loop in the previous section.

The production-marketing chain itself is becoming increasingly dependent on ICTs. High technology systems (bar coding, for example) are able to track the movement of individual items from source to market, even to the extent of identifying individual factories and groups of employees who were responsible for their production. Given the ability of the technology to generate, process and communicate detailed production-related data, it would not seem

unreasonable to suggest that associated data – concerning the social and environmental aspects of production – could also be made available, and transmitted through intermediary networks, or directly to consumers.

ICTs also encourage information exchange and sharing. The new technologies benefit from being distributed systems that are largely non-regulated and come under no centralised control. The whole ethos of the development of the Internet, for example, was based on free access and exchange of information across national boundaries, without censorship or interference through state control. ICTs also have the potential to provide dis-intermediated systems of communication and information exchange. They provide scope to facilitate direct communication between producers and users of information, in contrast to the news and broadcast media which exercise a high degree of control in the form of pre-selection, scheduling, editing and censorship. Therefore, ICTs enable non-governmental organisations to create autonomous (private) global networks of communication and information exchange. This, in turn, enables increased levels of participation and co-ordinated action on behalf of (particularly southern) NGOs across national boundaries.

As well as a dis-intermediating effect, ICTs can also support reintermediation. Signs of this reintermediation are already seen in fair trade, with the reintermediating activities of fair trade portals (e.g. www.fairtradeonline.com and www.onevillage.org). In these cases, the portal host undertakes significant data capture and processing on behalf of both producer and consumer. Consumers are presented with summarised data on the conditions and impacts of production; producers are presented with summarised data about the needs and wants of Western consumers. Normally, neither group could easily access the other's data because of high cost and other barriers; hence the value of ICT-enabled intermediation.

The extent of impact of e-commerce on ethical trade has not been researched. Ethical trade represents only a fraction of the total trade between developed and developing nations. Equally, e-commerce has yet to impact significantly on overall patterns of trade, particularly business to consumer (B2C) commerce, such as in the retail sector. This would suggest that the coming together of ethical trade and e-commerce is yet to present an appropriate and effective vehicle for promoting the social and environmental concerns of developing countries. At present, there are only limited initiatives to promote ethical trade using e-commerce, such as through the fair trade portals identified above.

Potentially, however, electronic retailing provides a highly appropriate environment within which ethical trade can take place. Purchasing decisions can be immediately informed by establishing links with consumer/product-related web sites or directly with manufacturers and suppliers, to view information concerning social and environmental impacts associated with specific products or production processes. In this way consumers can directly exert control over purchasing decisions whilst referring directly to material (verifiable evidence) relating to monitoring of production centres in other parts of the world.

It is even conceivable, using current technology, that exchange of information can take place in real time, allowing a potential customer to directly observe production, or receive oral evidence (testimonies) from production workers. Initially, this type of direct link between production and consumption may only be of interest to the dedicated ethical shopper. However, such self-regulatory 'technology-based' systems may also be of interest to large producers and retailers that wish to give further credence to their ethical codes of conduct.

The Limitations of ICTs for Ethical Trade

The development path associated with ICTs may present inherent limitations for ethical trade. The utilisation of ICTs increasingly reflects the existing unequal distribution of economic and political power within and between societies. Of most concern is the growing 'digital divide' between rich and poor countries[12]. By all accepted measures, inequalities in access to infrastructure, knowledge, skills and ICT resources are widening between the developed and developing countries – particularly the least developed countries.

Of increased significance for trade relationships are the capability gaps between large and small firms within developing countries. These particularly favour large corporations that are able to mobilise massive information and communication resources, as against small firms, most of which, in developing countries, remain unconnected to global networks. Inequality of access and usability, therefore, is an increasing feature of ICTs and may represent a limitation for their utilisation in ethical trade partnerships between north and south.

Another limitation over the ability of southern producers to participate in ethical trade through ICTs concerns the growing level of regulation over their use. Binding and non-binding regulations (both national and international) are increasingly coming into force, to

increase data protection, data security and to provide secure environments for transactions. The need to develop a governance system for electronic commerce becomes highly relevant for ethical trade, and reflects the desire of governments to more effectively mediate relationships between producers and consumers, and hence exert increased levels of regulation over cyberspace[13]. This is a trend however, that may disfavour those in the south that might find it increasingly difficult and expensive to comply with increased levels of regulation – over e-commerce for example.

