Multi–Stakeholder Labour Monitoring Organizations: Egoists, Instrumentalists, or Moralists?

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ABSTRACT. This article examines four leading multi-stakeholder labour monitoring organizations. All operating in the maquiladora industry, these organizations are viewed in light of the growing global trend toward industry self-regulation, or what has been referred to as the 'global out-sourcing of regulation'. Their Board compositions, codes of conduct and monitoring and enforcement strategies are all examined as a means of tentatively positioning these organizations along an 'egoist-instrumentalist-moralist' ethical culture continuum. Such a framing provides insights into the perceived salience of these organizations' broader stakeholders, the effectiveness of codes of conduct on workplace practices more generally, and the role that ethics plays in the governance and accountability of these increasingly important types of organizations.

KEY WORDS: codes of conduct, ethical cultures, FLA, labour, maquilas, monitoring organizations, SAI, stakeholders, transparency, WRAP, WRC

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Introduction

What began as an ethics gap following a series of U.S. defence industry and Wall Street scandals in the 1980s has become today with Sarbanes–Oxley more an ethics industry. Everywhere consulting firms, industry associations and research centres are working to help businesses become more ethical, and this has led, among other things, to a proliferation of corporate codes of conduct. On the one hand this proliferation can be viewed as a positive sign as it indicates that businesses have begun to take the concerns of social and environmental activists more seriously. On the other hand it may be viewed more cynically, as simply an exercise in appearances or 'corporate greenwash' (Laufer, 2003). Of course, even where corporate codes are used for strictly ritualistic or symbolic purposes the effect may still be positive, as the very act of adoption lends a much–needed degree of legitimacy to the issues that these codes address.

This growth in the number of ethical codes can be seen from yet another perspective, one that side-steps the corporate tool versus corporate PR–ploy debate (cf., Wick, 2005). Here the proliferation of codes is seen as part of a larger phenomenon, namely globalization. As a number of commentators point out (c.f., Bartley, 2005; O'Rourke, 2003; Pearson and Seyfang, 2001; Utting, 2002), traditional labour regulations and government-implemented monitoring and enforcement systems are not keeping pace with the changes occurring in the global economy, and this has led to an increase in the use of private or civil regulation. With the state progressively withdrawing from its traditional role as standard setter and regulator the conditions have been subsequently

set for the emergence of private sector initiatives that encourage voluntary forms of self-regulation, forms that focus on, among other things, compliance with corporate codes (Compa, 2004, p. 210; Jenkins, 2001, p. 6; Pearson and Seyfang, 2001, p. 54). Thus the recent explosion or 'cascade of codes' (Kolk and van Tulder, 2005) can also be viewed as part of a larger change in the nature of international business practices and the ways that such businesses are regulated.

As this shift continues toward private or civil regulation a number of key questions remain unanswered. In particular, who exactly are these private regulators? What ends do they serve, and what means do they use to achieve them? More importantly, what kind of ethical cultures do these regulatory organizations have, as it is believed that an organization's ethical culture affects both its behaviour and its perception of 'who counts' (Jones et al., 2006)? As a means of addressing these questions, this article examines four leading nongovernmental, multi-stakeholder labour monitoring organizations – four leading private or civil regulators: the Fair Labour Association (FLA), Worldwide Responsible Apparel Production (WRAP), Social Accountability International (SAI) and the Worker Rights Consortium (WRC). We specifically consider these organizations' Board compositions, codes of conduct and monitoring and enforcement strategies as these provide insights into these organizations' 'ethical logics' or 'beliefs, values and practices' (Jones et al., 2006). Such a consideration further allows us to tentatively position these organizations along an 'egoist-instrumentalist-moralist' ethical culture continuum (ibid.). Our analysis suggests that the four organizations cover a broad range on this continuum, from the more egoist WRAP, to the more instrumentalist SAI and FLA, and on to the more moralist WRC. In positioning these organizations along this continuum, we further make predictions in respect of these organization's perceptions of stakeholder salience (Mitchell et al., 1997), as these have implications for how self-regulating these organizations' member industries ought to be.

Our investigation contributes to an understanding of business ethics in at least three ways. First, the study complements prior work on the controversial maquila industry (cf. Radin and Calkins, 2006;

Rivoli, 2003). The article contributes to this literature by explicitly analyzing the role of monitoring organizations in influencing maquila labour practices, and it highlights the mechanisms these organizations employ to both enforce and supplement national and international labour legislation. Second, the analysis highlights the centrality of workplace codes of conduct and monitoring in encouraging changed workplace practices. Building on Rodríguez-Garavito's (2005) work, and like previous studies in this journal, the analysis points to both the potential and the limitations associated with the use of codes of conduct in encouraging improved practices (cf., Egels-Zandén and Hyllman, 2006; Kaptein, 2004; Kolk and van Tulder, 2002; Mamic, 2005; Moran 2005; Sobczak, 2003). Finally, the study makes visible the ways in which the compositions of multi-stakeholder organizations ultimately influence collaborative outcomes (cf., Daboub and Calton, 2002; Hendry, 2005; Payne and Calton, 2004). In this particular case, the analysis suggests that one element of that composition, the organization's ethical culture (Jones et al., 2006, p. 143), is an important determinant of code comprehensiveness, code monitoring, and the manner in which monitoring results are communicated to the public. From this vantage point, it is important for managers to understand these differences, since a poor 'moral fit' (Di Norcia and Tigner Larkins, 2000) between their organizations and these regulators has the potential to undermine the fulfillment of a firm's moral obligations, if not also substantially raise its transaction costs. It is equally important that consumers, governments and labour organizations understand the differences among these new civil regulators. This is especially so in respect of the degree to which these organizations see the power, legitimacy and urgency of their stakeholders as more or less salient (Mitchell et al., 1997).

The study is divided into four parts. The first provides a general description of the four monitoring organizations, with a focus on the actors who started these organizations and who now continue to influence them via participation on these organizations' Boards. Taking Board composition as indicative of their moral appearance, we then introduce and begin to position these organizations along Jones et al.'s (2006) 'egoist-instrumentalist-moralist' ethi-

cal continuum. The section "Codes of Conduct: Moral Discourse" provides a general description of these organizations' codes of conduct, which we see as important elements of their moral discourses. Here we argue that the more flexible and less comprehensive the code the more egoistic (ibid.) the regulator, and the more likely it will be that industry is the constituent who 'really counts' (Mitchell et al., 1997). The third part of the article is an overview of the organizations' monitoring procedures. This section provides insights into these actors' moral actions, as it reveals how these four regulators actually follow up on and enforce their regulatory codes. The last part of the article discusses the implications of the analysis for our understanding of both business ethics and maquila labour practices. This section specifically addresses the issue of how these non-state actors might perceive the power, legitimacy and urgency of their stakeholders, and how they might deem these stakeholders to be more or less salient.

Organizational composition: moral appearance

> ...can a coalition which includes the very corporations accused and indicted of some of the worst excesses of economic, environmental and social exploitation of workers, localities and natural resources be – voluntarily – part of a solution that will rectify such abuses and deliver a win–win strategy for both international capital and workers? (Pearson and Seyfang, 2001, p. 72)

At first glance the four monitoring organizations look remarkably similar, yet each has its own particular composition, guiding philosophy and monitoring approach. This section looks at that composition, and specifically explores the reasons why these organizations were formed, who the stakeholders involved in their inception were, and who is currently involved in these organizations' Boards of Directors. The starting premise is that each stakeholder brings into the project particular pressures and incentives that affect the "achievement of the collaboration's objectives" (Everett and Jamal, 2004, p. 58). This section aids us in understanding the ethical cultures (Jones et al., 2006) of these organizations and the degree to which they perceive

their various stakeholders to be more or less salient (Mitchell et al., 1997).

FLA is a non-profit monitoring and certification agency formed in the United States in 1996 during the Clinton administration. It started as the White House Apparel Industry Partnership, a "voluntary task-force" composed of "clothing and shoe manufacturers, consumer, corporate social responsibility and human rights organizations and labour unions" (Hemphill, 1999, p. 123). The obsolete partnership developed a set of Workplace Codes of Conduct and Principles of Monitoring, which went on to form the pillars of FLA's current program. During their development the Union of Needletraders, Industrial and Textile Employees (UNITE), the Retail, Wholesale and Department Store Union and the Interfaith Centre on Corporate Responsibility (ICCR) each abandoned the task-force because of what they believed was a general lack of attention to the importance of a living wage, freedom of association and collective bargaining, and an effective monitoring methodology.

The FLA Board of Directors currently consists of representatives from the apparel sector (Reebok, Nike, etc), NGOs (National Consumer's League, Human Rights First, etc.) and university administrations (Princeton, Notre Dame, etc.). Both the industry and NGO sectors have an equal number of representatives on the Board, which *on the surface* suggests that profit maximization motives receive the same emphasis as concerns over employee welfare.[1] As well, the Board relies on an Advisory Council, their "sounding Board and resource", composed of various non-governmental and labour organizations, including the International Labour Rights Fund, the Federation of Free Workers in the Philippines, Human Rights First and the Taiwan Grassroots Women Worker's Centre. The FLA's origin is closely linked to government and industry (prominent non-governmental and labour organizations left during negotiations) and it set what has turned out to be the standard process for monitoring maquilas; that is, first a code is elaborated, monitors are then accredited, companies are certified, and lastly inspection results are (partially) reported.

