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Introduction. Private labour regulation: why, and what is it good for?

Stefan, Corporate Social Responsibility (CSR) manager at a German clothing firm, sits at his desk. He reviews the latest results from the monitoring of labour conditions in factories in Indonesia that supply clothes to his company. The results are encouraging in most instances: suppliers are improving on their compliance with the code of conduct on labour standards that his firm adopted, and changes are being implemented in the production chain. But Stefan has a problem with one factory that supplies sport shirts to Germany. The monitoring report devised by his colleague had shown good results there regarding wage levels and mechanisms for dialogue between workers and management. But now he has received a letter from European activists that provides a totally different account of the situation: workers are being underpaid and bullied into long hours of overtime by management, at the threat of dismissal. Stefan will have a discussion with the activists on their findings later today. He is very much hoping that there is a misunderstanding. He does not want the word to get out that his company is involved in labour abuse; that would be bad for the company. Inside the company he has lobbied extensively for the current labour monitoring system with the buying department and the CEO. It would not look good if the efforts of the CSR managers had yielded such negative results. Perhaps the activists will be able to give him some time to remedy the situation before they go public with the issue on their website.¹

1. Introduction

Corporate Social Responsibility is a phenomenon of contemporary global capitalism that raises eyebrows and arouses suspicion. We expect companies to be interested in profit and share prices, so why then the focus on social issues? And what may we expect from the efforts of people like Stefan to implement private rules? Both are vital questions. Academic literature has a satisfactory answer to the first question, while the second question for now remains open. This dissertation seeks to deliver more insight into the potential of a specific type of Corporate Social Responsibility, namely the private and voluntary rules that companies adopt to improve working conditions in transnational production chains.

Specifically, this study seeks to describe and explain the developments within the clothing industry to organize private rules for improvement of labour conditions in transnational production chains. It focuses in particular on answering the following three questions: first, how and why do

¹ In this dissertation all chapters are introduced with a short story printed in Italics that illustrates how the theme of the chapter is related to issues that actors in the field of private regulation politics are dealing with. All stories are based on material gathered through interviews and observations during the field work. In most cases, names are changed or made anonymous to protect the sources. Throughout the chapters data that supports particular arguments is presented within the text using more specific quotation and annotation.

private regulatory organizations focused on improving labour conditions develop more or less stringent policies to improve labour conditions in supplier factories?; second, how and why do businesses come to support specific approaches to private regulation of labour conditions?; and third, how, why and to what effect do competition, cooperation and convergence emerge between the existing regulatory organizations focused on labour standards in the clothing industry?

This study argues that answering all of these questions requires attention to evolving relationships between political actors that shape the policies of private regulatory organizations and their business membership. It shows how private regulation can be more or less stringent on a range of dimensions, including the degree to which interest groups are involved in implementation and review of rules. It explains the difference in approaches emerging from private regulatory organizations by showing how fluid, unpredictable group dynamics matter more in earlier phases of negotiation, while actor positions and agendas matter more in later stages. It shows how managers of firms choose to support specific forms of private regulation mainly as a response to societal pressure, which itself is affected by the position of these managers in national environments and towards other industrial actors. And it explains competition, cooperation and convergence between private regulatory organizations by showing how past events, evolving rivalries, vested interests and organizational differences within the industry and activist realms encourage splits in the regulatory effort. These findings add up to the study's general conclusion that the approach to private labour regulation for clothing production is diverging in more and less stringent forms of regulation -- the former supported by firms and activists whose organizational concern is relatively closer to the point of production (brands, designers, labour advocates), and the latter by firms and activists more directed towards the point of consumption (retail firms, consumer action groups).

This introductory Chapter will first review how such *private labour regulation*, as it will be called hereon, has emerged. It will then position the research as an endeavour to understand the contribution of private labour regulation to governing global labour standards.² And the Chapter will conclude with a presentation of the structure of this book.