These are wider limitations which mitigate more generally against developing countries' participation. There may also be limitations concerning their use in ethical trade.

ICTs can improve the accuracy of data processing. However, they do little to impact the accuracy of the data originally captured. Yet data handled by ICTs – even if inaccurate – may be given spurious credibility because of the perceived objectivity of computers thanks to their 'aura of precision and futuristic sophistication' (Roszak, 1988). There is also a risk, given the strong motivations and values of those involved, of ICTs providing a false aura of objectivity – masking the inherent subjectivity that attaches to and strongly affects ethical trade data.

A further limitation relates to trust. Trust becomes an increasingly important variable when information is mediated through ethical trade initiatives. Lack of proximity between sources and recipients of information generally leads to lack of trust in relationships – due to lack of personal knowledge and contact (Mansell and Wehn, 1998). The use of ICTs may exacerbate this. However, ICTs may also serve to help build trust through facilitating more efficient and effective information systems for monitoring and control. This is a key area of controversy where research is needed.

Finally, drawing on earlier points, we should remember other things that ICTs will not effect. They will not effect the other resources that are required to turn data into decisions and actions. For example, ICTs can help to deliver data on the ethics of production to a consumer. But they do not deliver the motivation to make use of that data. They do not deliver the knowledge required to understand and interpret that data. They do not deliver the power to exercise significant control over the production process.

In summary, ICTs have a beneficial role to play in ethical trade regulatory systems, but a role that is both limited and challenged. Thus far, however, there is little evidence concerning the role of ICTs – a gap that future research on this project is intended to fill.

SUMMARY AND CONCLUSIONS

Summary

Ethical trade represents a practical strategy for development that provides a proactive role for northern consumers. Evidence suggests, however, that ethical trade can have both positive and negative impacts on poor communities. Likewise, ethical standards can increase costs of production. Where these costs are willingly absorbed by consumers through an ethical premium, they can have a relatively straightforward and positive developmental impact. However, if the costs have to be absorbed by the developing country producers, this may lead to unforeseen and unwanted outcomes, such as greater mechanisation of production and/or the squeezing of small and medium-scale producers and consequent loss of employment opportunities.

There is considerable controversy, therefore, over precise impacts of ethical trade initiatives, and any analysis of ethical trade needs to viewed in this context. However, there has also been a considerable expansion of ethical trade initiatives, largely due to the success of advocate interest groups (such as consumer groups and international NGOs) in exerting pressure on producers, both to acknowledge the existence of ethical considerations and to take action to improve conditions.

Arguably, this process has been information-driven. Increased information has created increased awareness about adverse employment conditions and infringements of human rights. Accordingly, this information has stimulated producers and consumers to question their activities and their preferences, and to voluntarily adopt new standards of behaviour or, for consumers, change their patterns of consumption. An information system is thus at the heart of the ethical trade regulatory system. Most initiatives have consequently been information campaigns (something for which they are sometimes criticised) supporting both advocacy- and market-based approaches to ethical trade.

This paper has focussed on modelling a market-based approach to ethical trade information systems. A model has been used to help understand the way in which ethical trade operates

and to identify – from the literature – key information- and ICT-related issues. These issues have been presented within a framework that considers data, processes and structures associated with ethical trade.

It has been suggested that the validity of ethical data and processes can be understood from both a rational and behavioural perspective. The rational view gives primacy to reliable and accurate information delivered in a timely manner and emphasises the importance of independent monitoring and verification to achieve that end. For those who take a rational view, more efficient and effective MIS will benefit ethical trade – offering potential improvements throughout the data gathering, processing, dissemination and feedback loop. However, a more critical counterposing argument suggests that data is never neutral, but reflects the contexts within which it is handled and the values of those who handle it. There is also a wide range of potential threats to reliability and accuracy that raise questions about the validity of ethical data.

The behavioural view adopts an information user perspective – focusing on issues of perception associated with ethical trade information systems. There is considerable evidence from the literature that the symbolism associated with ethical trade is more likely to influence consumer preferences and actions than an appeal to rationality based on factual data. Perceptions and symbolism are also of great importance for the large companies projecting brand names and brand images into the market place. For both producers and consumers, therefore, there is a danger that information systems may play a key role in satisfying a range of market-based requirements leading to benefits of perception rather than real benefits for workers and communities.

