Making Standards Work

Case Studies of Social and Environmental Standards in the Clothing and Catering Supply Chains

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Abstract

Social and environmental standards can function as tools for companies that want to improve their conduct in social and environmental areas in the supply chain. However, relatively little attention has been given to how the adoption of social and environmental standards may influence the actual business practices in the supply chain. The overall aim of this thesis is to examine the institutional context surrounding the adoption of social and environmental standards and how these standards influence the business practices in the supply chain. The thesis consists of two papers that explore two different standards in two different supply chain contexts. The empirical material is based on case studies where interviews with key persons provide the main source of evidence. The case studies are backed up by previous studies in the field. In this thesis, the two papers are framed and analyzed with the aid of literature around the phenomenon of standards.

Paper I explores factory managers' perceptions of the labour standard SA8000 in the Indian clothing supply chain. Buyer requirements and hopes for competitive advantage provide incentives for the factory managers to implement SA8000. Obstacles associated with SA8000 are costs for certification, increased labour costs and infrastructure investments. Although buyers require the standard, they do not offer any support so that the standard represents a safe investment. Nevertheless, the standard may lead to business opportunities in terms of better reputation, which may lead to increased orders and lower labour turnover.

Paper II explores professional purchasers' perceptions of the organic food standard KRAV in the Swedish catering supply chain. The study identifies procurement conditions for beef and the associated obstacles and opportunities with purchasing organic beef. Obstacles with organic beef are high costs, low volumes, inefficient distribution and low consumer demand. In the public sector, political goals and altered procurement practices provide opportunities for purchasing organic beef. In the commercial sector, organic beef can provide grounds for differentiation.

Keywords: standards, corporate responsibility, labour standards, organic food standards, supply chain, India, Sweden.

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"Skäms inte för att du är människa, var stolt! Inne i dig öppnar sig valv bakom valv oändligt. Du blir aldrig färdig, och det är som det skall."
    Tomas Tranströmer

Contents

List of Publications

This thesis is based on the work contained in the following papers, referred to by Roman numerals in the text:

I   Stigzelius & Mark–Herbert (2009). Tailoring Corporate Responsibility to Suppliers: Managing SA8000 in Indian Garment Manufacturing. *Scandinavian Journal of Management* 25, 47–56.

II Stigzelius, Astner, Mark–Herbert & Andersson (2009). Procurement Conditions for Organic Beef in the Swedish Catering Sector. (*Manuscript*)

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Abbreviations

CR	Corporate Responsibility
CSO	Civil Society Organization
ETI	Ethical Trading Initiative
FLA	Fair Labor Association
FWF	Fair Wear Foundation
HACCP	Hazard Analysis and Critical Control Points
IFOAM	International Federation of Organic Agriculture Movements
ILO	International Labour Organization
INGO	International Non Governmental Organization
ISO	International Standard Organization
KF	The Swedish Co-operative Union
KRAV	Swedish Association for Control of Organic Production
MNC	Multi National Corporation
MSI	Multi Stakeholder Initiative
SAI	Social Accountability International
SA8000	Social Accountability 8000
UDHR	Universal Declaration of Human Rights
UN	United Nations
WRAP	Worldwide Responsible Accredited Production
WRC	Worker Rights Consortium
WWF	World Wide Fund for Nature

1 Introduction

1.1 Problem

The development and adoption of standards have increased rapidly within organizations and businesses around the world (Brunsson & Jacobsson, 2002). Standards can be used to classify the quality of products, prescribe how to conduct processes and reinforce an identity within organizations. Standards can also be seen to represent commonly accepted norms in society and function as a form for governance and coordination on a global scale. In this way, standards influence the ideas and practices of individuals and organizations. Within the area of Corporate Responsibility (CR), standards have had an increasingly influential role.

A growing number of companies have aligned to the idea of CR, which challenges the institutional model of corporations since it incorporates the social and environmental impact of business practices into the companies' responsibility (Windell, 2006). Standards can function as tools for companies to improve their conduct in social and environmental areas, such as labour rights and agricultural production. Various social and environmental standards have been developed that claim to be valid on a global scale, e.g. UN Global Compact, ISO 14001 and SA8000 (Halme *et al.,* 2009).

Most research related to standards within the area of CR has focused on the development, content and communication of standards and mainly from a buyer perspective (e.g. Carasco & Singh, 2003; Göbbels & Jonker, 2003). A problem area that has received relatively little attention is the actual adoption of social and environmental standards in other areas of the supply chain and what influence standards may have on the business practices (Busch, 2000; Mamic, 2005; Bendixen & Abratt, 2007; Gilbert & Rache, 2008). Within CR-research the supplier has been neglected despite the fact

that the relation between suppliers and buyers constitute an important link for the outcome of CR practices (Bendixen & Abratt, 2007). The supplier-buyer relationship covers procurement policies and practices that are central for the overall business processes. More empirical research is therefore needed on how different companies in the supply chain adopt standards and the obstacles they may encounter (Gilbert & Rasche, 2008).

In addition, there is an increasing demand for a contextual awareness with regards to the environment in which corporate responsibility takes place, since the context may influence the norms and practices of adopting standards (Halme *et al.,* 2009; Boström & Klintman, 2006; Sweet, 2000; Roberts, 2003). It is suggested that institutional contexts, such as different social, political and industrial settings, make up important conditions for the influence a standard may have on business practices (Powell & DiMaggio, 1991; Brunsson & Jacobsson, 2002; Pfeffer & Salancik, 2003). This raises questions of the contextual influence on the adoption of standards as well as the standards' influence on business practice in a supply chain perspective.

1.2 Purpose

The overall aim of this thesis is to examine the institutional context surrounding the adoption of social and environmental standards and how these standards influence the business practices in the supply chain. The research questions are:

- – How does the specific business context influence the adoption of social and environmental standards?
- – How do social and environmental standards influence business practices for the supplier?

1.3 Delimitations

The thesis is based on two particular cases of standards, one social and one environmental, which involve third-party certification. Particularly, the international labour standard SA8000 and the Swedish organic food standard KRAV are studied. The two studies are not primarily concerned with the development or distribution of the standards, but rather the adoption of the processes or products that the standards provide.

The objective is not to study the influence of the standards in terms of social and environmental impact, which is the main purpose of the standards. Instead, the study aims at identifying the standards' influences in

terms of opportunities and obstacles with using the standards' processes or products from a business perspective.

The two studies differ in the unit of analysis where the adoption of SA8000 is studied at manufacturing level in the Indian clothing supply chain, while the adoption of KRAV-labelled products is studied at the meal production level in the Swedish catering supply chain. These differences pose constraints on the possible comparisons of the two cases. In addition, the studies are specific to the particular contexts and they are made at a point in time, which leads to a caution in generalizing the findings. Nevertheless, the approach used in this thesis could be applicable on similar studies.

1.4 Contributions

This thesis contributes to a deeper understanding of the context surrounding the obstacles and opportunities with adopting social and environmental standards from a supply chain perspective. The contribution is mainly empirical, since the thesis illuminates the widely known concept of standards from a rather new perspective – the supplier. It also draws attention to another dimension of standards that is related to the contemporary phenomenon of corporate responsibility, namely social and environmental standards. The thesis identifies obstacles and opportunities with adopting these particular types of standards in different supply chains. The results of the studies may have implications for both theory and practice, since it raises the awareness of the importance of the institutional context surrounding the development and adoption of standards.

1.5 Disposition

The thesis is structured as follow. After this introduction to the field of research, the chosen approach towards the research problem is declared in terms of research strategy and choice of perspectives. An analytical framework is thereafter provided, which put the two papers of this thesis in a wider perspective. A deeper empirical background is then given that relates to the context of the two particular standards being studied. Next, a brief summary of the two papers is made, which provides grounds for the analysis of the papers. At last, some concluding remarks are drawn that point out the major conclusions and opportunities for further research. Some potential implications for practice and policy are also discussed.

2 Approach

This chapter explains how the research problem is approached in terms of choice of research strategy and choice of perspectives.