2. Why private labour regulation? Globalization, neo-liberalism, and societal pressure

Private labour regulation is, first and foremost, a response to developments in the globalization of production. For many mass consumer goods, and in particular for clothing which will be the focus of this dissertation, the organization of production has become geographically dispersed and

² This study applies the term *private regulation*, which is understood to mean the steering of behaviour of private actors through rules laid down by private actors. The issue could also be discussed alternatively as *private governance* (compare Nölke & Graz, 2007), *private authority* (Cutler, Haufler & Porter, 1999), or *private regimes* (Haufler, 2001) since private regulation forms a sub-category of these broader concepts (compare Braithwaite, Coglianese and Levi-Faur, 2007:3). Because of the specific emphasis on *rules* for corporations in this institutional form of *governance/regime/authority*, *regulation* is the most appropriate term.

functionally disintegrated. Transnational production chains have come into existence that connect formally independent companies, running from Northern America and Europe into Central and South America, Eastern Europe, and South and Southeast Asia.³ Labour-intensive manufacturing increasingly takes place in regions of the world characterized by relatively low wage levels and an abundant non-skilled labour supply. Studies point to an overall asymmetry in power relations, advantaging Northern buyer firms *vis à vis* Southern supplier firms in these chains. In practice, mass consumer good manufacturing suppliers positions may vary in their positions from a complete dependence on Northern firms to a situation of interdependence, most often in cases where suppliers are in control of important parts of the production process. Analysts also note a deflationary pressure running downward through the chains (Kaplinsky & Morris, 2001; Gereffi & Memedovic, 2004; Dicken, 2006).

A specific overall characteristic of the clothing industry in particular is its dependence on seasonal and fashion change, creating constant pressure for brands and retailers to adapt their offers (Abernathy, 1999). This stimulates reliance on the part of buying firms on a large and differentiated set of suppliers who regularly receive large orders with tight deadlines. Suppliers taking in orders are mostly run by a small group of managers heading factories in which a large group of low-skilled manufacturing workers, most often females and migrants, work for long hours at a time, often putting in overtime to meet deadlines. Studies emphasize that these specific industrial characteristics could stimulate excessive overtime, abuse, and suppression of labour representation . For instance, labour abuse has been identified at the bottom of the clothing chain in cases where part of the manufacturing process takes place in small informal workplaces in India, often involving sewing work by whole families, including children (Ascoly & Finney, 2005). In China, factories supplying global clothing brands have been known to apply harsh quasi-military management techniques in order to push workers towards higher production levels (Ngai, 2005).

Mass consumer good production, and clothing in particular, are thus a manifestation of a fragmented and, from the perspective of power, unequal form of global economic integration, which potentially puts workers in a vulnerable position. But this alone does not suffice as an explanation for the emergence of private labour regulation, for this situation could easily remain the domain of public regulatory efforts by governments, or, alternatively, not become subject to any form of political action at all, if it were not resisted by any of the parties involved. Neither is the case, and

³ Throughout this dissertation, the links connecting different elements of the production process will be referred to as *production chains* and where these links traverse borders they will be named *transnational*. This term has a similar meaning to *commodity chains* (Gereffi et al., 1994), *value chains* (Bair, 2005), and *production networks* (Dicken, 2006) but lacks the contested aspects of these three: commodity chain, because the usage of the term 'primary commodities' leads some to wonder whether only agricultural products are implied; value chain is criticized for its absence of an inherent theory of value; and production network unnecessarily implies a network form as the prominent type of organization.

this reveals two further aspects of what Tim Bartley calls the contemporary '*institutions of globalization*': a neo-liberal regulatory framework on the global level coupled with increased societal pressure for responsible social and environmental conditions of production in developed countries (2003:441).

Regulating globally organized production has been subject to discussion since the rise of the multinational corporation in the 1960s. Kees van der Pijl (1993) describes how in the 1960s and 1970s the adoption of binding rules for multinationals slowly stalled, after initial enthusiasm. Western social democrats and the increasingly confident coalition of developing countries committed to growth through state-led capitalism contributed to a flurry of activity on rules for business in the United Nations (UN) and the Organization for Economic Cooperation and Development (OECD). This coalition dissolved, however, during and after the economic crises of the 1970s. Slowly, developing countries shifted their attention to a strategy of export orientation, while in Europe and the United States notions of de-regulation and freedom for markets gained prominence. This is often understood as the starting point of what both popular and academic publications refer to as the *neo-liberal* perspective on global production: global (rather than domestic) markets are understood as the source of growth on the domestic level, and trade across borders is therefore the key to development (compare Harvey, 2005). From this it follows that barriers and impediments to world trade should be reduced.