WRAP is a non-profit monitoring organization "dedicated to the certification of lawful, humane and ethical manufacturing throughout the world." It was

developed by the American Apparel Manufacturer's Association (AAMA), which in August 2000, merged with the Footwear Industries of America and the Fashion Association, leading to the formation of the American Apparel and Footwear Association (AAFA). AAFA "is the largest and most representative sewn products trade association in the United States with over 700 member companies" and its members produce more than 85% of the clothing sold in the U.S. (http://www.wrapapparel.org/). AAMA developed and endorsed the Worldwide Responsible Apparel Production Principles in 1998 and began certifying companies in 2000.

WRAP's Board contains representatives of large apparel manufacturers such as VF Corporation (and its trademarked brands Lee, Wrangler, Vanity Fair, etc.), Jockey, Sarah Lee, Kellwood and Hasbro. The Board also consists of two university representatives (Vanderbilt and Georgetown), three NGOs (National Peace Corps Association, Caribbean Central American Action,[2] and the International Youth Foundation), and a retired U.S. Department of Labour General Inspector. The apparel industry is the largest sector represented on the Board, and this, according to WRAP, is important since it will "bring a needed perspective to the Board, because the purpose of WRAP is to make progress in the workplaces of their industries" (http://www.wrap-apparel.org/). One supposes that 'needed perspective' is the shareholder's perspective, which is to say that WRAP's Board at least *appears* to privilege the moral stewardship of the firm over a more vague moral obligation to the 'other' (Jones et al., 2006). It should be said that WRAP is one of the most sought-after monitoring organizations: to date it has received applications from 700 manufacturers that employ 1,400 factories, and, as of 2004, it had certified approximately 600 facilities as complying with its principles.

The following two organizations were formed by NGOs roughly around the same time as FLA and WRAP – all had their origins in the late-1990s. Although developed by NGOs, these other two organizations rely on different methodologies for carrying out their work. As we will see later, their codes of conduct also appear to be more comprehensive.

Although referred to as a "response by the business community" (Miles and Munilla, 2004, p. 1),

SAI was in fact established in 1997 by an American NGO called the Council of Economic Priorities (CEP). Originally named the Council on Economic Priorities Accreditation Agency (CEPAA), SAI is a "non-profit human rights organization dedicated to the ethical treatment of workers around the world" (http://www.sa-intl.org/). Based on the ISO9000 system of quality control, SAI developed the SA8000 "humane workplace standard", a global voluntary standard under which individual factories can be certified. SAI trains and accredits private for-profit monitoring or auditing firms hired by companies, or by the factory itself, in order to certify that these companies' production facilities are operating in accordance with the SA8000 standard.

The SAI Board of Directors is comprised of a variety of actors, including a financial consultant, members of a law firm and an accounting firm, representatives from Toys R Us and Coop Italia, and individuals from the Union Network International, OMB Watch and the Medical Health and Research Association (the latter two are NGOs). Like FLA, the SAI's Board of Directors also relies on an advisory board, but one comprised of the private sector (Toys R Us, Gap Inc., Legacoop and Coop Italia, etc.), NGOs (CARE and the National Child Labor Committee[3]) and trade unions (Union Network International, etc.). What makes SAI particularly unique is that it has only two NGOs and no labour organizations on its Board, even though it was formed by an NGO. It is however similar to the previous two organizations, particularly WRAP, in that it *appears* at least that the interests of firm shareholders are better represented than those of labour.

The fourth organization, the WRC, is a non-profit organization created in 1999 by the United Students Against Sweatshops (USAS).[4] Other organizations involved in its inception were the Union of Needletraders, Industrial and Textile Employees (UNITE); the American Federation of Labour-Congress of Industrial Organizations (AFL–CIO); and several other labour, human rights and faith-based NGOs (O'Rourke, 2003, p. 17). According to WRC, the initiative started as an alternative to industry-dominated monitoring organizations and has subsequently developed particular methods to address the challenges of labour in the apparel industry. In its efforts to distinguish itself from the

other organizations, the WRC does not certify factories, accredit monitors, or expect institutions (in this case universities and colleges) to adopt its code of conduct. Neither does it conduct systematic monitoring of factories. Instead WRC assists universities and colleges in the implementation of their codes of conduct, and this occurs right through the supply chain.[5] The other monitoring organizations certify and regulate company maquilas in order to make sure they are implementing their regulations; that is, their established codes of conduct. This is a fundamental difference between the other multi-stakeholder monitoring organizations and the WRC and points to this organization being different from a regulator in the conventional sense of the word. One of the reasons for this and other differences appears to be due to its particular origins and stakeholder composition.

Unlike FLA, WRAP and SAI, there are no apparel industry representatives sitting on WRC's governing Board, and it is here where WRC is in fact much more like a conventional regulator: it has formally acknowledged the importance of and the need for monitoring organizations to work independently of the apparel industry. Currently, WRC's Board is comprised of WRC University Caucus representatives (college and university administrators), USAS members representing various universities, and independent labour-rights experts representing the WRC Advisory Council. The latter is composed of various academics and US and international labour organizations, such as Sweatshop Watch, AFL-CIO, UNITE-HERE, the Commission for the Verification of Corporate Codes of Conduct (COVERCO) in Guatemala, the Thai Labour Campaign in Thailand, and a number of others. Based on *appearances* then, one might suggest that with this composition, moral standards and moral pragmatism (Jones et al., 2006) carry equal or greater weight than shareholder value and firm growth.

The preceding analysis suggests that there are key differences across the four monitoring organizations in terms of: (1) which stakeholders provided the impetus for the organization's formation, (2) the amount of industry representation on the organization's Board of Directors, (3) whether there is labour representation on the Board, and (4) the types of NGOs involved. Summarized in Table I, these compositional differences hint at the potential incentives and pressures these monitoring organizations face. Yet they also hint at the type of ethical climate or culture of the four organizations, an idea we would like to briefly elaborate upon here.

It has been argued for some time now that the shared beliefs, values and practices or 'culture' of an organization significantly affect its goals and outcomes (cf., Hatch, 1993; Pettigrew, 1979; Schein, 1985). An organization's culture is further thought to have a certain 'ethical content', which in turn results in various types of moral behaviours (Cullen et al., 2003; Victor and Cullen, 1988). As such it is worth considering the ethical climate or culture of an organization for this affects its goals and outcomes more broadly, and its relations with stakeholders more narrowly (Jones et al., 2006). It is this latter idea which we see as important in the context of multi-stakeholder monitoring organizations, for these organizations, as their name would suggest, have a particularly acute need to meet the demands of their constituents.

Building on the many ethical theories available and as a means of predicting how firms manage their stakeholder relationships, Jones et al. (2006) offer a typology of stakeholder cultures, which we think can be rearticulated in the context of the organizations we are studying as simply a typology of ethical cultures. Spanning a range from 'market morality' to 'traditional morality', Jones et al. suggest that there exist five more or less distinct ethical orientations: 'agency culture', which is characterized by a predominance of individual ethical egoism; 'corporate egoist culture', which is characterized by a focus on the maximization of shareholder wealth and, of importance in the present context, the minimization of labour costs; 'instrumentalist culture', which is based on enlightened self-interest and often underpinned by a form of 'strategic' morality; 'moralist culture', which is highly other-regarding and privileges ethical standards; and, finally, 'altruist culture', which not only aims at 'doing the right thing' but which would further allow moral principles to trump all, even if it meant firm survival (ibid., pp. 142–150).

Following up on these ideas, and to this point based only on appearances – which admittedly can be misleading – the Boards of the four organizations appear to span a fairly wide range of ethical cultures.

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TABLE I
Moral
appearances

	FLA	WRAP	SAI	WRC
Origins	Formed in 1996 as the White House Apparel Industry Partnership, which was comprised of government, apparel industry, shoe manufacturers, labour unions, human rights organizations, consumer groups and NGOs.	An association comprised of the apparel, footwear and fashion industry. Developed the World-wide Responsible Apparel Production Principles in 1998, leading to the creation of WRAP. Began certifying factories in 2000.	In 1997 a US NGO called the Council of Economic Priorities (CEP) created the Council on Economic Priorities Accreditation Agency (CEPAA), later renamed Social Accountability International (SAI).	Created in 1999 by United Students Against Sweatshops, the Union of Needletraders, Industrial and Textile Employees (UNITE), American Federation of Labour Congress of Industrial Organizations (AFL-CIO) and several other labour, human rights and faith-based NGOs.
Composition of Board (by sector)	Board consists of representatives from the apparel sector (Reebok, Nike, etc.), NGOs (National Consumer's League and Human Rights First, etc.) and university administrations (Princeton and Notre Dame, etc.). Both the industry and NGO sectors have an equal number of representatives on the Board.	Board contains representatives of large apparel manufacturers such as VF Corporation, Jockey, Sarah Lee, Kellwood and Hasbro. The Board also consists of two university representatives (Vanderbilt and Georgetown), three NGOs (National Peace Corps Association, Caribbean Central American Action and the International Youth Foundation) and a retired US Department of Labour general inspector. The apparel industry is the largest sector represented on the Board.	Board contains a financial consultant, a law firm representative, companies like Toys R Us and Coop Italia, organizations like the Medical Health and Research Association and a union representative. The Board is not explicitly divided according to industry, NGO, or labour.	Board consists of WRC University Caucus representatives (college and university administrators), United Students Against Sweatshops members (representing various colleges and universities) and independent labour rights experts (representing the WRC Advisory Council, various academics and U.S. and international labour organizations. No industry representation.