2.1 Choosing research strategy

There are different research strategies that could be employed, where the main distinction often is made into either quantitative or qualitative methods (Bryman & Bell, 2003). The main difference between the two strategies could at first glance be whether to use measurement or not in conducting research. However, if looking behind the labels they are also carriers of a whole different philosophy of science. Researchers using qualitative and quantitative approaches may therefore have different perspectives on the nature of the social phenomenon (ontology), the nature of knowledge (epistemology) and the role of theory in generating knowledge (deduction or induction). A more thorough review of the different orientations can be found elsewhere (see e.g. Bechara & Van de Ven, 2007; Bryman & Bell, 2003). Nevertheless, it can be important to be aware of the differences and their respective implications when choosing the research strategy.

If choosing qualitative research as a method to inquire knowledge, it often entails an ontological position of *constructionism* and an epistemological position of *interpretivism* (Bryman & Bell, 2003). Constructionism views social phenomena and their meanings as being continually constructed through the interaction of social actors, which implies that social phenomena constantly are revised. Interpretivism regards the subjective meaning of social action as important, as opposed to the positivist view that is prevailing within natural science that view knowledge as an objective description of reality. Interpretivism put greater emphasis on *understanding*

human behaviour, rather than explaining it as being subdued to natural forces. This implies that a social concept, such as following standards, can only be understood through understanding the meaning of the concept for those who are involved in this social action. Further, qualitative methods tend to use an inductive approach, i.e. to first observe the phenomenon in reality and later use the findings to generate theory, rather than the other way around as in deductive theory. However, there is seldom a clear-cut use of inductive *or* deductive theory, but they are rather both used in an iterative way. This is often referred to as abduction. Moreover, what has also been noted is that qualitative research using an inductive approach rarely generates new theory, but rather generates illuminating findings where theory can be used as a background to better understand the findings.

The chosen research strategies for both papers are qualitative methods. By employing qualitative methods I mainly share this approach to research, even though I practically do not see an opposition between qualitative and quantitative research. They can be used in combination to complement each other in many ways. Nevertheless, the original choice of research strategy has not been deliberately guided by philosophical thought, but rather by the research community around the phenomenon of corporate responsibility that I belong to. Corporate responsibility is a contemporary, complex and still developing area of research within business studies, which explains the need to still explore new facets of the social concept. One way to explore new areas of research is through case studies.

2.2 Exploring standards through case studies

Case studies are used within a wide array of research in social sciences, e.g. anthropology, economics, political science, psychology and sociology (Yin, 2003). Case studies are commonly used to explore and to describe a phenomenon and may very well be used to explain it as well. The meaning of a contemporary and social phenomenon, such as standards, can be better understood with the use of case studies. This research strategy is suitable for research that asks "how" and "why" questions and study a contemporary complex phenomenon within a real-life context, as opposed to historical events. It is also suitable when the extent of control over the behavioral activities is limited, as opposed to experiments. Case studies can then be used if the contextual conditions purposefully need to be included in the study of a phenomenon. Typically, there are no clear cuts between the phenomenon and context in real-life situations, which lead to many more variables of interest in case studies than in e.g. surveys where the external

variables are limited on purpose. Because of the rich set of variables in case studies, the data collection techniques and data analysis become important.

The main sources of evidence for case studies are direct observations of the studied event and interviews of the persons involved in this event (Yin, 2003). Multiple case studies are often preferred over single case studies because of the ability to compare cases and not risk being left with failures in one case. Single case studies can however be good to give rich descriptions of a particular event. In selecting the cases it is important to make it suitable to the unit of analysis and the research question. The unit of analysis may be organizations or individuals that are believed to have a relevant proposition to the research question. When selecting, designing and analyzing the cases for the two studies in this thesis, a number of different considerations were made.

In paper I, the study unit was decided to be managers and workers in manufacturing facilities that had implemented or were about to implement the standard SA8000. Multiple cases were chosen to be able to compare the results of the study. The case studies were based on semi-structured interviews with managers and workers. An interview guide was initially developed through consulting local industry experts, which also was continually altered when new areas of interest emerged during the interviews. It would perhaps have been idealistic to also include study units that were *not* involved with SA8000, or any such standards, to be able to compare the difference SA8000 brought about (Hiscox, Schwartz & Toffel, 2009). However, there were difficulties in gaining access to such study units due to the sensitive business climate in the clothing industry in India. The intention with the study was rather to gain an insight into the factory management perceptions and experiences with SA8000, instead of evaluating the factual outcomes of the standard. If evaluating the consequences of SA8000 it would have required an isolation of SA8000 from other similar standards in the factory, which was impossible to achieve. It would also have required a longitudinal study to cover the implementation process and time to see consequences in a longer term perspective (Leonard–Barton, 1990). However, a longitudinal study was not possible to achieve since the study was restricted in time. The intention was to also include the worker perceptions of the standard and several interviews were consequently carried out. However, since the interviews were conducted within the factory and in proximity to the managers we soon found out that they were not unbiased. Nevertheless, the interview results are still valuable since it points to the difficulty in building an

awareness of the standard among workers. The results of the study were later compared to previous studies in the same field.

In paper II, the study unit was decided to be persons responsible for the purchase decisions within public and commercial catering organizations. Multiple cases were chosen with the intention to get different perspectives on the procurement of beef, rather than a representative picture of the catering market. A division was made into public and commercial catering organizations in order to be able to compare the different situations. In addition, a division was made between organizations that mainly buy conventional beef and those that buy mainly organic beef. Therefore, relatively small restaurants that were involved in purchasing organic beef were chosen on the same basis as larger conventional restaurants, although the former one is not represented on the market to the same degree as the latter. The original intention of the case studies was to explore relevant variables in the purchase of beef that later was supposed to be tested in a survey. Therefore, an inductive approach was used where primarily a pilot study with industry experts formed the basis for developing an interview guide. However, a review of relevant literature and previous studies was also made to form a solid ground for the interviews. As the interviews were carried out the interview guide was continuously altered to fit the perspectives of the respective segments being studied. The interviews were semi-structured in character and the interviewees were able to respond to interpretations of the answers and corrections were possible to achieve. The results of the study have also been tested by industry experts, mainly by wholesalers and one interest group for organic farmers. The results were later put into the context of earlier studies and theories related to buyer–supplier relationships in supply chains.

The two studies in this thesis are based on different study units, which are illustrated in figure 1 below by the shaded box.
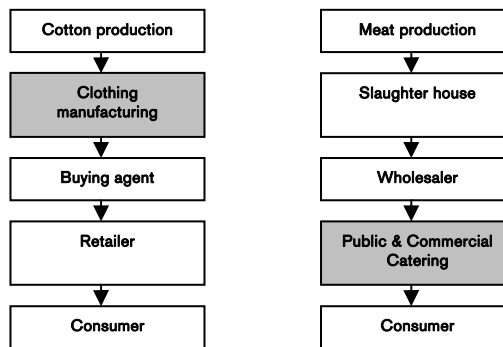

Figure 1. Study units in the clothing and catering supply chains.

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2.3 Exploring a macro perspective on standards

The research problem that is identified in the introductory chapter can be studied from many different perspectives. As shown in Figure 1 above, the case studies that this thesis builds on are conducted in completely different contexts and parts of the supply chain. The studies are consequently concerned about quite diverse aspects of the local-level use of standards. In the papers, the research problem is mainly studied from a micro-perspective, e.g. how the standards influence the activities in production and procurement. In bringing the two papers together it therefore becomes necessary to take a broader perspective on them. The common denominator in the papers is the phenomenon of standards and especially the use of standards that challenge the institutional view of business, i.e. social and environmental standards. By taking a macro perspective on the papers and studying the institutional contexts in which such standards are developed and adopted, the respective papers can more easily be compared (Gilbert & Rasche, 2008). In addition, by comparing two completely different contexts, the distinctive and common set of opportunities and obstacles may be become easier to identify (Boström & Klintman, 2006).

Certain settings in the specific context, e.g. industry history, political support and societal acceptance, could make up important conditions that could facilitate the adoption of a standard (Gilbert & Rasche, 2008). However, as Boström & Klintman (2006) points out, instead of assuming that one type of institutional setting is more conducive than the other, it is perhaps more constructive to view each setting as a holder of distinctive opportunities and obstacles which the affected actors could become aware of and handle in their particular way. Nevertheless, building on the gained insights through this study, some implications for practice and policy are elaborated on in the last chapter of this thesis. It is however important to note that there are no standardized solutions for how to make standards work. Rather, by having an awareness of the specific context of where standards are developed and adopted, the inherent obstacles and opportunities can be dealt with more deliberately. Thus, the macro perspective is important for understanding the micro perspective and vice versa.