Increasingly, national regimes in the Global South have followed this call and labour regulation has subsequently been affected. States with governments as different in political character as China, Indonesia, and Mexico nowadays all have (more or less elaborated) legal frameworks that ostensibly protect workers' rights. But low standard working conditions persist in export industries (and elsewhere) because of a lack of implementation and enforcement of these legal frameworks, through purposeful neglect, lack of monitoring capacity, or otherwise. Generally, the neglect of working conditions is attributed to the focus of government policy on production for export, which does not leave much room for a sensibility for the worker's plight, especially when countries seek to compete as providers of non-skilled mass manufacturing. In some countries, the shift towards export orientation has been paralleled by legal adjustments reducing worker rights (see for instance Kocer, 2007). Moreover, legal fictions have been created for production areas, zones within countries where companies can perform at different tax rates and with different local rules than the rest of the country. Public attention has at times focused on the deplorable working circumstances and limited worker rights in these so-called Export Processing Zones (for a popular account see Klein, 1999).

On the inter-governmental level, the neo-liberal regulatory framework is supported by UN policies that favour international voluntary action by businesses over binding rules for economic

transactions (Hummel, 2005). Similarly, Tim Bartley describes how attempts to introduce labour requirements in World Trade Organization discussions, as well as developing new International Labour Organization instruments inspired by consumer labelling, have failed due to governmental and non-state actor opposition (2003: 449-451; compare Van Roozendaal, 2002).

But these failures do not mean that the call for improved working conditions in export industries has been silenced. It is, however, redirected away from governmental and inter-governmental bodies of decision making. From the second half of the 1980s onward, Northern multinational corporations immersed in transnational production chains more often come under pressure once they are revealed to have sourced from supplier factories where instances of labour abuse take place. Pressure is exercised by labour and gender activist networks, national trade unions, developmental NGOs, and consumer and/or shareholder movements in Northern America and Western Europe. Most of these groups have ties with worker organizations in producer countries and act on their behalf. These activist networks vary in significant ways in the depth and width of their ties with workers on the ground, as well as with regard to overall advocacy goals, organizational agendas, and the support base that these groups are accountable to. Individually or collectively, activist organizations campaign for better working conditions in the Global South, using multinational corporations (and their brands) as levers. Amplified by reports in the global media and assisted by critical investigative journalism, they increase sensitivity among the consumer audience in Europe and Northern America for global justice issues, a political force first tapped into by the Fair Trade consumer label movement in the 1980s. Public campaigns are followed up by face-to-face interactions with firm representatives – such as with Stefan above – sometimes contentious, often more cooperative. With the support of Northern governments, the option of voluntary action by firms on the labour issue then begins to take shape and evolves through further interactions between businesses and activists.⁴

⁴ The words ‘activists’, ‘NGOs’, ‘civil society groups’, and ‘pressure group’ are often taken to mean similar things, but defining them in a satisfactory way is quite challenging (see Vakil, 1997). This study uses the word activism to denote the activities of non-state actors towards the development of global labour standards, and refer to the actors practicing these activities as activists. For a definition, it takes the Oxford English Dictionary description of activism as “intentional action to bring about social or political change. This action is in support of, or opposition to, one side of a controversial argument.” Empirically these concepts allow for an analysis of both trade unions and so-called NGOs as they are, in fact, intertwined in activist networks. Using this term also solves the problem that CSR professionals themselves sometimes distinguish between NGOs and unions, and sometimes not, depending on the role of these organizations that they address. ‘Activism’ and ‘activist’ as words stress objective and role over organizational membership and characteristics and therefore are suited for the purpose. Where differences between activist organizations are relevant, the descriptions become more specific, e.g. ‘trade union’ versus ‘labour activist network’. The term *NGO* is used for the established not-for profit political organizations with professional standing organizations, such as Oxfam, but in most cases is specified, f. i. ‘Developmental NGO’, ‘Environmental NGO’, etc. The broader term *interest group* is used to denote all groups claiming to represent a larger political stake within the field of private regulation politics: unions, NGOs, activist networks and business support groups. Sometimes here this group is broken up in *societal (interest) groups* and *business (interest) groups*. Finally, when societal interest groups are addressed within the institutional logic of a membership of or governance of a private regulatory organization, the term *stakeholder group* is used, in line with the term of *multi-stakeholder governance*.

Private labour regulation thus came into existence because of the long term coincidence of a global dispersion and fragmentation of production, a neo-liberal public regulatory framework, and increased societal pressure on companies. In the language of social theory, these three phenomena form the *structural contexts of action* that facilitate private regulatory action for working conditions. Chapter Two will elaborate on how these contexts give shape to the politics of private labour regulation.