For instance, one might at least expect to see the WRC acting in a more 'other-regarding' fashion vis à vis firm shareholders, and SAI and WRAP acting in a more 'self-regarding' fashion vis à vis firm shareholders. Occupying the middle position would be FLA, as this civil regulator's directorship is split between those whose interest is predominantly concerned with shareholders ('market morality' in Jones et al.'s terms) and those whose interest is largely 'other-regarding' (and concerned, in the terms of Jones et al., with notions such as 'duty, fairness, equity, and care'). The next section highlights the content and comprehensiveness of these organizations' promulgated codes of conduct – the regulations or discourses they espouse – which gives us much better insight into their 'collective cognitive structures' (Jones et al., 2006) or, more specifically, their ethical cultures.

Codes of conduct: moral discourse

The monitoring organizations developed codes of conduct to be implemented by either the company or factory. The factory or company agrees to abide by these statements of principle in their operations; that is, they agree to change their behavior according to the criteria set out in the codes (Kolk and van Tulder, 2002, p. 292; Nitsch et al. 2005, p. 1). The four sets of codes share some general features because they all address human rights (for e.g. physical and mental abuse) and issues particular to labour (for e.g. the right to collective bargaining). Moreover they all are, to an extent, based on ILO and other international conventions. Despite the similarities, however, there are differences, as one organization might include, for example, caveats that allow a degree of labour flexibility, while another includes limits on the amount of work hours. Together, these differences influence the potential impact that these codes can have on maquila practices.

FLA's Workplace Code of Conduct, to be implemented at the brand level and throughout its applicable factories,[6] sets the standards for "decent and humane working conditions" (FLA, 2005a). Like the other organizations, FLA encourages the company to comply with the country's laws and the standards stipulated in its code of conduct – in cases where the same issue is addressed by both state and the FLA's regulations, the more stringent standard would be enforced. According to FLA, the "process of code implementation and monitoring is in response to the regulatory vacuum in many countries, but it can never replace labour law" (http://www.fairlabor.org/). Moreover, in terms of the main clauses that characterize the codes of conduct evaluated in this article, like child labour, compensation and benefits, hours of work and overtime and freedom of association and collective bargaining, FLA's code sets basic standards and criteria that other organizations either exceed (SAI and WRC) or fall behind (WRAP). These similarities are likely on account of the fact that FLA and its code are the oldest of the four, suggesting that the other organizations and their codes are, explicitly or implicitly, the results of what might be termed a mimetic response (DiMaggio and Powell, 1983) on the part of the other three civil regulators.

FLA's code of conduct has special caveats that allow the maquilas to demand more from workers when the market requires it. FLA's hours of work clause, for instance, stipulates that the maximum amount of hours an employee can work is 48 hours a week and 12 hours a week for overtime; workers have to be paid a premium for overtime; and in cases where there are no local laws on the matter, they should receive "at least equal to their regular compensation rate." There is a caveat, however, in that the hours of work clause allows extending hours and overtime beyond the stipulated because of "extraordinary business circumstances"; that is, in certain instances workers' hours may exceed the regulated amount. Moreover, in terms of compensation (wages) and benefits, FLA makes reference to the need for wages to meet "employees' basic needs" but leaves it to the discretion of the employer to "recognize" such a wage, giving the employer the option to pay a living wage or not. Exceptions like these allow companies to continue to put pressure on workers to continue to work extra hours and receive a substandard wage (that is, not a living wage) even though the maquila has implemented FLA's code of conduct. These exceptions and caveats, which allow companies to pursue their economic interests 'with guile' (Jones et al., 2006), also suggest FLA's moral climate is instrumentalist in nature. While it sets out certain moral standards and

nods in the direction of fairness and equity, its view of morality appears to be a strategic one, offering its industry stakeholders 'subtlety in their pursuit of economic gain' (ibid.).

Like FLA, WRAP describes itself as an independent certification organization. Its code of conduct, based on a list of Production Principles, is to be implemented at the factory level. Arguably, out of the four codes WRAP has the lowest criteria or standards (MSN, 2003, p. 6). This is particularly the case for the stipulations on hours of work and compensation and benefits. WRAP's code on hours of work depends, or is based on, local regulations, but it does not provide more information on what would happen if the country did not have laws regulating some of these labour practices. There is also no mention of overtime. The only safeguard concerning the amount of hours is that workers should be given a day off every seven days, unless there are "urgent business needs". Like the FLA's, WRAP's code of conduct ensures that the maquila still maintains a degree of labour flexibility, which is one reason why it is so appealing to the apparel industry. Out of the four codes, WRAP's is mostly influenced by the apparel industry, and less by non-governmental and labour organizations. This influence is noticeable in the nature of the codes and the amount of caveats that guarantee a degree of flexibility.

WRAP's code of conduct is hands–off: it leaves the onus on the country's laws and assumes that they are the best benchmark. In the maquila industry this does not necessarily guarantee workers protection because companies are always looking for and relocating to countries that have low or no labour and environmental standards – the so-called 'race to the bottom'. For instance, WRAP's stipulation on child labour is the lowest of them all (14 years of age) but is at the same time an instance in the code where WRAP explicitly does set a standard independent of local law; the other stipulations, however, encourage the company to comply only with local laws. On a more positive note, encouraging factories to comply with local laws is a step forward because in a number of cases the factory does not even comply with local laws, especially when it comes to wages and overtime. Moreover, WRAP's code, unlike the others, contains stipulations on the environment, custom compliance, and security. This move between def-

erence to local laws and its more encompassing grasp of what are traditionally seen as 'stakeholder interests' make it somewhat more difficult to position WRAP on Jones et al.'s (2006) egoist-instrumentalist-moralist continuum. On the one hand, its somewhat vague and ambiguous code appears to allow for 'opportunism with guile', which suggests a more instrumentalist position. On the other hand, some of its stipulations are more suggestive of a moralist position.

The third code we examined is that of SAI, whose SA8000 is one of the more comprehensive standard and verification systems available. SAI states that interested companies, apart from following national law and SA8000 standards, should also comply with a number of ILO and United Nations conventions. The standard is to be implemented across the field and is not limited to the apparel industry, rather SAI believes its standard "should be applied universally with regard to geographic location, industry sector and company size" (SAI, 2001, p. 4). SA8000, unlike the other codes, was not developed specifically for the apparel industry.

All the codes address child labour and provide a minimum age for employment, yet the way SAI (and as we will later reveal WRC) address this issue reveals how the organization conceptualizes some of the challenges of employing children in the workforce. SA8000 does not only disallow child labour but also encourages the development of ways to address the situation beyond the confines of the maquila. The code stipulates that in the instance a child is found to be working in a factory, the factory has to engage in a process of remediation and "provide adequate support to enable such children to attend and remain in school until no longer a child as defined above" (SAI, 2001, p. 5). Unlike, for instance, WRAP's code, SAI's takes steps to address the situation beyond relying on state regulations.

Other components of the code that differ from the previous two include its reference to wages and hours of work. SA8000 stipulates that wages need to be "sufficient to meet basic needs of personnel and to provide some discretionary income". It encourages the factory to both pay at least minimum wage and a "basic needs" wage – WRAP, and to a lesser extent FLA, subscribe only to the former. The challenge is that there is also enough

room for the factory to wiggle out of the basic needs component because SA8000, like the FLA code, leaves it up to management's discretion to pay such a wage and also does not stipulate what exactly a basic need is. Another major difficulty is that in the majority of cases minimum wage and a wage that covers basic needs are mutually exclusive; it is either/or. As it will later be made clear, WRC's code of conduct also faces these challenges, yet WRC explores with more detail the living wage clause by giving a breakdown of what this constitutes and how to calculate it.

Like FLA, SA8000 places limits on hours of work and overtime: 48 and 12 hours respectively. SAI stipulates that overtime should be voluntary and paid at a premium – although it does not mention the rate or how to calculate it, making it less likely for it to be implemented by the factory. Unlike FLA, SA8000 limits flexibility by stating that "under no circumstance shall it [overtime] exceed 12 hours a week." However, SAI also stipulates that "the normal workweek shall be as defined by law but shall not on a *regular basis* exceed 48 hours" (authors' emphasis). Caveats are prominent in all the codes' sections on hours of work (with the exception of WRC's code) and this is attributed to the fluctuating nature of the market, which in the apparel industry is due to volatile orders and changing consumer and retailer fashion demands. The caveats arguably highlight the apparel industry's influence on the development of the codes since they continue to ensure a flexible labour force that can effectively respond to retailer demand without seriously disrupting production.

One of SAI's more interesting clauses concerns the freedom of association. Its code of conduct, like the others, demands that the company recognize and respect labour organizing but differs from the rest because it encourages the firm to aid workers in forming parallel forms of unionizing in countries where it is restricted (China for instance). SAI encourages firms to take active steps to ensure a worker's right to organize – it is not clear however how the factories will do this since SA8000 provides no details. Unlike the basic premise of the other codes that rely on national or state laws, SAI is aware that in countries where laws are lax or non-existent, the maquilas have a responsibility that exceeds these local laws.