3 Analytical framework

This analytical framework aims to put the two papers in a broader framework where the role of standards in society is seen from both a macro and micro level. Relevant literature has therefore been reviewed in order to make use of concepts that could aid in analysing the papers from a new perspective.

3.1 The role of standards in society

An increased expansion of standards has been noted within organizations and businesses around the world, even if the standardization of processes and products is not a new phenomenon (Brunsson & Jacobsson, 2002; Boström & Klintman, 2006). The area of standards and standardization has recently have gained increased attention within the social sciences due to the significant character of standards and standardisers as influencing the beliefs and actions of organizations and individuals in our society (Brunsson & Jacobsson, 2002). The *functions of standards* and how they are *established, distributed* and *adopted*, as well as the *consequences* of standards in society are topics for debate among scholars. Nevertheless, this is still a neglected area of research within organization and business studies (Busch, 2000; Brunsson & Jacobsson, 2002).

3.1.1 The functions of standards

Standards can be found in almost all areas of our society (Brunsson & Jacobsson, 2002). They are not only used to classify things, such as the Linnaean system for classifying plants or the format for classifying this as a thesis. Standards can also be used to prescribe what to do and what to have, e.g. how organizations should conduct production processes and that they should have a strategic plan. The concept of standardization has traditionally been related to the formation of product standards or formal agreements

that define requirements to ensure that a product, service, process or system does what it is intended to do (Medina & Duffy, 1998).

According to Gilbert & Rasche (2008), standards may differ with regards to three points. First, there are different *issues* they standardize, e.g. things, workers, markets, consumers and the environment (Busch, 2000). Thereby, standards may involve both *tangible* and *intangible* product attributes (Medina & Duffy, 1998). Second, there are different *processes* they standardize, e.g. accounting, auditing or reporting (Gilbert & Rasche, 2008). Third, standards have different *specificity* of their norms, e.g. whether they formulate very general norms that could apply to many organizations, or very detailed norms that is adapted to a specific industry.

Standards can also be seen to represent commonly excepted norms in society that have been formalized and made explicit and function as a form for governance and coordination on a global scale (Brunsson & Jacobsson, 2002; Busch, 2000). Standards can thereby function as parallel means to legislation and some scholars argue that standards have become a new institution of private governance (O'Rourke, 2006). Advocates of such initiatives see them as more efficient and flexible (Bernstein, 2001), whereas skeptics regard them as a challenge for democratic governance (Courville, 2003).

3.1.2 The establishment and adoption of standards

According to Brunsson & Jacobsson (2000) there are in general two types of actors with regards to standards; those who standardize practice and those who practice standards. *The establishment* of standards is often carried out by organizations that want to influence the behaviour of others. One group is made up of *international non-governmental organizations* (INGOs), such as the International Labour Organization (ILO) and the Worldwide Fund for Nature (WWF). Another group is *private organizations* that can be sponsored by companies, such as the International Standards Organization (ISO). These are groups of organizations that have the authority to specify the agreements of standards and that act on a global scale, which sometimes makes them more powerful than national rule setters. However, most standardisers lack the resources and power to influence others by themselves and therefore use *intermediaries*, such as a corporation or a state, to *distribute* the standard. For example it can be strategically important for a manufacturer to promote a standard it has adopted to get a first mover advantage. Governments may also be convinced to incorporate a certain standard into their legislation.

Standards have no meaning if it is not *adopted* by someone (Brunsson & Jacobsson, 2002). Adopters may either be individuals or organizations.

Standards hold certain characteristics that make them easy to adopt within organizations and spread between organizations, i.e. they consist of *explicit* statements, as opposed to tacit social norms, and they are claimed to be *voluntary*. If standards are voluntary it involves some important implications for the standardizers (Hodgson & Cicmil, 2007). It means that the standard's advantages need to be promoted and 'sold' to the users. It also means that the establishment of standards involves a struggle and thereby is not as automatic as a regulation would be. This implies that most of the available standards are not institutionalized, i.e. taken for granted, despite the fact that standards are regarded to represent commonly held norms in society (Brunsson & Jacobsson, 2002).

Organizations can be viewed as embedded in society and influenced by rules external to the organization, for example institutions, ideas and rules that are taken for granted (Brunsson & Jacobsson, 2002; Pfeffer & Salancik, 2003; Di Maggio & Powell, 1991). According to Sjöstrand (1993, 9) an *institution* can be defined as "as a human mental construct for a coherent system of shared (enforced) norms that regulate individual interactions in recurrent situations". *Institutionalization* is then regarded as "the process by which individuals inter-subjectively approve, internalize, and externalize such a mental construct" (*ibid*). The institutionalization of standards is therefore a process in which the standard gradually evolves and gets accepted in the interactions between individuals, organizations and the standardisers (Brunsson & Jacobsson, 2002). Different standardisers covering the same category may therefore struggle for success over the other. Thus, the sheer existence of standard does not imply that it is followed by everyone. Therefore, standards need to be understood in the context of where it is developed and adopted (Halme *et al.,* 2009; Gilbert & Rasche, 2008).

In order to understand the adoption and influence of standards, it is important to study the specific situations in which standards evolve, i.e. the *institutional context* (Brunsson & Jacobsson, 2002; Powell & DiMaggio, 1991; Pfeffer & Salancik, 2003). The institutional context can be defined in terms of different social, cultural, political, legal, economical and industrial conditions and histories, which influence the values and practice of standards (Halme *et al.,* 2007; Sweet, 2000). If the practice of adopting standards is influenced by the context, then the context also becomes an integral part of the influence a standard may have in practice (Halme *et al.,* 2009). The influences of standards on business practices are further explored below.

3.1.3 Standards in business practice

The management benefits of standards are commonly promoted as: "better quality, increased market share, better economic results, improved communications and supplier relations" (Larsen & Häversjö, 2001, 467). These benefits provide motives for implementing the standard on a voluntary basis. Hopes for an increased market share has shown to be the main motive for the adopting company, but the results from studies of the outcome show that an increased market share is not that easy to achieve, at least in the short term (Larsen & Häversjö, 2001). Nevertheless, a standard may fill different roles at different times and can function as a way to differentiate or as a confirmation of commonly accepted norms (Brunsson & Jacobsson, 2002). A standard appeal to actors wanting to belong to a general category and may help them to maintain or define an identity belonging to the particular category (Brunsson & Jacobsson, 2002). In the long term, a standard could however be regarded to level out innovation and creativity on markets and remove the distinctive character of organizations (Hodgson & Cicmil, 2007). Actors that regard themselves as unique on the market and want to differentiate may therefore not be easily attracted by general standards. However, an actor is only able to follow or resist a standard where it really is an 'actor', i.e. where it can make its own choices and take action (Brunsson & Jacobsson, 2002).

Although standards should be voluntary to adopt in principle, some actors may in practice have difficulties to avoid a standard when it is part of a larger system (Brunsson & Jacobsson, 1998). Buyers may e.g. require their suppliers to follow a standard, which then is difficult to avoid if they want to remain in business. If one actor wants to influence the practice of other actors, it may seem favourable to do so when the level of voluntariness is low. However, it may be contra productive, since it then become even more difficult to develop standards that really influence the practice. Conversely, if an individual in an organization experience that the standard fulfill a solution to something that has been missing in the organization, it can function as an important incentive to implement the standard into the business practices.

Even if there is an underlying assumption that the standard should lead to practical changes in the organization, this is not always the case (Brunsson & Jacobsson, 2002). In practice there may be differences between what people say they do and what they actually do. This phenomenon is widely known within different areas of research and could be explained by the existence of dual systems that are decoupled from each other and that follow different discourses (Ählström, forthcoming; Brunsson & Jacobsson, 2002). There is an implicit perception among adopters of more

administrative related standards that they refer more to the structure than to the content of the operations (Brunsson & Jacobsson, 2002). Practice is thereby decoupled from theory, which may explain the wide popularity of such standards.