3. What to expect from CSR and private regulation

The debate on the private regulation of labour conditions in export producing countries focusing on production of mass consumer goods for export is connected to two sets of concerns about the impact of globalization, both articulated on the left side of the political spectrum in Northern countries. The first set of concerns is about the social consequences of the global re-organization of production. Europeans and Northern Americans worry about job loss and economic downturn through the outsourcing of production to emerging economies. As consumers, many also worry about the fact that the shifting of production across borders may lead to their products being made in undesirable working conditions in sweatshop factories. The second concern refers to an observation by left wing critics that the current wave of globalization encourages the breakdown of regulation protecting the rights of workers worldwide, simultaneous to the development of regulation protecting the interests of capital. This leads to concerns about global business dictating political agendas.

Many people are pessimistic about voluntary business action through so-called Corporate Social Responsibility as a tool to alleviate working conditions. Businesses deliberately choose for cheap labour in the lower parts of their production chain, both left wing and right wing critics argue. They therefore should not be expected to work towards the improvement of workers' lives. That would be like a fox guarding a henhouse. CSR is most likely to remain an easy corporate communication exercise without real substance, and might easily pass over, as do many business hypes. If it does not, it is highly questionable whether it will spread throughout and across industries. More likely it will be confined to a small minority of 'evangelical entrepreneurs' (a term from Hertz, 2001:156; for CSR pessimism see Lubbers, 2002; Klein, 1999; *Ec*, 2005). In addition, left wing critics fear that corporations will use CSR only to further their own business, instead of contributing positively to social and environmental issues (see Sum, 2005). By contrast, right wing critics fear that addressing CSR issues will deflect managerial attention from what should be the core objective of corporations: the interest of shareholders (Jensen, 2001; Friedman, 1970). Next to this pessimist school there is also a pragmatic interpretation of CSR. The pursuit of private regulation by, for instance, unionists and NGO representatives should not be read as an ideological

preference on their part, but as a form of strategic calculation. According to them, public regulation as it is now insufficiently protects workers in export factories, and any foreseeable public regulatory change or development in the near future is not likely to change that situation. Pragmatists hold that if companies respond to societal critique, this can provide fast leverage points for labour advocates in alleviating labour crises. As an activist notes jokingly, “Every time we publish a research report about working conditions, the next day several airplanes embark bringing the CSR managers of firms to the factory sites in question to address the problems mentioned”.⁵ CSR then is a strategy to turn those exact qualities of Western big business that frighten left wing critics towards societal ends: their power in and flexible management capacity of the supply chain, and their overall economic and organizational resources.

CSR also has its optimist supporters, or ‘believers’. A first strand of believers is convinced that business organizations have a lasting responsibility towards society that extends beyond legal compliance, irrespective of the enforcement capacity of public governance. These believers therefore welcome voluntary business action towards societal goals in general (see for instance Carroll, 1991; Davis, 1973). A second strand focuses more on how CSR notions might foster new private governance mechanisms engaging businesses in cross-border issues on a voluntary basis. These new mechanisms might be more flexible, adaptive, and efficient for solving global injustice problems than the current inter-governmental governance architecture (see Ruggie & Kell, 1999; Rischard, 2002).

In general, pessimists, pragmatists, and believers all agree that one important precondition needs to be fulfilled in order for CSR to have beneficial and lasting effects: it needs to have substance, and be more than mere words or short-term incidental action. What is required is structured and sustained policy in line with norms established in international organizations. As observers hold, it is not yet certain that the Corporate Social Responsibility policies, as adopted by such famous firms as Nike, Levi’s, or H & M, will all develop in the same progressive direction; and indeed it is uncertain whether the critical mass of companies in industries sourcing from labour-intensive production zones will follow their lead (see for instance Kolk & Van Tulder, 2005). Believers seem to be confident that things will work out well. Pragmatists seem less sure. Left wing critics are convinced (and right wing critics hope) that the worst case scenario for private regulation will prevail.

So what does private labour regulation nowadays look like? To what extent are business organizations supporting it? How do they do that and why? How does competition between firms and regulatory agencies in the making of private rules affect the quality of regulation? And what is

⁵ Interview N5.

the role of activist organizations in all this? To this research agenda the present study of private labour regulation in transnational clothing production chains will contribute.