SA8000 is also unique in that it has a section on "management systems" which highlights management's responsibility in the implementation of codes. It recognizes that the problem of implementation is not only at the factory level and it must be dealt with at different levels of the organization. It also encourages the company to hire management representatives to ensure compliance with health and safety standards. SAI's conceptualization of the maquila problem is in this regard more long-term and comprehensive than both FLA's and WRAP's, which suggests at least that SAI's ethical climate is more 'moralist', but given its code's numerous caveats and discretionary clauses, it seems too that this organization also affirms 'subtlety in the pursuit of economic gain' (Jones et al., 2006). Thus SAI, along-side WRAP, seems to concern itself with both the moral stewardship of a business and a moral regard for the other.

WRC differs in important ways from the other monitoring organizations because it does not have a code of conduct, rather it has a model or list of fundamental provisions colleges and universities have to implement once the latter sign on.[7] All the firms licensed to sell college or university products are required to adopt and pass down to their factories the standards adopted by the signatories. It is up to the licensee to verify to what extent the contractors, subcontractors or manufacturers are implementing or are in compliance with the code in their respective locations. WRC, however, does "assist in the enforcement of manufacturing Codes of Conduct adopted by colleges and universities" (http://www.workersrights.org/). It does this by investigating factories after a complaint is made by a worker; disclosing factory information to the colleges, universities and the general public; developing verification and labour violation remediation systems; and informing workers of the codes to which their employers are subject.

Like FLA and SAI, WRC has a minimum age of 15, or 14 if in compliance with developing countries exceptions under the ILO. WRC encourages factories to discuss with local government, NGOs and human rights organizations ways "to minimize the impact on children released from employment as a result of implementation or enforcement of the Code." The question then is how to prohibit child labour in the factory and not negatively affect the

child and his or her family when the policy is implemented. WRC and SAI address this by searching for solutions beyond the confines of the factory and by encouraging the factory to work with local organizations in order to find the best possible solution for the factory and the child. As R. B. Freeman (Unpublished manuscript) argues, a way to challenge child labour is not necessarily about having ''inspectors demand that factories fire child workers but in moving the children into education while compensating them or their families for the loss of income that often contributed to survival'' (p. 22; see also Kolk and van Tulder, 2002, p. 298). By also working outside of the confines of the factory, the factory is forced to work with local organizations, and this contributes to the strengthening of local networks and the development of novel ways to address some of the challenges in the maquila. WRC and SAI ensure that their initiatives remain a multi-stakeholder collaboration even at the factory level, just as their child labour policies affirm.

FLA's code, like WRC's, highlights the importance for employers to ''recognize that wages are essential to meeting employees' basic needs.'' However, WRC, unlike FLA, invests more effort to ensure that employers ''provide for essential needs'', or that at least they pay a minimum wage. More-over, it goes further in this regard than SA8000 in that it mentions a 'living wage' and offers a means of calculating it. WRC's principles, in addition, set out a standard 48-hour work limit and they are the only principles to specify that the premium paid for overtime work should be that stipulated by law or, if there are no laws on the matter, the employer should pay one and one-half times the regular salary, which surpasses the ILO's one and one-quarter times. However, unlike SAI but like the ILO, WRC does not have a limit for the amount of overtime hours, stating only that it should be voluntary. Finally, WRC's code is the only one to mention paid vacation and holidays.

The WRC's code takes extra steps to ensure workers have the right to not only organize but also choose their union. This 'civil regulator' also stipulates that no workers should be discriminated against for their unionizing activities and that the licensee abstain from cooperating with ''governmental agencies and other organizations that use the power of the state'' to restrict workers' freedom to

associate. Much like SAI, WRC encourages factories to take steps to guarantee the right to organize, rather than passively abiding by local laws that may restrict labour organizing. In contrast, neither FLA nor WRAP discusses discrimination of union representatives (although they have clauses on discrimination in general), nor do they take extra steps to encourage factories to ensure that measures are taken to facilitate the worker's right to organize in places where the state may be hostile to such organization.

Another important feature in its code which distinguishes WRC from the rest is its reference to women's rights (which is highly logical since women comprise a major part of the maquila workforce). Specifically, it asks that factories pay and treat women equally; do not conduct pregnancy tests; allow women to take maternity leave without the risk of losing their jobs; do not force the use of contraception; and provide pregnant women with appropriate services and accommodations. The other codes are silent on these matters, which together with the many other extensive elements found in the WRC code suggests that this civil regulator has a broadly moral culture, rather than a culture of market morality (Jones et al., 2006). Its code seems to be based much more on an *a priori* concern for the other, and perhaps even a strong 'skepticism regarding the morality of competitive markets' (ibid.).

The preceding analysis highlights some of the important differences that exist across the codes of our four civil regulators (see Table II). In terms of the key labour provisions pertaining to hours of work, child labour and women's rights, there appears to be a continuum in respect of the stringency of the different codes. Generally speaking, the codes of WRAP and FLA provide the maquilas with more flexibility regarding the scheduling of work and the treatment of workers. In contrast, the codes of SAI and WRC restrict management discretion with respect to overtime hours and require maquilas to undertake remediation efforts when child labour violations occur. There also appears to be a continuum in respect of the moral discourses of these four nongovernmental regulatory organizations, with FLA representing the more instrumentalist (Jones et al., 2006) end of the spectrum and WRC the more moralistic end. Sitting

TABLE II
Moral discourses

	FLA	WRAP	SAI	WRC
Child labour	Minimum 15, but in some countries where lawful 14.	Minimum is 14. No mention of international labour law.	Minimum age is 15, with exceptions for 14 in some countries where legal and in compliance with ILO standards. Policy is not only to disallow but establish a "remediation" program to get children into school.	Minimum is 15, but exception for 14 in some countries where legal and in compliance with ILO standards. Also encourages work with local organizations to minimize impact on child once stipulation is enforced.
Compensation and benefits	Pay at least minimum established by local laws. Code highlights that wages "are essential to meeting employee's basic needs".	Employer to pay at least minimum wage required by local law.	Should be at least legal or industry minimum and "be sufficient to meet basic needs...and provide some discretionary income." No deductions as a disciplinary action.	Pay at least minimum by law and ensure that "essential needs" can be met. Mention of "living wage" and way to calculate it.
Hours of work and overtime	48 hours and 12 hours over-time limit. At least one day off for every seven-day period 'except in extraordinary circumstances'. Worker to be compensated for overtime at a premium established by law, if law does not exist, worker should receive at least regular compensation.	Hours of work should not exceed local law. Provides at least a day off every seven days (with exceptions for 'urgent business needs'). No mention of overtime limits or compensation.	Limit hours according to applicable industry and local regulations but should not 'regularly' exceed 48 hours a week. Employee provided at least one day off for every seven-day period. All over-time to be reimbursed at a premium and 'should under no circumstance' exceed 12 hours a week.	Only one to mention holidays and vacations. Employee should not work more than 48 hours a week. Overtime should be vol-untary and premium should be one and a half times regular wage or what is established by law. No limit on overtime hours.

TABLE II
Continued

	FLA	WRAP	SAI	WRC
Freedom of association and collective bargaining	Manufacturers to recognize and respect both the right workers have to freely associate and collectively bargain.	Manufacturers to recognize and respect both the right workers have to freely associate and collectively bargain.	Respect rights to freely associate and collectively bargain. Specifies workers' right to freely choose a union. When restricted by law (as in China) company should facilitate 'parallel means' of organizing. Workers seeking to organize should not be discriminated against.	Recognize and respect both rights to freely associate and collectively bargain. Moreover, employees should not be 'harassed' in efforts to organize. Licensees should recognize the worker's union of choice and not cooperate with state agencies that subdue worker organizing.

between the two are WRAP and SAI, both fairly clear instrumentalists, though both also demonstrating affinities with the moralist WRC. The tension that exists among the four sets of codes between self/firm-regarding behaviour and other/stakeholder-regarding behaviour is largely consistent with the differences that exist in the compositions of the four organizations, the moral appearances that we outlined in the previous section. As we will see next, these tensions and differences are not a great deal unlike the differences associated with the monitoring methodologies or moral actions of these four organizations.

Monitoring: moral action

The four organizations have all developed ways to monitor the participating factories to ensure compliance with their codes of conduct. The main difference in the monitoring methodologies is between the FLA, WRAP and SAI, which all hire outside monitors – who themselves subsequently become organizational stakeholders, and the WRC, which uses its own Investigative Team. Another significant difference is that the former three are more proactive in that they regulate in an on-going manner, whereas the latter tends to be more reactive since monitoring is only triggered by workers' complaints. This section will outline the different organizations' monitoring processes with the purpose of disclosing how stakeholder pressures manifest themselves through monitoring (for instance, how much of a say does a company or factory have in the monitoring process, and can it choose the monitor and the inspection date?).

Monitoring at the FLA

Companies wishing to participate in FLA's program have to submit an application that includes payment and a monitoring plan outlining how the interested company will implement FLA's 'comprehensive compliance program' throughout the applicant's supply chain.[8] The compliance program means companies have to: communicate the Workplace Code of Conduct throughout applicable facilities; train compliance staff to monitor and remediate cases of non-compliance; conduct internal monitoring; be

subject to unannounced external monitoring; provide workers with clear and confidential channels to report instances of noncompliance by the company; and consult with NGOs, unions and other local organizations. These measures are taken to ensure the implementation of FLA's code at all levels of the participating company by the actual company. FLA's responsibility in turn is to ensure that the companies are implementing the code through monitoring.