The tendency of not following standards in practice has lead to a need for control by third parties who monitors the operations and accredits the complying organization with a *certification* of the standard (Mamic, 2004; McEwan & Bek, 2009). Nevertheless, the monitoring may not actually involve real checks on the operations or products, but it rather control that there is a system in place that is assumed to verify the outcome of the standard (Brunsson & Jacobsson, 2002). In response to this, there has sprung up a variety of guidelines and standards on the practice of audits. Thus, as new needs arise for regulation, different standards may come up that function as guidelines and coordinate the activities of various kinds.

3.2   Standards as tools for corporate responsibility

Businesses that are related to the production of consumer goods have faced an increased scrutiny of their supply chains, since it has become evident that labour rights and the natural environment often are violated in the production (Beschorner & Müller, 2007). Civil-Society Organizations (CSOs), daily news media and consumer groups have shown a growing awareness of social and environmental values and demand businesses and governments to take responsibility for improving the production processes throughout the supply chains (McEwan & Bek, 2009; Waddock *et al.*, 2002). However, there is often weak law enforcement in developing countries where the production often takes place, which require other non-governmental initiatives to formulate the rules of the game (Jansson & Sharma, 1993).

An increasing number of companies have aligned to the idea of corporate responsibility (CR), which challenges the institutional model of the corporation and suggest that companies should to take greater responsibility in society (Windell, 2006). The concept of CR also comes under many other labels, such as corporate social responsibility, business ethics and corporate citizenship, which taken together represents ideas that gradually influence and shape the view of how businesses should be practiced. CR has gained an increased recognition on the corporate agenda and more and more companies have consequently declared ethical values and responsibilities toward the natural environment and stakeholders in their supply chains (Benedixen & Abratt, 2007). In order to verify their

responsibilities, companies have increasingly started to adopt private regulation initiatives, in the form of corporate codes of conduct and more standardized certification systems (McEwan & Bek, 2009; Mamic, 2004). Some European government organizations have also recognized their responsibility for their own consumption in the public procurement and have lately started to demand environmental and social standards from their suppliers (Li & Geiser, 2005).

3.2.1 Opportunities with social and environmental standards

Social and environmental standards and certification systems represent explicit rules that companies can comply with if they want to improve the environmental and social conditions in their production (Gilbert & Rasche, 2008; Ingenbleek *et al.,* 2007). The outcome of social and environmental standards are foremost related to social and environmental gains in production, while the final product primarily involves intangible product attributes that are related ethical dimensions in the primal production (Medina & Duffy, 1998). It can be difficult for the buyer further up in the supply chain to acknowledge these intangible attributes if there are no tangible benefits of adopting the product. Likewise, if the supplier do not see any economical incentives with the standard, it can be hard to motivate an implementation. The motives for adopting social and environmental standards therefore need to be associated with business benefits, which also have shown to be the case through several studies (Halme *et al.,* 2009; McEwan & Bek, 2009). However, the benefits for the supplier remain unclear, since there are relatively few studies made from a supplier perspective.

Multi National Corporations (MNCs) have increasingly outsourced the core operations to suppliers, which have lead to a shift of the corporate risks associated with environment, health and safety to the suppliers. Influencing the suppliers to adhere to social and environmental standards can thereby be a way to avoid the risks of damaged reputation and a loss of market share for the buyer (Roberts, 2003). For the supplier, the benefits of following a standard are promoted by the standardisers and buyers as increased worker morale and productivity, decreased labour turnover and improved product quality (Henkle, 2009). Adhering to a social or environmental standard can then be a way for companies to differentiate from the corporate norm or to confirm an ethical identity in relation to their stakeholders (Brunsson & Jacobsson, 2002). Having a good ethical reputation is associated with several benefits for the buying company, e.g. improved brand image, attracting clients and employees as well as getting greater influence with policy makers (McEwan & Bek, 2009; Gilbert & Rasche, 2008). Nevertheless, there are

also several challenges associated with implementing standards into the business practices, especially when it comes to standards that represent an alternative production method that may not be negotiated and agreed upon with all actors in the supply chain (Brunsson & Jacobsson, 2002; Gilbert & Rasche, 2008).

3.2.2 Obstacles with social and environmental standards

Nearly all standards that are related to ethical issues, such as labour and environment, claim to be valid on a global scale (Gilbert & Rasche, 2008). However, a norm can only be valid on a universal base if it is negotiated and accepted by all affected parties, which is not the case for many standards (Gilbert & Rasche, 2008; Brunsson & Nilsson, 2002). The underlying discourse and norm of the standard are often only negotiated between a limited set of actors (Gilbert & Rasche, 2008). The standardizing actors also often represent western norms and large MNCs, without giving consideration of the production facilities that have to adopt the standard. Some obstacles that have been pointed out for the suppliers refer to e.g. difficulties in communication with stakeholders, increased costs related to certification, audits and consultancy, which involves investments and thereby a risk that the supplier takes (Gilbert & Rasche, 2008; McEwan & Bek, 2009).

The actors that develop and distribute standards could either be strong industry organizations or small but powerful CSOs (Brunsson & Jacobsson, 2002; Ählström, forthcoming). They may not share the same idea of the level and scope of a standard and there may be struggles between several similar standards (Ingenbleek *et al.,* 2007). As CSOs promote certain values to be adopted within the industry, they increasingly get mainstreamed (McEwan & Bek, 2009). Thereby, civic and value driven social and environmental standards, such as Fair Trade and Organic, are becoming more and more like industrial conventions, such as HACCP and ISO standards (McEwan & Bek, 2009). As industries grow there is a need to operationalize the values with industrial instruments, such as a certification, which shift the nature of the debate from the political to the technical. The certifications then become more like a governance tool where only marginal corrections are made, rather than radical changes. The values that initially were promoted by CSOs might then become compromised with commercial values, such as price and volume, which may limit the actual impact of the standard at production level. On the other hand, commercial movements e.g. in organic food, have been driving the growth for the whole market (Ingenbleek *et al.,* 2007; Boström & Klintman, 2006).

3.3   Central concepts in the analytical framework

Drawing on the review of relevant literature in the analytical framework, some central concepts have been identified that are useful for further analysis of the papers (table 1).

Table 1. *Central concepts in the analytical framework*

LEVEL	CONCEPTS	ACTORS
MACRO	*Institutions/institutionalization* e.g. of standards, corporate responsibility	*Developers* of standards and ideas, e.g. INGOs, CSOs, MNCs
	Institutional context, e.g. social, political, legal and industrial settings	*Intermediaries* of standards, e.g. Governments, Companies
MICRO	*Business practice*, e.g. activities in production and exchange in procurement	*Adopters* of standards, e.g. Suppliers, Buyers

The most central concept in this thesis is *standard,* which may differ with regards to the issues, processes and specificity of what is being standardized (Gilbert & Rasche, 2008). General traits of standards are that they can function as *governance* and *coordination* on a global scale and reinforce an *identity* for the adopter (Brunsson & Jacobsson, 2002). Another central concept is *corporate responsibility*, which represent ideas that gradually influence and shape the view of how business should be practiced (Windell, 2006). *Social and environmental standards* can be used within corporate responsibility as a tool to verify the values and responsibilities that have been declared. When the term *value* is used in this thesis, it primarily refers to moral and ethical values associated with a kind of production that, in simple terms, take responsibility for the productions impact on people and nature. These values are also connected to the product value that is created throughout the supply chain, as depicted in paper II (Figure 2).

At the macro level, standards and corporate responsibility can be regarded as either *institutions* or being in an *institutionalization* process (Table 1). An institution can be regarded as a "human mental construct … of norms that regulate individual interactions…" (Sjöstrand, 1993, 9). However, not all standards are in fact institutionalized and thereby undergo the process of institutionalization in which "individuals inter-subjectively approve…a mental construct" (Sjöstrand, 1993, 9). It means that there is a struggle between different standards in becoming an institution. The actors that are involved in promoting the standard are referred to the *developers*,

which could typically be INGOs, CSOs or MNCs that act on a global scale (Brunsson & Jacobsson, 2002). In general, an actor can be regarded as an actor where it can make its own choices and take action based on these choices (Brunsson & Jacobsson, 2002). The *institutional context* is made up of different social, political, legal and industrial settings and histories, which influence the institutionalization process of standards (Brunsson & Jacobsson, 2002; Sweet, 2000; Powell & DiMaggio, 1991). Certain actors in the institutional context can act as *intermediaries* to spread the standards, e.g. governments or companies (Brunsson & Jacobsson, 2002).