4. Research questions

With company material on CSR policies reflecting cautious optimism, and activist research emphasizing a lack of progress with companies and appalling circumstances of production, the questions raised above open up space for academics to contribute to a political debate about the fruits of CSR. Specifically, scholars might analyze contemporary private regulatory efforts that aim to deal with CSR issues. Over the last couple of years, it has been predominantly business management scholars, but also political scientists, sociologists, and geographers, who have heard the call.

But how should one go about such research? Unsurprisingly, there are many different approaches and more are coming into existence, aiming to say something about the state of CSR and private regulation today. Predominantly, these attempts are prescriptive and descriptive-evaluative, although some also aim to explain. Scholars make assessments of the private policies of a specific company (see for Nike Zadek, 2001; Locke et al, 2007); propose tools to evaluate and compare company policies (Scherer, Baumann & Palazzo, 2006); analyze and compare specific private regulatory tools for their content (O'Rourke, 2003; Kolk et al, 1999; Merk, 2007a); describe and evaluate private regulatory monitoring processes (O'Rourke, 2002; Esbenshade, 2004); or broadly evaluate particular private regulatory organizations through single or dual case studies (Rieth, 2005; Pattberg, 2005; Espach, 2005; Hughes et al, 2007) or CSR practices in a particular country (Goebel, 2007; Kocer & Fransen, 2009).

General findings are sobering. CSR in most accounts is presented as incomplete and unfinished work in progress. Companies have only just begun adopting policies, private regulatory organizations have only recently been established, and much of the activity seems directed at gathering knowledge on problems rather than actions to address them. Most authors adopt the process perspective and on the way find either some factors to take issue with, or some phenomena signifying progress, depending on their prescriptive commitments. Three relevant issues stand out in most accounts: first, the diversity in approaches to private regulation that have emerged (see for instance Kolk et al, 1999; Rieth, 2005); second, differences in enthusiasm about adopting CSR measures among business actors with varying organizational attributes, with some companies seemingly engaging more than others with issues such as labour and environmental standards (Cashore et al, 2004; Espach, 2006; Sasser et al, 2006); and third, the emergence of a scene of actors engaging in political discussion on private regulation with evolving policy disagreements

about the appropriate way to regulate corporate responsibilities (see amongst others Utting, 2004; Jenkins, 2002; Bendell, 2004; Ross, 2004).

These three dimensions of variation in approaches to private regulation, business positions, and policy positions are all crucial to the credibility, reach and influence of CSR private regulation. Specifically, these variations point to the dynamic between the qualities of rule (how credible are different approaches to private regulation to improve labour, environmental, and human rights standards?), and actor support (specifically business support) for private regulation (how widely are different types of rule adopted voluntarily by companies?). If we want to understand the workings and consequences of this dynamic better, three different political processes should be understood more deeply: the development of different types of private regulation, the development of business support for specific types of private regulation, and the consequences of competition between different institutional types of private regulation.

While in principle these three processes can be studied separately, it makes more sense to take them together, as their outcomes affect each other. First, the quality of rule is dependent on the institutional politics in which different actors bargain for their favoured form of private regulation when developing new private regulatory organizations. In this phase, however, actors also respond to notions of future business support and competition or cooperation with existing regulatory organizations. Once in existence, patterns of business support within an industry affect the impact that private regulation has on an industry. And competition between regulatory approaches for business support may once again affect the quality of rule at the same time as it affects the total impact of specific types of private regulatory policy. This requires a comprehensive, systematic industry-level and issue-focused approach towards analyzing political interactions between actors and rules.

This study will follow such an approach in the analysis of private labour regulation in transnational production chains. Labour abuse, child labour, and low wages in supplier factories are key issues in anti-corporate critique and have been subject to efforts at private regulation from both industry and activist camps for over a decade now. Private policies for global labour are also a specific category in the repertoire being developed by labour advocates to counter the vagaries of economic globalization, though unionists discuss whether it will be a revitalization strategy or a threat to worker organizations (Justice, 2002; Van Roozendaal, 2002; Burgoon & Jacoby, 2004).

The ambition of this study is both descriptive and explanatory. Accordingly, the main research question is formulated as follows: *What describes and explains developments in private regulatory organizations covering labour conditions in transnational production chains?* In line with the three political processes identified, this question is then divided into three sub-questions.