There should be concern, therefore, about the motivations of both producers and consumers within ethical trade. There is little evidence from the literature suggesting how changed consumer behaviour might be leading to the creation of real benefits for workers and communities in developing countries. Overall, the evidence suggests that the impact of information and IS on ethical trade has been in relation to perceptual benefits rather than real benefits thus far.

This reinforces the point that data requirements are just one element in an information chain, which relies upon a socio-economic package that enables full engagement in ethical trade:

knowledge, money, skills, motivation, power. This suggests that soft systems methods – with their holistic approach and consideration of different worldviews – will be particularly appropriate in the design of ethical trade information systems. It also suggests that both conceptual frameworks and practical tools for ethical trade information systems need to be able to cope in an integrated manner with digital and non-digital, formal and informal means of handling data. These, however, will be questions with which the forthcoming research will engage.

Beyond this, we can say little at present. The need now is for more research, particularly field research including case studies. This will help us understand more deeply the actual and potential role of information and of ICTs in support of ethical trade.

Conclusions: Implications for Self-Regulation

Ethical trade is of interest *per se*, because of its growing impact on global trade and because of its potential impact on some central development goals. As noted in the introduction it is also of interest because it epitomises a new form of relationship between consumers and producers.

Self-regulation, as the name implies, is a form of regulation self-imposed by stakeholders involved in the production-consumption chain. It exists outside the framework of formal regulation, such as binding bi-/multi-lateral trade agreements or binding national laws, and is based on voluntary compliance. It seeks to create a basic framework of values, behaviours and rules that reflect both consumer and producer interests, encompassing the interests of all production stakeholders, including employees and their families. It arises as a compromise between, and as an alternative to, international/state regulation on the one hand and the open competitive reign of the free market on the other.

Self-regulation is seen as particularly appropriate to the present-day political and economic context. This is a context in which states and international bodies cannot or will not regulate the market relationship between consumers and producers, due to WTO or similar constraints, or due to fear of damaging national competitiveness. Yet it is also a context in which serious shortcomings are seen, particularly for the poor and excluded, in the functioning of the free market.

It is suggested that there are features of self-regulatory systems which particularly distinguish them from the more traditional forms of state regulation. Ownership of rules and regulations tends to be dispersed among market actors and non-governmental stakeholders. Rules are designed through participation and consensus of stakeholders, largely bypassing the traditional political process. Non-governmental stakeholders have a direct influence on rulemaking, implementation and compliance procedures and adherence to rules and regulations is obtained exclusively through voluntary compliance and is based largely on trust between market actors. Ethical trade initiatives, seeking to involve consumers and producers within a market-based approach, constitute an example that fits comfortably with the characteristics of self-regulation outlined.

Understanding the informational characteristics of ethical trade may thus also offer us broader insights into the informational characteristics of self-regulation. This is valuable given that self-regulation is covering important current issues such as corporate accounting standards, organic food production, and governance of the Internet. Informational issues include all those identified earlier:

- the centrality of information;
- the importance of data quality;
- the tensions between interpretative characteristics of data (symbolism, sense-making, authority, etc.) and rational characteristics of data (completeness, accuracy, etc.);
- the need for a holistic view of the resources required to turn data into decisions and actions.

A number of these issues apply equally to systems of traditional state regulation, but self-regulation does add its own informational characteristics. These particularly relate to the large number of stakeholders, the participative nature of decision-making and, hence, the importance of trust and other data items related as much to perceptions as to reality.

Finally, while this introductory paper has been able to lay out some of the fundamental ways in which information underpins this new and growing trend, it cannot yet offer a detailed analysis of the relationship between information, ICTs and self-regulation. Hence, the call for further research applies equally to self-regulation.

Notes

[1] Of most significance in this respect is the desire to integrate social clauses, such as defined by the International Labour Organisation (ILO), into the multi-lateral framework for trade. The ILO already has a range of non-binding conventions designed to promote core labour standards. These include: freedom of association and the right to organise and collective bargaining (No. 87/98); equality between men and women and freedom from discrimination (No.100/101); the abolition of forced labour and child labour (105/138). The social clause would work by making World Trade Organisation (WTO) member privileges conditional on compliance with a set of fundamental workers' rights, and thereby provide enforcement powers that the ILO currently lacks. Governments failing to comply would lose WTO benefits or, as a last resort, suffer trade sanctions (Mayne and Le Quesne, 1999).