To obtain certification, the factories producing for the FLA applicable brand are subject to both internal and external monitoring. The interested company starts by conducting its own internal monitoring by periodically visiting at least half of all applicable facilities of some of its major brands during the first half of the Initial Implementation Period (which may be 2–3 years), and then all of the facilities during the second half (FLA, 2005a, p. 20).[9] Internal monitoring is implemented by the company's staff and is done more often and more routinely than external monitoring. It also involves promoting the code "through education, monitoring and remediation" throughout the applicable factories. The company is to inspect all applicable factories at least once a year, and the results of these inspections appear in FLA's annual report (more on this below). Because FLA (like WRAP and SAI) certifies the applicable brand and not just individual factories, it encourages the company to hire staff to manage the internal compliance program. These staff would then be trained to monitor and implement FLA's code throughout the brand's suppliers and subcontractors. Internal monitors, like the external monitor, are expected to: collect information from local organizations where factories operate; interview workers and management; conduct capacity reviews (these measure a factory's capacity to "support or call into question the results and validity of a monitoring exercise"); conduct records reviews (these concern wages, hours of work, benefits, etc.); conduct visual inspections of the facility; analyze the data; and elaborate reports (FLA, 2000). Moreover the company's monitoring staff are to: inform workers of the rights stipulated by the code; establish networks with NGOs and labour organizations that may contribute to the factory's assessment; train company monitors on code standards; provide workers with adequate channels to report code violations; conduct periodic announced or unannounced inspections where workers and management are interviewed and

their records assessed; and establish a remediation process for instances of code violation. The compliance program is evaluated and audited and management is held accountable by FLA staff.

Another part of the compliance program involves having participating companies allow their factories to be subjected to unannounced external inspections. External monitoring is conducted by accredited Independent External Monitors (IEM) who inspect and evaluate the plant according to the criteria stipulated in the FLA's code of conduct and monitoring principles. The FLA determines which factories will be subject to the inspections based on level of risk and random sampling,[10] and its charter requires 10% (before it was 30%) of factories over the Initial Implementation Period to be monitored annually by IEM. Once certification is granted that number is reduced to 5% (FLA, 2005a, p. 22). This type of monitoring involves gathering information from local knowledgeable sources (non–governmental and labour organizations, for instance), workers, management, payroll records, and visual analysis of the installation – much like what is expected by the internal monitor. In addition, IEM monitors are expected to work and get assessed by local organizations[11] to make sure they learn how to approach workers in a "culturally sensitive way". They are also expected to conduct interviews, but only where the worker is not at risk of retaliation by the employer (interviews are to remain confidential); in a place where workers feel free (there is no explicit mention, however, of off-site interviews); and where management has no role in selecting the workers to be interviewed, since the worker interview is a "critical part of the monitoring process." Moreover, a report documenting any instances of non-compliance with standards will be generated by the IEM and delivered directly to the factory, the participating company, and FLA. The factory or company will have to address the report by providing a remediation plan for FLA to evaluate within 60 days of receipt of the IEM's report.

After the company has successfully ended the Initial Implementation Period FLA evaluates whether the company should be certified, and, if certification is granted, the company is reviewed every two years. The evaluation for certification is based on the effective implementation of the internal compliance program by the participating company, remediation

of instances of non-compliance, and steps taken to prevent the recurrence of non-compliance. In cases where the company fails to maintain compliance it will be placed on a 90-day period of review.

The participating company has to supply a yearly standardized report describing, among other things: its internal monitoring and compliance program, the "activities and findings" of the external inspectors, what steps have been taken to prevent any instance of non-compliance from happening again, and the steps the company has taken to remediate "instances of serious non-compliance" (p. 23). In total, a given factory could be audited twice, once internally and once externally, prior to obtaining certification by FLA. One needs to keep in mind however that only a minimal number of a company's total factories (5%) are actually subject to external inspections.

The justification provided by FLA for this monitoring scheme is that with increased transparency the public is better able to hold factories and retailers accountable. The FLA discloses to the public the locations of the companies' factories around the world; for instance, how many factories Nike has in China, and which factories have been internally and externally inspected. However, the FLA does not disclose factory details, such as their names and locations. When the initiative was started, neither the status of the participating company nor the status of a particular complaint was made public by FLA. In 2002, FLA implemented a program to increase the organization's transparency by publishing more details on the status of the participating companies (MSN, 2003, p. 3). According to this civil regulator, disclosure is important because in "perusing a company's factory monitoring reports and reading about its labour compliance program, a concerned consumer or shareholder can gain valuable perspective into a company's approach to improving factory conditions" (FLA, 2005b).

FLA makes public two types of reports as a way to "promote public awareness about labour conditions around the world through candid and transparent reporting" (http://www.fairlabor.org/). The first is at the macro level, where a description is given of the compliance programs of the different FLA registered companies, including their factories' sizes, applicable brands, number and location of facilities, number of inspections, the company's internal compliance program and its development in the program, and information on what was reported by the IEM. The second, more micro-level report provides a detailed 'chart' or time-line of non-compliance practices and the remediation process of a single factory. These charts describe the "series of events" that took place during the factory's monitoring by the accredited external monitor.

In examining FLA's monitoring scheme we confirm Rodríguez-Garavito's (2005) observation that FLA's coverage is quite systematic, though perhaps not particularly stringent. Given that both coverage and stringency are needed if workers are to be truly empowered, we would suggest that FLA's monitoring practices or moral actions have elements of both other/stakeholder-regarding and self/firm-regarding behaviour, which places this regulator in between the moralist and egoist camps. Thus in appearance (Board composition), discourse (code of conduct), and action (monitoring and enforcement) FLA demonstrates a somewhat balanced, 'broadly moral but moral stewardship' brand of ethical culture (Jones et al., 2006).

Monitoring at WRAP

The certified factories of our second civil regulator, WRAP, also have to meet a series of internal and external monitoring criteria before achieving certification. Once WRAP receives the factory's payment and application form it supplies a handbook (Self-Assessment Package) for the factory's management to use when evaluating operations. WRAP expects the interested factory to start the internal monitoring or self-assessment part of the program by identifying individuals responsible for carrying out the assessment; getting support from senior management; sharing senior management's support with workers; and submitting the completed self-assessment package, which contains the Production Facility Profile (to introduce WRAP and the independent external monitor to the factory), the Production Principles Questionnaire (to verify that the factory meets minimum requirements set out in WRAP's Principles or code of conduct), and the Facility Compliance Documentation Checklist (the factory must provide documentation or evidence that it has been in compliance with standards for at least 45 days) (WRAP, 2005, p. 10).

After the self-assessment is completed, the factory notifies WRAP that it is ready to be audited by an IEM. The purpose of the inspection is to verify that the factory is complying with WRAP production principles by placing "responsibility for improving workplace conditions squarely on the shoulders of those who own and operate a specific facility" (http://www.wrapapparel.org/). The factory chooses from a list of accredited independent monitors an agency that will conduct the audit; it also negotiates the costs and establishes the date of the inspection with the accredited monitor. The monitor reviews the self-assessment report submitted by the factory and corroborates it with "supporting evidence and documentation" that it is to demand when conducting site inspection. The monitor is expected to review the physical surroundings "for safe and healthy working conditions" and conduct a "comprehensive and private interview of a select number of the facilities employees" (WRAP, 2005, p. 19). There is, however, no mention of who these employees are (skilled labour? unskilled labour? managers?) or whether the interviews are to be conducted on- or off-site. Moreover, unlike FLA, the monitor is not expected to consult with local NGOs or labour organizations, which decreases the likelihood that workers will feel comfortable disclosing information.

Following the factory audit the monitor submits a report with a list of recommendations to be addressed by the factory – a copy is also sent to WRAP. WRAP is to evaluate the report and the monitor's recommendations, and at this point it will either recommend that the factory remedy some of the irregularities brought forward by the monitor and have the monitor do a follow-up inspection (generally conducted 60 days after the first inspections) (WRAP, 2005, p. 16) or it will recommend that WRAP's certification Board consider the factory for certification. Once the factory meets all the criteria (internal and external monitoring), WRAP will certify the company for one year. During this period the factory may be subject to unannounced inspections (WRAP, 2005, p. 16). At this time WRAP reserves the right to choose which accredited monitoring agency will conduct the unannounced inspection (http://www.wrapapparel.org/). At least three inspections could potentially

be conducted before certification is granted: one internal and two external (one of which is to verify).

There is a very limited amount of NGO or labour participation in WRAP's factory auditing process and there is no explicit mention of factory worker involvement in the process. It mostly relies on North American accounting firms for its auditors (Bendell, 2005, p. 365) and this has particular effects on the functioning of the organization. One of these effects concerns transparency, which for WRAP is probably the poorest of the four organizations. Neither the audit report by the IEM nor the names or locations of audited factories are available to the public. While WRAP's system of code compliance verification is one of the most widely used, it is also the least protective and the least conducive to worker empowerment (Rodríguez-Garavito, 2005). This suggests that in appearance, discourse, and action WRAP demonstrates a stronger allegiance to the moral stewardship of the firm than a duty to its other stakeholders. In locating WRAP along Jones et al.'s (2006) continuum of ethical cultures, we would therefore probably have to locate this civil regulator closer to the egoist than the moralist camp.

Monitoring at SAI

SAI's monitoring system is comparable to FLA's and WRAP's in that it also involves internal and external systematic monitoring. However, SAI does not hire monitoring organizations like FLA or WRAP; on the contrary, SAI trains and accredits established monitoring organizations that will eventually be hired by interested firms or factories. SAI's services include training factory workers and management on standards, auditing and training of auditing firms, and listing the factories that have been certified by SAI (O'Rourke, 2003, p. 14). Companies can implement SA8000 in one of two ways: either by getting the production facility certified, or by registering the retailing company in the Corporate Involvement Program (CIP) – the latter being applicable to companies that sell goods or combine both production and selling.[12] This section will focus on the first form of implementation. Like WRAP, SA8000 certification is only applicable at the individual facility or manufacturing plant.