At the micro level, various *business practices* takes place, which may be influenced by the adoption of standards (Table 1). The concept of business practice may entail a whole range of activities, but in this thesis it primarily refers to activities in production and exchanges in procurement between suppliers and buyers in a business relationship. The focus of the study is on suppliers and buyers, who may be the adopters of standards. In this thesis the term *adopting* refers to the act of approving and using a standard either directly in production or indirectly by purchasing the products that was produced using the standard. A conceptual model has been made, which summarizes the analytical framework and illustrate how the concepts are perceived to be related to each other in this thesis (Figure 2).
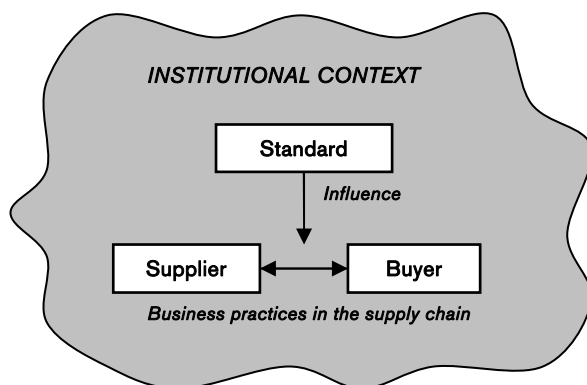

Figure 2. An illustration of the main concepts in the thesis. Adapted from Sweet (2000, 96).

4 Standards in supply chain contexts

The two cases provided in this thesis are on the one hand a labour standard (SA8000) in the Indian clothing manufacturing, and on the other hand an organic food standard (KRAV) in the Swedish catering sector. What the two standards hold in common is that they both involve intangible product attributes that are connected to ethical values in production (Medina & Duffy, 1998). Although the values may differ in subject, they both represent an alternative production method that challenges the institutional way of conducting business. SA8000 standardize working conditions in nearly all industry sectors through a wide range of countries. KRAV standardize a specific agricultural method in Sweden, although it is based on international organic standards. Thus, the *issue* and *specificity* of the standards is completely different (Gilbert & Rasche, 2008). The standards are also aimed for different actors. SA8000 is primarily directed to one level of the supply chain, although it is recommended to forward the implementation to the sub-suppliers. KRAV regulate standards both at primary production level and give directives for processing and deliveries throughout the supply chain and is further communicated to the final consumer through a label (KRAV, 2009b).

What may be important to note is that the two supply chains of clothing and food differ in terms of power relations. Clothing production involves many diffuse channels at the top of the supply chain where the power relations are relatively weak compared to actors further down the chain (Roberts, 2003). In the food sector and particularly the Swedish case, the actors involved in primary production holds a more prominent and powerful position in the supply chain (Andersson & Sweet, 2002). However, the wholesale and retail sector is highly concentrated with rather powerful actors directing the market activities.

4.1 Labour standards in the clothing supply chain context

Corporations related to clothes have increasingly started to adopt flexible production methods in order to remain competitive and have outsourced the production to developing countries where labour costs are relatively low (Mamic, 2005; Welford & Young, 2002). The clothing sector was one of the first industries to come under public scrutiny when CSOs highlighted the severe working conditions in the supply chains where e.g. child labour, over time work and low wages were common practice. The European Clean Clothes Campaign (CCC) was initiated in 1990 and has since then reported negatively on retailers that do not stand up for labour rights (Roberts, 2003). In response to the pressures to improve the working conditions, some branded clothing companies adopted codes of conduct in the early 1990's. Today, most of the major brands have committed themselves to either their private code of conduct or third party labour standard. These initiatives control working conditions to meet the norm of national labour laws that should be based on international agreements in the United Nations, i.e. the Universal Declaration of Human Rights (UDHR) (UN, 2009) and the International Labour Organization (ILO) Core Labour Rights Conventions (ILO, 2009).

The actors who normally control the compliance process of labour laws and standards could be identified into four groups: *national or local governments, self-monitoring, monitoring coalitions* and *labour unions* (Bremer & Udovich, 2001). Government labour ministries make up the most established way of controlling labour standards. Although this system makes up the norm in most countries, many developing countries lack effective structures to enforce the labour laws. This has influenced some retailers and manufacturers to set up their own self-monitoring systems to control their factories, either by their own means or through independent auditing firms or non-profit monitoring organisations. Such initiatives are not likely to handle the most severe problems, especially at factories in the beginning of the supply chain, although it can be a way to show the public that at least something is done about it. Other initiatives of monitoring labour standards are made in cooperation between coalitions of companies and CSOs, which is further described below. A more traditional way of monitoring labour laws is through the trade unions that have the core role to negotiate improvements with management. Trade unions are naturally sceptic about other, private monitoring initiatives, since they are perceived to be in alliance with management and also constitute a threat to the role of the union it self.

A great number of labour standards that are based on the UN principles have surfaced from the mid 1990's and that originate either from the US or Europe (Bremer & Udovich, 2001). In the US, some initiatives are Social Accountability International (SAI) with the social audit standard Social Accountability 8000 (SA8000), the Fair Labor Association, the Worldwide Responsible Accredited Production (WRAP) and Worker Rights Consortium (WRC). In Europe, some other initiatives can be found, e.g. Ethical Trading Initiative (ETI), Fair Wear Foundation (FWF) and more recently Business Social Compliance Initiative (BSCI). Many of these initiatives are so called Multi-Stakeholder Initiatives (MSI), which are coalitions of companies, NGOs and unions that have developed specific labour standards.

MSIs emerged as a response to various stakeholders concerns that the corporate codes of conduct are not independently verified and that the existence of so many independent codes made it difficult for the consumers to keep track of the claims of compliance (Mamic, 2004). Nevertheless, the mere existence of so many varieties of MSIs may call into question the effectiveness of the system, although they seem to fill different functions in different situations. While some MSIs basically adopt the ILO core conventions, other also goes beyond them (Mamic, 2004). Some MSIs involve both unions and workers in different stages of the process, while others are mainly driven by companies. In addition, some MSIs monitor a particular industry, while other incorporates many industries.

One MSI is SAI that was founded in 1997 and that is represented by NGOs, trade unions, investors, governments and industries (Mamic, 2004). SA8000 is an international standard based on the principles of thirteen international human rights conventions and claims to be specific enough to apply the norms to practical situations in all industries (SAI, 2009a). SAI has the mission "promote human rights for workers around the world" and the standard covers eight areas: *child labour, forced labour, health and safety, freedom of association and the right to collective bargaining, discrimination, disciplinary practices, working hours and compensation* (SAI, 2009b). In addition, the standard must be integrated into the management system and practices in order to gain and maintain certification. The opportunities with SA8000 that are portrayed by SAI are "*improved staff morale, more reliable business partnerships, enhanced competitiveness, less staff turnover and better worker-manager communication*" (SAI, 2009b).

4.2 Organic standards in the food supply chain context

The organic movement in Europe was initially started by a small group of engaged farmers and consumer groups that shared the same ideals (Ingenbleek *et al.,* 2007). They challenged the conventional and industrialized agriculture and promoted alternative ways of producing food. The movement can be dated back to the 1920s, when an alternative, biodynamic approach to agriculture started to take form (Klintman, 2009). In the beginning no official criteria existed for what the new method actually entailed, but shared values and informal norms guided the organic production (Ingenbleek *et al.,* 2007). As pioneers and a strong social movement they acted as a driving force for increased environmental awareness in the whole food sector (Ekelund, 2003).

At the time, Swedish retailing and wholesale was highly concentrated and dominated by a few actors, ICA, KF and the D-group (Andersson & Sweet, 2002). Demands of efficiency in distribution and reduced costs to the consumers had lead to a situation where quality and knowledge about the food products became less important. This issue was raised in a membership meeting in 1984 in KF (The Swedish Co-operative Union), where many consumers supported a refocus on the quality of what was actually sold. A few years later, KF introduced quality guarantees and date labels on every product and offered organically grown products.