[2] Developing countries have brought a number of cases before the World Trade Organisation concerning objections to non-tariff barriers to trade. This has resulted in the development, by the WTO, of a code of good practice within the Technical Barriers to Trade Agreement, which suggests how 'voluntary standards' can be employed without being interpreted as a non-tariff barrier. The code of good practice is applicable to governmental and non-governmental voluntary standards. See for example, Caldwell (1998) in relation to developing country objections to eco-labelling.

[3] Recent studies of codes of practice have identified many hundreds of companies (US and European) that have adopted codes concerning the social and environmental aspects of their business in developing countries. Codes have either been developed independently or have drawn upon model codes developed within specific business sectors. For example, codes of conduct have gradually been introduced in agrofoods, forestry, chemicals and the textile, clothing and footwear industries. The most active sector has been the apparel industry which, under pressure from organised labour, NGOs and consumer organisations, has been at the forefront of moves to reduce the level of sweatshop labour (including child labour) in the industry. In this respect, there have been reported successes. In 1996, the US Dept of Labour published a study that confirmed that child labour, particularly in Central America, had reduced significantly after the adoption of voluntary codes of conduct by US apparel companies operating in those countries (Blowfield, 1999; Sajhau, 1998).

[4] Both social, and particularly, environmental, labelling schemes have become well established in Europe and the USA. Labelling standards are usually implemented by non-governmental organisations representing environmental concerns, by trade associations representing the interests of producers, or by alliances of the two, often overseen by government or international agencies. Eco-labelling has achieved success in changing consumer behaviour, but has also been criticised as merely a symbol that gives little detailed information concerning conditions in developing countries. In many cases, it has been used merely as a marketing tool, designed to project a misleading environmentally-friendly image that might have no substance in reality. Critics view this as indicative of a weak system of self-regulation that has not been subject to effective independent monitoring or verification (Childs and Whiting, 1998).

[5] A good example of this is Cafedirect, which is probably the most successful fair trade initiative in the UK. Cafedirect is an example of a fair trading partnership that purchases coffee from small-scale coffee producers in Latin America and East Africa. A range of co-operating ethical trade NGOs are responsible for acting as intermediaries within the producer-marketing relationship (these include Oxfam Trading, Equal Exchange, Traidcraft and Twin Trading). The development of direct trading relationships between coffee farmer organisations and the ethical trade organisations (also known as alternative trade organisations) was presented as a solution to the problems of small-scale producers in relation to accessing export markets, unstable and low prices, difficult relationships with mainstream market intermediaries and lack of access to credit. The approach of the fair trade organisation, therefore, was to effectively bypass mainstream markets, and offer an alternative market solution (Tallontire, 2000).

[6] It aims to work jointly toward the development of an agreed approach to ethical trade. Accordingly, a baseline code has been established, which creates a common standard around which companies can structure their own codes of conduct. The ETI Base Code sets out minimum standards in nine categories: freedom of association and the right to collective bargaining; health and safety; child labour; living wages; working hours; non-discrimination; conditions of employment; and treatment at work (ETI, 2002).

[7] IPEC aims to work toward the progressive elimination of child labour by strengthening national capabilities to address child labour problems and to create a worldwide movement to combat it. The programme supports a wide-ranging multi-sectoral strategy based on building partnerships between governments, employers, workers and organisations seeking to prevent child labour. IPEC also seeks ratification of core ILO child labour conventions by national governments through campaigning and advocacy. IPEC also supports information and knowledge production and dissemination on child labour, as well as actively supporting project-based work (ILO, 2002).

[8] Ethical trade can also encompass environmental and product safety issues. However, environmental objections to trade tend to be single-issue concerns and do not necessarily have developing country goals – of growth and welfare – as their primary campaigning objective (for example, the protection of endangered species or restrictions on the exploitation of natural resources). Social and environmental ethical trade objectives may well conflict. There is, however, increasing awareness of the relationship between underlying socio-economic and environmental trade issues. This common interest has found expression in models that emphasise the development of sustainable human and environmental resources.