Individual factories apply for SA8000 applicant status by requesting the application forms from a SAI-accredited monitoring organization. The accredited organizations have staff trained by SAI and the participating factory will work with the monitoring organizations directly rather than with SAI – unless they want staff trained. The accredited monitor is usually a private, for-profit organization which is expected to know both the local language and applicable laws and have a working relationship with local NGOs and trade unions.

The interested factory starts by submitting application forms and proper documentation of compliance with a deposit to cover the auditing fees of the accredited monitoring organization. Like WRAP and FLA, a SA8000 accredited monitor expects the factory to start by conducting an internal assessment and provide documentation that factory and labour conditions are up to par with relevant local and SA8000 standards. Once the internal assessment has been completed, the factory can then contract the accredited monitor for an assessment audit (pre-audit) of the facility. Should the monitor find cases of non-compliance, corrective measures are to be addressed by the factory, with the help of local labour organizations, NGOs, financial firms, buyers and others. After the pre-audit recommendations have been met, the factory may contact the certification auditor again to arrange for a "full certification audit", the cost and time of which, much like WRAP, is to be negotiated between factory management and the monitoring organization.

During the certification audit the accredited monitor would require management to provide relevant records and the "freedom to interview employees" – the monitor has to ensure that interviewed workers remain anonymous. The monitor is also encouraged to interview representatives from local labour and non-governmental organizations to learn about local labour conditions, the restrictions workers may be subject to when trying to organize, and to ensure that the workers' union is independent from management, if in fact there is one. Once the factory has been inspected the monitoring team may issue either a major or a minor "corrective action request"; the former being based on "system-wide non-compliance" and the latter being issued for an "isolated" incident of non-compliance (http://www.sa-intl.org/). In this regard, SA8000 is not based on a pass or fail but a grading system; it allows the factory to address the incidents of non-compliance by taking immediate action or developing a plan that will outline how these corrective actions will be addressed. The audit team evaluates the factory's response and issues a report with recommendations to its management as to whether or not to issue certification. SA8000 certification is good for three years and there will be surveillance audits either every six months or once a year. There are in total three audits, followed by a report that the factory must be subjected to for certification: an internal audit, an external pre-audit, and a full external audit for certification. Audit reports go to the companies and to SAI – others may have access to reports if a confidentiality agreement is signed. SAI does disclose a list of certified factories (including their names and locations) but it does not publicly-release information on the factories that have been refused or that have lost certification.

Given that SAI has the *appearance* of being a pro-industry monitor – its Board is heavily skewed in favour of business – and given that its 'regulations' or moral discourse lacks specificity in respect of exactly *how* workplace conditions are to be improved, one might be inclined to suggest that SAI feels somewhat ambivalent about whether or not maquilas should be used by economic actors to pursue their interests 'with guile'. Such a suggestion is only further supported by an analysis of this civil regulator's monitoring and enforcement system. Like WRAP, the SAI's monitoring practices – its moral actions – appear not to be particularly "protective and conducive to worker empowerment" (Rodríguez-Garavito, 2005, p. 217). Indeed, with the exception of its support for unannounced factory visits, SAI still remains a largely business-centered rather than other-regarding (Jones et al., 2006) civil regulator.

Monitoring at the WRC

Up to this point, we have maintained that our four organizations are in effect civil regulators. Yet our fourth organization, the WRC, is really much less like a regulator than the others and this is for a very specific reason: the organization's originators saw the growing trend towards the privatization of labour regulations and did not themselves want to further

usurp national or state forms of governance (Sobczak, 2003, p. 226) also makes this point). Consequently, WRC does not have an internal monitoring program *per se*, and its 'monitoring', in so far as the term applies, is really only based on supporting workers; it helps them know their rights and have access to clear channels through which they can make complaints and advocate their rights, all with the aid of local allies. Workers are encouraged to monitor and report labour violations, and they are to do this through what WRC calls the 'fire alarm method', which essentially amounts to whistle-blowing. Of course, encouraging workers to whistle-blow is not a small challenge as they rightly fear losing their jobs. Indeed, given the ease with which factories can relocate, more than just the whistle-blower's job might be at stake.

For WRC, it is the university or college that is expected to "define expected standards for treatment of workers and to hold licensees accountable" (http://www.workersrights.org/). Once a factory adopts the WRC's model, workers must be able to freely make complaints. Indeed, worker complaints potentially trigger an investigation by WRC, as it sees itself as primarily responsible for verifying complaints (http://www.workersrights.org/). Such complaint-triggered investigations are conducted only once the complaint has been evaluated in accordance with WRC's investigative criteria. The organization then sends out its Collaborative Investigative Team, which is comprised of several local organizations and a WRC staff person. The team then reviews factory records, though it puts more emphasis on off-site interviews with workers – its "primary source of information" (MSN, 2001). If the investigative team reveals that a factory violated the university's or college's code of conduct it will develop a list of recommendations that the factory would have to adopt. It would then encourage the university or college, and any of its licensees, to get involved in the remediation process. The reports are written by the investigative team and these reports, regardless of the findings, are shared with the university or college and with the public. It should be noted that WRC also conducts proactive or spot investigations. These involve unannounced inspections in factories that are believed to be high-risk.

As an investigative agency WRC has a specific role, which is to verify worker complaints; in some instances proactively investigate conditions; keep companies with questionable labour practices under the 'spotlight'; promote research; and work with local 'worker-allied groups' when conducting investigations as a way to build capacity. WRC, unlike the other monitoring organizations, does not certify the company (like FLA) nor the individual factory (like WRAP and SAI) because of the number and mobility of the maquilas. Moreover, WRC is of the belief that yearly, one-time inspections are not enough to remedy certain situations, and that on the contrary they "often just cover up poor working conditions" (http://www.workersrights.org/).

WRC is aware of the challenges of compiling a disclosure list due to the tendency that licensees have to "change factories season-to-season and year-to-year" (http://www.workersrights.org/). Nevertheless, WRC provides a global list of factories (including their names and locations) that manufacture for those it registers. The purpose of this, it is believed to provide a transparent environment for the public, to enable its licensees to learn about its producers, and to hold its licensees accountable. Revealing what has traditionally been hidden from university and college retailers and their buying public, the WRC feels it provides an important sense of transparency (http://www.workersrights.org/).

That said, the WRC has been referred to as a 'vigilante' and 'confronter' (cf., Rodríguez-Garavito, 2005, p. 216) and the apparel industry is apprehensive about its general monitoring approach, which is why WRC has only a small number of members. Most significantly, the industry is not enthusiastic about its complaints-triggered approach, which O'Rourke (2003, p. 18) refers to as a 'gotcha' model of monitoring. Yet WRC does have a more arms-length distance from industry and this affords it a greater degree of independence. When one combines this with its focus on public transparency, its unambiguous concern with worker empowerment (its moral actions), its lack of apparel-industry Board representation (its moral appearance), and its extensive code of conduct (its moral discourse), one sees this civil regulator as having a rather moralistic ethical culture, at least in Jones et al.'s (2006) terms. While its monitoring may not be as systematic as that of FLA (Rodríguez-Garavito, 2005), which increases the possibility that factory managers and

TABLE III

Moral actions

	FLA	WRAP	SAI	WRC
Internal monitoring	All company's facilities in supply chain to be inspected by the company's staff during initial implementation period (IPP) and on a yearly basis once certified. Reports are audited by FLA. Internal monitors expected to collect information from workers, management and local organizations where factories operate. Conduct capacity reviews (measure of factory's productive capacity), records reviews (wages, hours of work, benefits, etc.), visual inspections, analyze the data and elaborate reports.	Individual factory starts certification review process by filling out WRAP's self-assessment package which includes: the Production Facility Profile, the Production Principles Questionnaire and the Facility Compliance Documentation Checklist. These help WRAP assess and obtain a preliminary understanding of factory compliance to WRAP's principles.	Throughout its first year the factory is granted the status of 'applicant' and is expected to show documentation that it is adhering to local and SA8000 regulations before hiring an external monitor to conduct audit. No public documentation on how internal monitoring is carried out.	Workers at the licensee's factories are informed that they are subject to a code of conduct implemented by the university that the maquila works for and are given an avenue to voice a violation of the code.
External monitoring	FLA accredits an IEM that could be either local or international. Determines the accredited monitor that will conduct the unannounced audit. Before certification is granted (that is, during the IPP) 10% of all applicable factories are inspected. Once company is certified 5% of all factories will be inspected. IEM is to conduct capacity reviews, records reviews, visual inspections, analyze the data and elaborate reports. Encourages monitor to identify and include local knowledgeable sources.	WRAP accredits either local or international monitors to conduct audit. Factory arranges the time and cost of inspection with external monitor. The monitor investigates the factory and recommends to WRAP whether the factory should receive accreditation. External monitor reviews the completed self-assessment report submitted by the factory and corroborates it with "supporting evidence and documentation" when visiting the site. Monitor also expected to review the physical surroundings "for safe and healthy working conditions" and interview some of the factory's employees in private.	The factory chooses and negotiates the time and cost with the SAI-accredited monitor that will do the audit. Monitor inspects the factory twice: a pre-audit and a certification audit. Monitor is expected to consult with local NGOs and labour organizations, inspect installations, review factory records and interview workers and managers. Once certification granted, which is good for three years, the factory will be subject to a once-a-year unannounced inspection.	Investigations carried out by an investigative team comprised of members of local NGOs and labour organizations and a WRC staff person. Investigations are either triggered by a worker complaint or, to a lesser extent, are proactive. When a complaint is made a preliminary assessment is conducted, and this is followed by a more in-depth investigation. The team interviews factory management and workers as well as local organizations that have knowledge of the factory.