In the meantime, four CSOs within the Swedish organic movement had in 1985 founded the organisation KRAV (Association for Control of Organic Production), which constituted a reliable system that monitored the production and labelled the certified products according to a certain standard (Boström & Klintman, 2006). Certifications and private market oriented standards can be used by farmers that are involved in direct marketing to achieve additional consumer trust, but can also be used to market their products more broadly (Higgins *et al.,* 2008). Swedish food retailers found an early interest in this third party labelling scheme and incorporated KRAV into their stores and products, which showed to be an unusual approach compared to other countries. For the organic movement, this coalition with the retailers became an important step towards increased influence on the market.

In the late 1980's European Governments started to recognise organic farming as a positive alternative to conventional farming, which not only promoted growth in the sector but also increased the need for a clarification of the terminology and rules in organic production throughout Europe

(Ingenbleek *et al.,* 2007). The European Union (EU) has since 1991 a common set of minimum standards for organic production, which also makes it possible for member states and private organizations to impose their own stricter standards (EU, 2009).

IFOAM, the International Federation of Organic Agriculture Movements, is an umbrella organization for the organic movement that now consists of more than 750 member organisations in 108 countries (IFOAM, 2009a). The mission of IFOAM is to "lead, unite and assist the organic movement in its full diversity" (IFOAM, 2009b). The goals of IFOAM are to function as a platform for the organic movement and to develop, defend and communicate the principles of organic production. IFOAM also aim to advocate and facilitate the adoption of organic agriculture, and promote the development of organic markets. The Swedish association KRAV acts as a controlling body for the IFOAM standards and takes part in developing the international organic standards as well as influencing EU regulations on organic production (Klintman, 2009; KRAV, 2009a).

KRAV is perceived to have stricter and broader rules than EU standards (Boström & Klintman, 2006). KRAV is very well recognised in Sweden where 93 percent of the population is familiar with the standard (Klintman, 2009, 49) and the Swedish consumer have in general a positive attitude towards organic food (Magnusson *et al.,* 2001). In Sweden, there is also high support for both governmental and private regulations (Boström & Klintman, 2006). This could be reflected in the close relationship between the Swedish government and KRAV, where the government clearly favours certified organic production through financial support and ambitious goals for organic production and public consumption (Swedish Government, 2005).

KRAV is now an incorporated association with 28 members representing the interests of farmers, processors, trade as well as consumer and environmental and animal welfare organisations (KRAV, 2009a). The values KRAV want to be associated with are: "sound, natural environment; solid care for animals; good health; and social responsibility" (KRAV, 2009b). The aim is to produce high–quality products in a sustainable manner, with respect for natural processes and behaviour through the entire supply chain from farm to final customer.

5 The papers

This thesis takes on two perspectives of different standards in two specific contexts. On the one hand it explores management perceptions of a labour standard in the clothing supply chain in India. On the other hand it explores procurement conditions for organic products within the catering supply chain in Sweden.

5.1 Summary of paper I

This paper explores the obstacles and opportunities with a labour standard (SA8000) in the Indian clothing supply chain from a supplier perspective. Due to a lack of local law enforcement and increased pressure on multi-national companies to take responsibility for the working conditions at supplier level, privately governed international labour standards have been offered as a solution. However, as the suppliers face an increasing pressure from buyers to improve the working conditions through costly third party certification standards, they simultaneously face a competitive business environment with short lead times and low prices. Adhering to demands of a labour standard without additional support then becomes a daunting task for the suppliers. The overall aim with the paper is to illustrate how a labour standard is perceived by the factory managers in terms of obstacles and opportunities associated with the standard.

The empirical material in this paper is based on case studies from seven factories in India that manufacture clothing for the international market. All of the factories are either in the process of implementing the labour standard SA8000 or have recently gained certification for the standard. Semi-structured interviews with factory managers provide the main sources of evidence for the case studies. To provide a broader picture of the research

problem additional interviews were made with workers, trade unions, local NGOs and buying agents.

The results from the study show that the major reason for implementing SA8000 is that buyers require it. Other reasons for implementing SA8000 are expectations of improved ethical reputation as SA8000 signals compliance with Indian labour laws. One factory owner primarily saw the ensured worker benefits as the prime reason for implementing SA8000. Obstacles with the standard were associated to the increased labour costs in terms of higher wages and factory based improvements. Additional costs with implementing SA8000 are those for consulting, certification and audits, which were considered as high. A perceived obstacle was the lack of support from the buyers to assist in the compliance of the required labour conditions, e.g. through internalizing the increased costs into the price paid for the clothes or to give assurance of continued business relationships when the standard is implemented. Another difficulty with the implementation is the workers lack of awareness of their rights. This could be associated with low membership in trade unions. The current perceived opportunities with having SA8000 were primarily associated with social benefits, e.g. improved training in health and safety, access to medical facilities and clean drinking water. This may lead to a risk reduction both in terms of decreased worker accidents and not being associated with labour law violations. As a result, some factories had noted a decreased labour turnover. Other opportunities were that factories that had SA8000 needed to spend less time on buyer audits. However, buyers showed to be reluctant to cease with their own audits despite the fact that SA8000 was implemented. At the time of the study it was too early to assess any economical benefits from the standard. Nevertheless, because SA8000 represents a competitive advantage, suppliers had hopes for attracting new buyers and get increased orders so that the implementation could represent a safe investment.

5.2   Summary of paper II

This paper explores procurement conditions for organic beef in the Swedish catering supply chain. Despite the fact that organic food and eating away from home represents two growing trends in Sweden, the catering sector lags behind in supplying organic food to the market. While there is abundant of research on organic food within retailing, relatively little research has been offered on the professional purchasers' abilities in catering for organic food. The overall aim of the paper is to explore procurement conditions for organic beef in the catering-wholesaler relation in the

commercial and public catering sector. In order to achieve this, factors that influence the purchase of conventional and organic beef are compared in the different segments.

The empirical material in this paper is based on case studies of both public and commercial catering organizations from four regions in Sweden. A pilot study and a review of relevant literature provided grounds for developing an interview guide that was semi-structured. Interviews were carried out with purchasing personnel in both catering and wholesale organizations.

The results from the case studies provide a picture of the procurement conditions for beef in both public and commercial catering. It shows that the public sector prefers punctual and few deliveries made by one wholesaler, while the commercial sector prefers frequent and flexible deliveries from more specialized suppliers. Public professional purchasers prefer beef produced in Sweden, while the purchasers in the commercial sector prefer imported beef due to lower prices, larger volumes and a more even quality. A lack of volume, ineffective distribution and higher prices are perceived as the main obstacles with purchasing organic beef. Constraints in public procurement regulation limit the entry for smaller, organic suppliers to compete with larger wholesalers. In the commercial sector there is a perceived lack of consumer demand to pay for the increased costs associated with organic standards. However, some opportunities for purchasing organic beef are also revealed. Political goals for organic food provide incentives for the public sector to demand more organic food. There are also possibilities to alter the public procurement procedures to invite smaller organic suppliers to compete with the larger wholesalers. Some commercial restaurants see organic as a way to differentiate, where long term supplier relationships and adaptations to local and seasonal products are important.

Table 2. *Summary of the papers*

	Paper I	Paper II
Title	Tailoring corporate responsibility to suppliers: Managing SA8000 in Indian garment manufacturing	Procurement conditions for organic beef in the Swedish catering sector
Problem	Increasing demands for corporate responsibility at supplier level have led to the adoption of labour standards. Most studies on the supply chain have however been conducted from the buyers perspective, while relatively little research has been conducted on how supplier managers perceive the implementation of a standard	Despite the fact that organic food and eating away from home represent two parallel trends in Sweden, there is still a relatively small share of organic food in the catering sector. More research is needed on the conditions for professional purchasers to provide the catering sector with organic food.
Objective	To illustrate how a labour standard is perceived by factory managers in terms of obstacles and opportunities associated with the standard	To explore procurement conditions for organic beef in the buyer-supplier relation in the commercial and public catering sector.
Units of study	Factory managers in relation to workers and buyers	Catering personnel (public and commercial) & public procurement officials in relation to wholesalers/suppliers
Method	Qualitative, semi-structured interviews with managers in seven garment factories in India. Additional interviews with workers, trade unions and buyers were also made.	Qualitative, semi-structured interviews with people making purchasing decisions in four municipalities in Sweden, representing both the public and commercial sector. Additional interviews with three wholesalers were also made.
Results	With the implementation of a labour standard, factory managers face conflicting demands from buyers. Suppliers have no guarantee for future business and do not get higher prices that could cover the investments made for the standard. However, the standard may lead to business opportunities in terms of better reputation which may lead to increased orders and lower labour turnover.	Procurement conditions for conventional and organic beef are identified, which differ between the public and commercial catering sector. The public sector prefers few and punctual deliveries of organic and locally produced beef from the carcass forequarter. The commercial sector mainly prefers frequent and flexible deliveries of conventional and imported beef from the hind quarter. Some commercial restaurants see organic as a way to differentiate, where long term supplier relationships and adaptations to local and seasonal products are important.