[9] For example, the success of advocacy-based approaches has been observed in the code of conduct adopted in Sept 1997 by the social partners in the European textile and clothing sector (EURATEX) which was described as a major breakthrough. The code refers to the ban on forced labour , the freedom of association and the right to negotiate, the banning of child labour, and non-discrimination in employment. The way it is being implemented is particularly interesting. Through the inclusion of its clauses in national collective agreements – which are negotiated and concluded at the national level in the Member States of the European Union – the content of this code acquires legal status and binding force. It therefore constitutes a good example of how problems related to implementation and monitoring of codes of conduct can be tackled. It also shows how partnership – national collective agreements are negotiated between national social partners (i.e., labour and management) – can be a driving force in the implementation and monitoring process (European Commission, 1999, p6).

[10] The International Labour Organisation distinguishes between child work (which would include household chores) and child labour.

[11] Social Accountability 8000 is designed to assure humane working conditions through a voluntary standard that includes core labour rights, independent verification of compliance and public reporting. It is based on ILO Conventions, the Universal Declaration of Human Rights and the UN Convention of the Rights of the Child. It is governed by an eleven-country multi-stakeholder advisory board including representatives from business, trade unions, human rights organisations, certification bodies and governments (Kohl Kaufman, 2002).

[12] The negative affect of knowledge gaps and information problems on socio-economic environments in developing countries are now major themes of development policy (World Bank, 1998). Rising inequality between north and south, resulting from rapid ICT diffusion (the digital divide) has been identified by current research (Rodriguez and Wilson, 2000). There has been less focus, however, on gaps within LDCs, and the potential impact of ICTs on the life chances of the excluded. Specifically, there is little evidence relating to practical examples of ICTs bridging the digital divide. Ethical trade is one area that might provide such a case study.

[13] National governments and international regulatory institutions have for some years been seeking to design and implement a governance system for electronic commerce. In fact, the future expansion of the virtual market is seen to be dependent on successfully establishing such a framework of internationally binding regulations. This applies, for example, in critical areas such as intellectual property, the introduction of electronic money, privacy and security of transactions, technical standards, and a wide range of infrastructure based regulations. In addition, there is concern over fraud, terrorism and criminal activity, as well as seditious material. There is also the need to establish new forms of trust between market actors – touching on issues of data integrity and access control (Mansell and Wehn, 1998).

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APPENDIX 1. STAKEHOLDERS IN ETHICAL TRADE

(Adapted from Jenkins, 2001)

Large companies. These include manufacturers of (largely) branded products produced under licence in developing countries. They also include companies operating subsidiaries involved in manufactured exports or the extractive industries (e.g., oil companies), and the major northern supermarkets and retailers that increasingly source a wide range of horticultural and manufactured goods from developing countries. As suggested previously, large companies take part in ethical trade initiatives both for philanthropic reasons and for reasons of self-interest – they also have a high degree of power to influence outcomes.

Small and medium size enterprises (SMEs). In the north, small or medium-scale importers are likely to fall outside the scope of ethical trade. Northern SMEs producing in the south are unlikely to favour implementation of codes for cost/margin reasons, but they may obtain cost advantages if codes are implemented by larger producers that are competitors. In the south, SMEs and smaller producer groups also fall under the remit of fair trade initiatives.

Southern governments. Governments in the south are strongly opposed to non-tariff barriers to trade enacted through the WTO. For many, voluntary codes may provide an acceptable alternative. The participation and support of southern governments will be crucial for enabling local monitoring and verification, as well as carrying out other research activities or impact studies.

Trade unions. International trade union bodies have been active supporters of ethical trade initiatives. However, for trade unions, both north and south, single company codes are looked upon with suspicion, and are seen primarily as a stepping stone to enshrining local trade union bargaining rights within workplaces. Trade union bodies are potentially powerful actors within ethical trade initiatives, but only in sectors where worker representation is encouraged.

Southern workers. Very little is known about the attitude of workers themselves to ethical trade and self-managed codes of conduct. However, there is some evidence that the concerns of workers diverge quite considerably from those which have been laid down in voluntary codes governing particular industries and sectors. Workers priorities have been identified as strong in areas not covered in codes – such as maternity and transport to and from work, for example (Blowfield and Jones, 2002; Pearson and Seyfang, 2001).

Southern communities. The wider interests of communities tend to fall outside the remit of ethical trade. Hence the importance of viewing ethical trade initiatives involving codes of conduct in the context of wider intergovernmental initiatives (such as IPEC) and other policies and programmes that seek to improve the social and environmental conditions of the southern labour force.