TABLE III

Continued

	FLA	WRAP	SAI	WRC
Interviewing and research methodology	IEM is expected to work and get assessed by local organizations to make sure they learn how to approach workers in a 'culturally sensitive way'. Conduct interviews where the worker is not at risk of retaliation by the employer (that is, interview remains confidential), in a place where workers feel free (there is no explicit mention, however of off-site interviews), and where management has no role in selecting the workers to be interviewed because the worker interview is a 'critical part of the monitoring process'.	Apart from reviewing the factory's installations, the monitor is to do a 'comprehensive and private interview of a select number of the facilities employees'. No mention whether employees are management position or others or whether interviews should be conducted off-site. Monitor not expected to consult with local NGOs or labour organizations, thus decreasing the likelihood that workers feel comfortable disclosing information with auditors.	Monitor should conduct interviews in a manner sensitive to local cultural norms and that protects identity of worker. Auditor encouraged to interview local union representatives to learn about local labour conditions and restrictions. Interviews the factory workers' union in to verify independence. There is mention that auditors should conduct off-site interviews. No more information is given in public documents.	Assessment team reviews factory records, but nevertheless puts more emphasis on off-site interviews with workers – their "primary source of information" (MSN Code Memo # 17. June 2001). The team is expected to interview management, workers, local labour and non-governmental organizations and local government.
Reporting and transparency	Both internal and external monitoring reports are evaluated. FLA and monitor recommend remediation plan for factory to implement and subsequently publish a summary of the reports and remediation process, either in the form of a general report of all participating companies or a 'chart' of a particular factory. Country location of factory is given whereas neither company name nor address are given. Discloses brand the factory produces for.	WRAP is the only agency to have access to the reports elaborated by both the factory and the external monitor. No information given on location or factory name	All the reports elaborated by the factory and the external monitor are evaluated by SAI. Reports are not made public – an exception could be made if a confidentiality agreement is signed. Provides company name, factory address and what it produces. Does not disclose brand the factory produces for or names of companies that have lost certification.	Reports elaborated by the investigative team are distributed to the WRC, the factory, the licensee and their university and college clients and the public at large. Provides company name and location. Also discloses brand/ university the factory produces for.

owners will pursue their interests with guile (Jones et al., 2006), it does put a great deal more emphasis on the role of workers, who, at the end of the day, are the ones best positioned to know when a moral standard has been violated. In this sense then the morality to which WRC subscribes is not one concocted by a group of idealistic, ivory-tower academics, but one that is determined by the very people who are subject to the abuses that these regulators all ostensibly aim to suppress. These characteristics of WRC's monitoring approach are summarized in Table III, along with those of the other three civil regulators.

Ethical cultures and the problem of independence

Before concluding our analysis, it is worth commenting on the idea of independence, something Jones et al. (2006) suggest is of one of the greatest moral virtues of bureaucracy. At first glance, all four organizations might seem to uphold this virtue as each either accredits external, third-party organizations to audit participating factories or, in the case of WRC, turns this role over to workers. It seems however that there are a number of problems with how the external audits are done and who exactly it is that is doing them. As Bendell (2005, p. 366) highlights, to save time and money auditors often "seek to reduce the potential complexity that could be faced during an audit in order to automate the process", meaning that third-party, commercial audits are not always as thorough as they need to be. Bendell also goes on to state that while attending an SA8000 training course he saw a number of "pro-client biases of commercial auditors" (pp. 367–68). O'Rourke (Unpublished manuscript), in his discussion of the maquila auditing practices of PricewaterhouseCoopers (PwC), goes even further. Highlighting what he sees as a management bias in their reports, he observes that "PwC auditors asked the managers to help them select workers to be interviewed" and that they at times failed to ask questions on pertinent matters such as freedom of association. In his (1997) evaluation of Ernst and Young audits of Nike suppliers in Vietnam (one of which was leaked to the public, intensifying the scrutiny of Nike), O'Rourke also states that large commercial accounting firms do not have the

"training, independence, or the trust of workers" to carry out these types of audits (ibid., p. 11). More recently, Boje et al. (2001) observe that in one instance Nike approved the 'final version' of one of its monitors' lists of questions.

Among those depending upon external parties for the actual monitoring work, the FLA uses the largest proportion of NGOs (7 out of its 20 monitors), whereas SAI and WRAP appear to depend entirely on professional service firms (O'Rourke, 2005, pp. 6–8). These firms it should be noted are themselves often large and well-networked global businesses (Hanlon, 1994), which makes them potentially significant sources of what Jones et al. (2006, p. 141) refer to as 'market morality'. It is interesting to note too that in some cases the monitoring organizations use the same auditors as the major companies themselves, as we see in the case of Cal Safety Compliance Corporation (CSCC), Bureau Veritas, A & L Group Inc. (ALGI), and Societe General du Serveillance (SGS), all of which are large international organizations accredited by FLA, WRAP and SAI. This would perhaps be of little importance were it the case that these firms were actually independent and not also providing other fee-based services to their clients, such as testing, technical and certification management services. Looking at the work of PricewaterhouseCoopers (now Global Social Compliance-GSC), O'Rourke (Unpublished manuscript) argues that this company has "become one of the...most influential participants in the Fair Labour Association and the Worldwide Responsible Apparel Production (WRAP) monitoring programs".[13] While Global Social Compliance is no longer an FLA or WRAP[14] external monitor, commercial influence in the field of monitoring remains.

As these instances show, auditors face multiple challenges, especially in terms of accountability, capacity and independence. Moreover, the existing arrangement does seem to be characterized by financial constraints and a lack of experience on the part of monitors, as Esbenshade (2004) and Pruett (2005) argue, and there are many pressures that encourage monitors to not reveal the full extent of labour practices. Such observations have been brought to the attention of the various monitoring organizations, and one of these, the FLA, "is shifting the balance of its accredited 'independent monitors'

away from global firms either to more specialized firms or to non–profit social auditing organisations, albeit at a very slow pace'' (Pruett, 2005, p. 51). Yet with our four multi-stakeholder monitoring organizations still relatively close to the large multi-national brands and a number of well-networked global accounting firms, one does need to wonder about these organizations' independence. One also needs to wonder about their ethical cultures and how they might respond to those who have much 'thinner' definitions of the individual (Walzer, 1994), and whose 'egoist and instrumentalist' concerns with efficiency, shareholder value and profit maximization often trump concerns for the other (ibid., p. 144).

Having now examined the moral appearances, discourses and actions of our four civil or private regulators we are thus able to *tentatively* locate these organizations along Jones et al.'s (2006) egoist-instrumentalist-moralist continuum (see Figure 1). We say tentatively here for two reasons, the first being that these are dynamic organizations whose compositions, codes and practices are never static – what might be 'instrumentalist' today could well be 'egoistic' a short time later. Moreover, and assuming that such organizations are in some way homogenous, one would have to spend a great deal of time in each of these organizations and talk to all of their members before one could safely say their ethical cultures were either moralist, egoist, or instrumentalist (for insights into this complexity, see Di Norcia and Tigner Larkin, 2000). The point of using Jones et al.'s continuum is simply to show that these increasingly important nongovernmental civil regulators differ in a number of key respects. Equally important it is to show that all of these organizations appear to have a somewhat different moral focus, one that ranges from a more narrow, moral obligation to firm shareholders (the egoists) to a more general, moral obligation to the other (the moralists).

Discussion

There are various types of corporate codes of conduct,[15] as well as various ways of interpreting their rise,[16] growth and monitoring. For example, one could see them as a corporate ploy used to dampen social criticism and co-opt NGOs and labour organizations into taking a less critical stance. One could also view these arrangements as a means of further undermining the role of the state and merely providing comfort to consumers (Esbenshade, 2004; Pruett, 2005). Indeed, some commentators, citing a lack of transparency, capacity, accountability and democracy, are apprehensive about the way monitoring organizations are currently functioning, suggesting that the emergence of this 'new class of governance' is playing a complementary role in our global economic system, a system that is best characterized by butchered state regulation and increased multinational influence (O'Rourke, 2005, p. 2; see also Bartley, 2005; Rodriguez-Garavito, 2005). In contrast there are those who see such codes and industry self-regulation as a solution to a problem of regulatory inefficiency; corporations are in the best position to know how to best regulate their industries, and so they should be the ones in charge of making, and enforcing, the rules.