6 Analyzing the papers

In the introductory chapter of this thesis two questions were raised, which we now return to. How does the specific business context influence the adoption of social and environmental standards in the supply chain? How do social and environmental standards influence business practices? These questions provide starting points for an analysis of the papers.

6.1 Influence of context on the adoption of standards

As mentioned earlier, businesses can be viewed as embedded in society where they are influenced by rules external to the organization (Brunsson & Jacobsson, 2002; Powell & DiMaggio, 1991; Pfeffer & Salancik, 2003).. These rules are referred to as institutions. The context around institutions is constituted of different social, political, legal and industrial settings, which influence the business practice and hence the adoption of standards.

Before comparing the papers it is important to keep in mind that the adoption and influence of the two standards are connected to what stage the standards are in the institutionalization process (Sjöstrand, 1993; Brunsson & Jacobsson, 2002). In this process the standard gradually evolves and gets accepted in the interactions between individuals and organizations. Founded in 1997, SA8000 is among the oldest of its kind in the area of labour standards, but compared to KRAV that was established in 1985 it is relatively young. Furthermore, if comparing the underlying movements and public debates that lead to the formalization of the different standards, labour movements like the Clean Clothes Campaign are several decades behind the organic movement. Even though KRAV cannot be regarded as institutionalized into mainstream business practices, it is at least recognized as being the most prominent organic food standard in Sweden. SA8000 is still struggling to get to this stage of recognition, although it has a much

more difficult task since it is aspiring for a wider spectrum of both industries and countries.

In paper I, the institutional context of the supplier factory is primarily made up of the national regulatory environment, local trade unions, workers, foreign and local civil society organizations and foreign buyers. Although India is a rather mature democracy with extensive federal and state laws that regulate the labour standards throughout India, there is a weak enforcement of the laws. At the same time, trade unions have a strong foothold in the political parties and are often associated with strikes and job losses, which may not always serve the needs of the workers. There is a new generation of female workers in the industry who have migrated into the cities from rural areas and they have not been part of the trade union movement. Thus, a weak legal enforcement in combination with a weak tradition of being a member of the trade union movement leaves the workers to rely on other initiatives to ensure their rights.

Foreign civil society organisations (CSOs) acting on a global scale have demanded Multi-National Corporations to take responsibility for the working conditions. This has lead foreign buyers to require codes of conduct and third party standards to be implemented with their suppliers. The local CSOs are quite critical about these initiatives, since they would rather see independent trade unions to represent the workers rights. Nevertheless, some CSOs see these initiatives as beneficial when there were no alternative means of worker representatives or law enforcement available. The suppliers often lack the option to resist a standard, since it has turned out to be a minimum requirement for attaining confidence with some buyers. However, not all buyers have faith in the standard and carries out their own audits towards corporate codes of conduct in any case. Other buyers require similar standards to SA8000, such as WRAP (World Responsible Accredited Production), which points to the fact that the standard SA8000 have yet not reached acceptance by all actors and been institutionalized (Brunsson & Jacobsson, 2002; Sjöstrand, 1993).

In paper II, the institutional context of the catering organisation is primarily made up of the national political and regulatory environment, a few dominating actors within wholesaling and retailing, a strong organic movement representing the farmers, the Swedish Co-operative Union that represent consumer interests within retailing, but rather weak consumer groups within the catering sector. In Sweden, the organic movement has on an early stage been driving the debate on animal welfare and environmental impact in agriculture (Ekelund, 2003). This has partly contributed to a raised societal awareness around these issues in the food sector. The major

retailers were soon to support organically labelled products, which was driven by strong consumer interests (Andersson & Sweet, 2002). The Swedish regulations on food production and processing are currently quite stringent compared to other countries, in terms of food safety and animal welfare. The Swedish government also actively supports organic certified production through financial support to organic farmers. In addition, the government has set quite ambitious goals for organic production and public consumption (Swedish Government, 2005).

The food that is served within the catering sector is often anonymous in terms of country of origin and production methods. There is a lack of visible labels of each food product that is served to the consumers. In contrast to the retailing sector, the catering sector does not have any unified consumer groups that could to raise the concerns about quality food products (Andersson & Sweet, 2002). Consumers in the catering sector could thereby be regarded to lack the ability to be an 'actor' in the sense that they cannot make their own choices of what products the meal shall contain (Brunsson & Jacobsson, 2002). Instead, this decision is left to the professional purchasers in the catering organisations. However, political agents have taken on the role as an actor for the consumers in the public catering sector, while this support is still missing within the commercial catering sector.

6.2   Influence of standards on business practice

Standards can be seen to influence the beliefs and actions of organizations and individuals in our society and function as rules to be upheld by the actors who adopt the standard (Brunsson & Jacobsson, 2002). The rules in social and environmental standards foremost refer to the social and environmental impacts from production. This implies that the final product to be sold further down the supply chain primarily involves intangible product attributes that are related ethical dimensions in the primal production (Medina & Duffy, 1998). In this thesis, the influence on business practice is studied at a period of time and refers to the perceived opportunities and obstacles of conforming to the standard, either through adopting a standard at primary production or through purchasing products that have been produced according to a standard.

In paper I, the labour standard SA8000 provides a system to ensure that the production is in accordance with national labour laws. It is thereby perceived to give the supplier factory an ethical outlook and grounds for a differentiation, since the industrial norm is below legal standards. This

ethical identity is hoped to give the factory a competitive advantage compared to other factories, which would attract more buyers. Nevertheless, buyers are not unified in their preference of SA8000 and require different standards. The auditing according to many different standards and codes showed to be a time consuming process for the factories.

The SA8000 standard could so far be seen to have an influence on working conditions, in terms of increased health, safety and compensation to the workers, reduced overtime work, improved manager-worker relationship and a lower labour turnover. However, it did not influence the degree of trade union affiliation or compensation for a living wage, which are areas that may take more effort and time to change. These are the areas that the standard regulates, while areas that are related to the business practices in terms of procurement procedures between suppliers and buyers are not regulated. For the supplier the implementation of a standard needs to represent a safe investment.

There are increased costs associated with getting certified according to the standard, such as direct costs for consulting, certification and audits as well as indirect costs of infrastructure investments, increased wages and worker training. These costs are not negotiated in the purchasing agreements between suppliers and buyers, which point to the existence of dual systems that are decoupled from each other (Ählström, forthcoming). The buying company follows a discourse where low prices and short lead times are common practice, while the supplier is required to follow another discourse based on ethical principles.

In paper II, the organic food standard KRAV represents certified and labelled products with certain quality attributes that are associated with animal welfare and a natural environment (KRAV, 2009b). The KRAV-label is well known among the Swedish consumers and is also highly recognised (Klintman, 2009, 49). Nevertheless, conventional lunch and á la carte restaurants in the commercial catering sector are not influenced to purchase organic food products. They do not perceive that there is a consumer demand because of the higher price connected to organic products. A perceived lack of volumes and difficulties in distribution also adds on the obstacles with purchasing organic food. However, some more exclusive á la carte restaurants perceive a link between organic beef production and high product quality because of the method of extensive feeding and specialised tenderizing process.

Restaurants in the commercial catering sector that had adopted KRAV-labelled products were mainly represented in the á la carte segment and they

used the standard as a way to differentiate. The attained ethical identity was however not only grounded in the KRAV-label, but was also portrayed in a wider range of values connected to local production, use of seasonal products and raw materials. In addition, direct and long term relationships with the farmer showed to be an important aspect in the restaurants profile. In this relationship several adaptations to the needs of the farmer were made, e.g. an increased price and flexibility for seasonal products. Thus, the organically standardized production by the farmer was strongly coupled to the business practice of the restaurant, although there are still some obstacles to overcome in distribution. The direct distribution and relationship to the farmer made the KRAV-label less influential, even though certifications like KRAV can be used by farmers to achieve additional consumer trust and function as a tool to market the products more broadly (Higgins *et al.,* 2008).