Consultancy firms/verifiers. Mainstream consultancy firms (such as PriceWaterhouse Coopers) are increasingly offering social and environmental auditing services. These large and powerful organisations are exerting increasing influence on implementation principles and procedures, but have been criticised for taking an overtly managerial perspective (O'Rourke, 2000). Other potential independent verifiers – such as southern NGOs – suffer from lack of access and hence lack of power and influence over many northern-driven initiatives.

Northern consumers. The potential power of northern consumers acting through the marketplace is enormous. That power, however, remains fragmented and dispersed. For example, the consumption of fair trade products or organic products, both of which carry a premium, remains confined to small pockets of middle-class, politically-aware and geographically-concentrated purchasers (Cowe, 2000). The collective power of the consumer remains limited and longer term. The mobilisation of collective purchasing power through changing the procurement policies of large organisations is likely to provide greater leverage on the market.

Northern shareholders/investors. Generally speaking, investors do not participate directly in ethical trade initiatives. Ethical funds still account for a very small market share, and as yet there is no regulatory mechanism requiring mainstream institutional investors to incorporate social and environmental considerations into their investment policies. This is an area of great potential for advocacy-based approaches.

Northern governments. At present the primary direct role of northern governments is that of facilitator (such as through the ETI in the UK). Northern governments, however, potentially exert substantial power of influence over the investment policies and employment practices of large corporations – as well as the ultimate power to influence and mould the international regulatory environment in relation to international trade and investment in developing countries.

Northern/southern NGOs. Northern NGOs have primarily taken on a campaigning role – influencing governments, producers and consumers to become involved in ethical trade initiatives. NGOs have exerted a great deal of power through activism – largely through taking a threatening and confrontational stance in relation to high profile social and environmental issues. NGOs have been instrumental in applying sanctions (such as boycotts or bad publicity) on companies that are the target of such campaigns. However, increasingly, NGOs are participating in initiatives in a more positive manner, helping to set up codes and assisting in the implementation of monitoring and verification procedures. There has been a great deal of criticism from southern NGOs of ethical trade initiatives due to their lack of participation (Barrientos et al, 2001).

APPENDIX 2. FUTURE RESEARCH PLAN

Following on from the literature survey, *gaps in knowledge* can be identified concerning how information processes impact on a range of ethical trade initiatives. These concern, for example, deficiencies in the *design* of initiatives, problems of implementation, of compliance and accountability – possibly due to inadequate information and information systems. For example, there are issues in relation to access to information; relevance, clarity, accuracy and timeliness of information; and levels of trust associated with the acceptance of information and attendant information systems.

Research plans for year 2002/3 will adopt a case study approach, targeting three or four contrasting ethical trade initiatives for analysis: collecting primary data concerning the role of information and ICTs in relation to the key knowledge gaps identified. Case study-based data collection will be concentrated in the following areas:

- Mapping of information flows both up and down supply chains.
- The identification of information needs of stakeholders in the context of their overall objectives.
- Identification of sources, channels and content of information.
- An assessment of the appropriateness and efficacy of existing information systems.
- The potential for new information systems/ICTs to bridge the gap between stated information needs and current provision.

Research Implementation, Beneficiaries and Outputs

The overall research project will produce both practical and theoretical outputs. Practical outputs will be aimed at informing policy makers and ethical trade practitioners on best practice associated with design, implementation, compliance and accountability within ethical trade programmes. Additionally, outputs will be directed at developing country governments in order to increase understanding of issues related to self-regulation of ethical trade, market processes, information and ICTs. Theoretical outputs will be aimed at constructing an evaluative framework for understanding the relationship between information processes, self-regulation and the impact of ICTs – taking ethical trade as a case study.

Research outputs will be:

1. A *concept paper* constructing an evaluative framework relating to information flows and the impact of ICTs on self-regulatory processes. This will be aimed primarily at development researchers, but also intended for policy advisers.
2. A *background paper* outlining the impact of growth in self-regulation due to growth in ethical trade, market processes and use of ICTs. This will be aimed primarily at policy advisers, but also of interest to development researchers.
3. A *guidance handbook* on best practice in the design and implementation of ethical trade initiatives, with a particular emphasis on the role of information and ICTs. This will be aimed primarily at policy makers, producer and consumer groups, and other ethical trade system stakeholders.

Outputs 1 and 2 will make significant use of the literature survey with some additional inputs from insights generated by the 2002/3 field work. Output 3 will be developed largely on the basis of the 2002/3 fieldwork.