We are inclined to see the rise in codes and their self-regulation in a more equivocal light. We agree with Kolk and van Tulder (2002, p. 299), for instance, that some companies need to be sceptical in respect of adopting exacting codes because their reputation is on the line if they do not meet the provisions of the code, while adopting a broader code may reduce a company's credibility. Moreover, it has been suggested that the use of overly-detailed codes may encourage a culture of loop-hole-seeking – the need to follow the 'spirit' of a code may become secondary to determinations of where exactly the code does, and does not, apply (Kaptein and
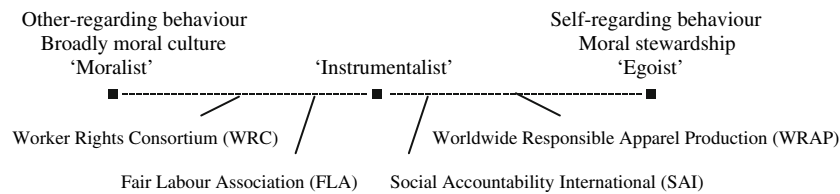
Figure 1. Ethical Cultures Continuum

Wempe, 1998). Yet as Utting (2002) suggests, we also believe that unilaterally designed and implemented codes do not always get companies the recognition they want because they may be "weak and often aimed more at public relations than substantial improvements in social and environmental performance" (p. 62). In addition, there is the problem of having too many codes and too many enforcement regimes, as this at times leads to confused and uncoordinated implementation as well as alienation on the part of factory management and workers. Regarding this latter point, Locke et al. (2006, p. 6) observe:

> Our interviews in the field revealed that many codes of conduct are accompanied by increasingly detailed guides, specifying, for example, the exact position of fire extinguishers or ratio of toilets to employees. The result is that the suppliers have to move the fire extinguishers depending on which auditor or which brand is coming to inspect the plant. Similar problems can occur with specifications for bottom-up worker involvement, which can differ from code to code, creating redundant systems.

In respect of the criticisms levelled at multi-stakeholder collaborations, we would also agree with Daboud and Calton (2002, p. 96), who argue that such dialogues are important because of the "potential for *joint learning* as different perspectives on the shared problem as well as preconceptions about relationships between 'selves' and 'others' are tested and recast". Multi-stakeholder initiatives do bring together a variety of much-needed perspectives, as WRAP's website points out. The challenge, however, concerns which perspective has the most influence and whether it is the case that one particular member plays a decisive role in the development of the collaboration (cf., Everett and Jamal, 2004). Finally, we agree with King and Lenox (2000), who suggest that industry self-regulation *might* work, but that one needs to first very carefully examine the industry within which deregulation is to occur. Indeed, we would add to these authors' caveat that an analysis is also needed in respect of the moral climate of the industry in question, its participants, and its self-nominated peak organization (i.e. the industry's umbrella organization).

In looking at our four civil regulators, we found that the different organizations' Boards of Directors are more or less comprised of members of industry, universities and colleges and labour and nongovernmental organizations. Some Boards have more representation from a particular sector than others: the FLA's for instance is balanced among industry, NGO and labour (ignoring, of course, the power dynamics that take place among the various sectors), whereas the WRC does not have industry members but does have several experts representing labour. We also concerned ourselves with what these regulators say – their moral discourses as manifested in the codes they promulgate. Here too we saw a range of breadth and varying degrees of discretion built into the codes. Finally, in attempting to locate these four organizations along a spectrum of ethical cultures, we examined these organizations' monitoring and enforcement practices. Here we found again a range of practices, and a range of moral obligations – from a more narrow focus on firm shareholders to a more generalized focus on others. As it turns out, the least 'moralistic' of the four, WRAP, still has a highly moral mission, though it is aimed largely at firm shareholders (making it a 'moral steward'). And ironically, the seemingly most moralistic of the four, WRC, turns out to be rather morally neutral, as its focus is largely on 'letting the workers decide'. Those decisions include not just determinations of what constitutes a workplace violation, but more importantly what constitutes the violation of these workers' own moral standards. While the maquila industry has been demonized by many in the West, it turns out that many of the workers in this industry actually much prefer it in light of the other opportunities available (Sargent and Matthews, 1999). The point to be made here is that it is for these same workers to decide when their rights have been violated. For WRC, it seems that our role in the major consumer nations is to ensure that when these workers do speak out, their voices are heard.

Another implication of our analysis concerns what Mitchell et al. (1997) refer to as stakeholder salience. These authors observe that some stakeholders are always seen as more important than others, and this depends on the degree of power, urgency and legitimacy that these stakeholders have. Jones et al. (2006) extend this argument by suggesting that an organization with a more moralistic culture has a wider interpretation of who it sees as legitimate, and that only (more or less raw) power is important to

those organizations having a strictly egoistic culture. From this argument, we would be inclined to predict that more egoistic actors like SAI and WRAP take a much narrower view of the type of stakeholder that counts, while more moralistic actors like WRC and FLA take a much wider view. Another way of stating this is that a maquila industry regulated by an organization such as WRAP would likely be an industry with a very narrow view of stakeholder legitimacy but a very wide view of stakeholder power; whereas a maquila industry regulated by an organization such as WRC would likely be one with a relatively wide view of who it is that really counts. For those in government, labour and NGOs interested in the maquila industry, the implication is that civil regulators like WRAP and SAI, and the companies whom they regulate, need to be watched very closely. For business managers, it is also worthwhile to consider the differences among the various monitoring organizations, as some would offer a better 'moral fit' (Di Norcia and Tigner Larkins, 2000) than others.

Milton Friedman (1970) once argued that in a capitalist economy there is one and only responsibility of business – to use its resources and engage in activities designed to increase its profits, so long as it stays within the rules of the game. This argument not only downplays the importance of the firm's moral obligations to its customers (and others), but also begs the question as to what exactly is meant by 'the rules of the game'. In this article we considered some of these rules, and we considered the moral character of those who make and enforce them. Following on Kolk and van Tulder (2002) we too see that "codes drawn up by NGOs turned out to be most specific, and those developed by business associations the least" (p. 297). In responding to these authors' call for more research in the area of "business and stakeholder ideas on the effectiveness of codes" (p. 299), we outlined how the main multi-stakeholder monitoring organizations – our newly emerging civil or private regulators – construct codes in a way that reflects not only their respective economic interests, but also their moral interests.

Crane and Livesey (2003) suggest that the various perspectives represented in a multi-stakeholder initiative may produce "inaction or fragmentation within the organization itself" (p. 40). One could

extend this to say that these perspectives may also produce inaction and fragmentation within the *industry* itself. Judging by our experience, they may even produce a certain amount of animosity, as we see has led to the creation of the WRC, a 'civil or private regulator' that is somewhat less-welcoming to industry. Further research is needed to examine these processes, and the competition that is occurring over legitimacy and prominence in this field. As this has become a space that is no longer monopolized by the state and international multilateral organizations, further research is needed to determine how these new and emerging types of organizations morally-define themselves, and how they make these definitions legitimate. Most importantly, a clearer understanding is needed regarding how these civil regulators might come to see 'corporate egoism', and the weakening of workers' rights that is associated with global deregulation, as somehow unproblematic, or even ethical.

Notes

[1] During the preparation of this study the NGO sector had on seat vacant.

[2] This is a Washington-based NGO that promotes private investment in the Caribbean and Central America

[3] In 2006, both the Maquila Solidarity Network (MSN) and the International Textile, Garment and Leather Workers' Federation (ITGLWF) resigned as long-standing members of SAI's Advisory Committee because of the formalized agreement that was struck between SAI and and the Business Social Compliance Initiative (BSCI). According to MSN, one of the reasons it resigned was that BSCI "is a business-led initiative and does not include trade unions or labour rights NGOs in its governance bodies" (MSN, 2007).

[4] The USAS is an international movement comprised of students united by the goal of fighting sweatshop and labour abuses around the world. There are in total 200 affiliated high schools, colleges and universities involved in this initiative all over the U.S.

[5] WRC recently started working with boards of education and are conducting 'test trials' in several municipalities

[6] For instance Reebok International LTD. has two FLA applicable brands, Reebok®footwear and Reebok® apparel, which make up 83% of the company's consolidated revenue (FLA, 2005b)

[7] According to Janelle Diller, model codes are "generic statements intended to serve as a basis for enterprises to develop their own codes" (1999, p. 103)

[8] Universities and colleges also have distinct criteria that they have to meet (FLA, 2005a, pp. 12–13).

[9] The company has the option of identifying in its plan those facilities that it considers *de minimis* or of minimum importance and which should not be considered in the agreement

[10] At one time FLA allowed firms to be involved in selecting which factories would be inspected

[11] This type of collaboration, although necessary for more effective external and even internal monitoring, has led to cases of abuse. According to Pruett (2005, p. 47), many "local labour rights groups, particularly in Asia, complain that they are just being co-opted by commercial social auditors, and treat the latter with extreme caution".

[12] In this arrangement buyers that have implemented the CIP "must give preference to suppliers who are SA8000 applicants and publicly report how many of their suppliers have achieved SA8000 applicant status" (http://www.sa-intl.org/)

[13] Although O'Rourke (Unpublished manuscript) claimed that WRAP and FLA have accredited PricewaterhouseCoopers (PwC), and the Maquila Solidarity Network (2002) claimed that the FLA accredited GSC, it no longer seems to be the case that FLA and WRAP continue to accredit these organizations.

[14] The Guatemalan branch of PricewaterhouseCoopers, however, is still currently one of WRAP's accredited monitors

[15] For a discussion of the different types of codes of conduct, see Huyse and Parmentier (1990).

[16] For a discussion and analysis of the rise of voluntary labour standards, which is the type of code specifically examined in this article, as well as the rise of monitoring in the apparel industry, see Bartley (2005). For insights into the evolution and diversity of corporate codes of conduct, see Wood (2000), Wood and Rimmer (2003), Kaptein (2004), and Singh (2006).

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