The KRAV-certification becomes important if the producers need to reach out to wider market segments, like in the public catering sector. In this segment, the deliveries often go through large wholesalers, which diminish the identity of the producers and the need for a certification then becomes larger. Individual organic producers have difficulties in supplying directly to the public catering sector, since large volumes and punctual deliveries are required in public procurement. Therefore, the relatively powerful wholesalers often win the bidding.

The KRAV standard has a strong influence in the public procurement process, since the public sector is following the governmental goal to attain 25 percent certified organic food products in public consumption until the year 2010. However, increased prices and a lack of volume of the organic products make the goal difficult to reach. In response to this obstacle and as part of a wider strategy on environment and health, some producing units in the public catering avoided processed food products and meat that is relatively expensive. Instead they had started to cook from raw materials and used more vegetables and products that are available in the season.

7 Concluding remarks

7.1 Some major conclusions

The earlier posed questions are here answered more explicitly in an attempt to draw some major conclusions.

- How does the specific business context influence the adoption of social and environmental standards in the supply chain?

In paper I, the contextual influence for adoption of labour standards reflects mainly a top-down approach. The influence to adopt standards is primarily made up of external requirements from foreign buyers, since there is a lack of local governance. There is relatively weak enforcement of the national laws and a low level of union affiliation, which foster other means to ensure workers rights. The intermediaries of labour standards like SA8000 are primarily international CSOs and MNCs. However, other labour standards compete to get institutionalized and the buyers are not unified in their preference for SA8000. Local CSOs are on the contrary sceptical about private governance initiatives represented by standards and require traditional trade unions to regain their position. Thus, there are competing actors and standards, which make it difficult for a labour standard like SA8000 to have an influence throughout the supply chain.

In paper II the contextual influence for adoption of the organic standard KRAV reflects more of a bottom-up approach. Local social movements and consumer groups have managed to get the major retailers and the government to work as intermediaries to influence the adoption of organic standards both in production and public consumption. However, the commercial catering sector has not acted as an intermediary of organic food

standards to the same degree. This sector also lacks strong consumer groups to support the standard.

- How do social and environmental standards influence business practices?

In paper I the SA8000 standard primarily influences business practices in terms of social benefits to the workers, while the economic benefits with implementing the standard remain vague. Rather, being compliant with the standard leads to increased costs for the suppliers. These costs are not internalized into the purchasing policies between buyers and suppliers.

In paper II the organic standard has an influence on the procurement decisions in the public sector due to political goals, while organic food is mainly not considered as an alternative in the commercial sector. There are obstacles associated with buying organic food due to a perceived lack of consumer demand and volumes, as well as inefficient distribution. However some commercial catering restaurants perceive organic food as an opportunity to differentiate. In the process of differentiation, a long term supplier relationship is an important element. Organic food can also be seen to carry a wider set of values that go beyond the explicit requirements in the production standard, which in turn influences the way of preparing meals.

7.2 Opportunities for further research

Drawing on the two studies in this thesis, some areas of research have emerged that potentially could be of worth to study further. The thesis has brought in a somewhat clearer picture of the supplier perspective in the adoption of standards. It has also become clear that the buyer has a central role in integrating the standard with the purchasing policies. How purchasing policies are formulated and practiced potentially have a great influence on the outcome of a standard. More research is therefore needed on buyers' perception of obstacles and opportunities with adapting the business practices to the conditions of the supplier.

The actual exchanges and relationships between buyers and suppliers also deserve increased attention. Long term business relationships have shown to be an important element in the case of organic food restaurants, which is exactly what the suppliers in the clothing sector call for. While for example studies in the European based Market-as-Network approach have identified business-to-business relationships as rather stable and long term, the picture looks somewhat different in e.g. the Indian clothing supply chain. What are

the possibilities of building long term business relationships between suppliers and buyers in completely different contexts and different power balances?

Although the end consumer has been rather distant throughout this thesis, it has a central role in giving the final approval of a standard through purchasing the products. Most consumer research has focused on the consumer attitudes and willingness to pay for e.g. environmentally friendly products. However, little research has looked into the role consumers have in developing and using standards in cooperation with business actors. How can the consumer become more integrated into both the development and use of standards? Are there other means that go beyond the use of standards that could let the consumer engage with the conditions at producer level?

7.3   Implications for practice and policy

Assuming that adoption of the standards being studied in this thesis is in the societal interests, there is a need to identify factors that potentially could facilitate the adoption and influence of these standards. In other words, to identify what makes standards work. This assumption could however be discussed since different actors in our society may have different perceptions of the accuracy of the standards' principles and practical implications. Concerns have also been raised about the accuracy of using standards as such for areas that could be governed through other, perhaps more democratic means (O'Rourke, 2006; Courville, 2003).

If we turn to the main title of this thesis, *"Making Standards Work"*, a number of issues could be discussed in relation to this statement that may have implications for both practice and policy.

Starting with the verb *"making"*, it implies an active action in developing the standard in a more workable direction. One identified direction in this thesis is to support suppliers with the costs associated with the standard. One may ask by whom this deliberate action should be performed. If standards are a substitute for governmental law enforcement, it means that there is room for more governmental support in carrying out the audits needed to sustain the credibility of the standards and hence the laws. If standards are an extension of the law, as often is the case with corporate responsibility, it would perhaps be more motivated to leave the associated costs for control of the standard to the involved actors. As shown with the case of KRAV, the additional costs associated with the standard are carried by the whole supply chain. The government also play a key role in providing financial support. Nevertheless, the added costs for production

are ultimately paid by the end consumer. One step in making the consumers more aware of their role in contributing to improved environmental and social conditions is to make the intangible values more visible through for example labels. While this instrument is lagging behind for some product categories like clothes, it is widely spread within other product categories like food. However, there are still challenges in the catering sector to provide the consumer with sufficient information on primarily the country of origin.

Next, one could discuss the role of *"standards"*. The need for *international* standards, like SA8000, arises when national regulation or international agreements are not working sufficiently to handle the negative impacts of global trade. Social and environmental standards can be beneficial if they function as a way to govern and coordinate the global activities on the market. However, there is room for democratic improvements in how the standards are developed. Sine the standards are perceived as global, there is a need for a more inclusive discourse where a larger variety of actors from different contexts have a larger role in defining the norms and practices to be upheld by the standard (Gilbert & Rasche, 2008). There is also a need for an increased awareness for alternative means to govern on a global scale. One initiative that has been increasingly promoted by ICSOs and global trade unions is so called 'global general agreements'. These agreements function in the same way as an international standard, but is based on a mutual agreement between a MNC and a global trade union. Thus, there is room for a revised role for trade unions in serving the needs for the workers, both on a global and a local level.

If a standard is restricted to a *national level* and function in a more developed country, the standard may play a different role. KRAV is situated in a context where the Swedish national laws on for example animal welfare are perceived as particularly stringent compared to other countries. It may then be more difficult to motivate the need for a standard that goes even further beyond the law. However, a standard may fill different roles at different times (Brunsson & Jacobsson, 2002). As Ekelund (2003) pointed out, the organic movement acted initially as a driving force for increased environmental awareness in the whole food sector. This growing awareness may have contributed to the continuously raised levels in Swedish national laws. Meanwhile, KRAV continues to revise its own standards to improve its impact on other areas, such as the climate (KRAV, 2009b). In this way, the standard attempts to differentiate from the commonly accepted norms in the society. On the contrary, SA8000 attempts to be a confirmation of the commonly accepted norms on a global scale.

Last, one could discuss how standards *"work"* and for whom or what the standards work. As shown in this thesis, a standard need intermediaries, such as governments or companies, and societal approval to be able to work. However, standards may also work in unexpected ways depending on the context. As shown in paper I the standard may lead to conflicting business practices where the standards' requirements are decoupled from the buyers' requirements. On the contrary, cases in paper II show initiatives where the standard is embedded in broader values connected to business practices that integrated alternative ways of preparing meals. Environmental and social standards are originally designed to work in the sense that they should have a positive effect for people and the environment at the production level. However, standards also need to work economically for actors handling the standards in the production, which may in turn lead to a better environmental or social impact from the business practices.

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