The first sub-question asks: *What describes and explains the development of private regulatory organizations in terms of stringency of rule?* The study follows the format of a specific single-issue assessment of private labour regulation, focusing on the level of the regulatory organization. With regard to the specific characteristics of regulation, it does not apply a learning-based (Zadek, 2001) nor a legitimacy-based approach of academic assessment (Wolf, 2004), but instead focuses on stringency (compare Murphy, 2004; Rodriguez-Garavito, 2005).

The study then sets out to explain the development of different types of private regulation by focusing on actors and interactive processes, through an approach that allows for general findings by comparison between cases, while stressing the ultimate interdependence of the processes of regulatory development within an emerging regulatory issue field. By doing so the ambition is to build upon approaches looking only at a small selection of similar regulatory organizations, upon those that compare dynamics in formally independent cases, as well as on approaches that only focus on the content of policies without asking how these came about (Hughes, 2007; Esbenshade, 2004; O'Rourke, 2003; Kolk et al, 1999).

The second sub-question asks: *What describes and explains the preferred commitment by a company to a particular private regulatory organization over others?* In line with recent studies, this research analyzes the choices which corporations make for specific forms of private labour regulation (Sasser et al, 2006; Cashore, Auld & Newsom, 2004; Wetterberg, 2007; Marx, 2008a). It seeks to extend this literature by not only evaluating policy outcomes and fixed actor attributes, but also by illuminating relevant process dynamics and interactions between different actors, and their relation to internal corporate developments.

The third sub-question asks: *What describes and explains the direction of processes of convergence and competition between international private regulatory organizations?* It aims not only at a description of the evolution of private regulatory fragmentation (compare Cashore, 2002; Pattberg, 2005), but also at an assessment and explanation of specific competitive dynamics and their results. Empirically, it thereby seeks to scrutinize and refine the perspective in the literature on the beneficial effects of private regulatory competition (Sabel et al, 2000; Elliott & Freeman, 2003; Cashore & Bernstein, 2007).

Figure 1 summarizes the main research question as it is made up of three intertwined descriptive and explanatory sub-questions.

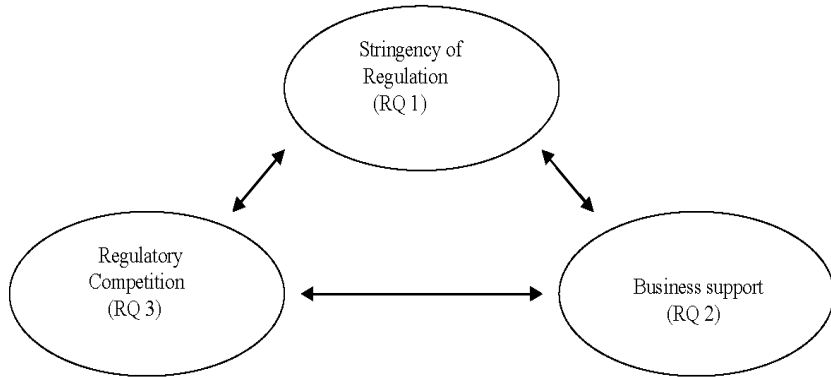


Figure 1. Research questions

5. Outline

This work is submitted as a PhD thesis and as such conforms to a specific structure of academic writing. First, the plan of the research is presented, followed by chapters which present empirical material to answer separate sub-research questions. In the conclusion, general contributions are re-stated, limitations are identified, and ideas for further research are shared. This outline will summarize the analysis and findings of all following chapters.

Chapter Two presents the research design. The methodological approach is laid out, focusing on an inductive strategy of data gathering, which results in findings for the realm of private labour regulation of clothing production and propositions for a wider field of cases of private regulation. Then it will present the theoretical approach of the study, which is influenced by sociological institutionalism but takes a particular perspective with regard to the significance of agency in the political process, focusing in particular on timing and interactive dynamics. Finally the chapter will elaborate on the overall argument of this book, presenting descriptive and explanatory parts of the argument separately.

Chapter Three as the first of four empirical chapters presents the description of eight private regulatory instruments for the clothing production chain. It will introduce the different forms of regulation that exist and the expectations that are attached to them in policy and academic literature. A comparison is made between both business and multi-stakeholder governed regulatory organizations for the clothing chain on the basis of three criteria. First, a distinction is made in the

degrees of labour standards that are adopted. Second, different degrees of specificity of implementation policies included in private regulation are identified. Third, private regulatory organizations have different answers to the question of who controls enforcement and implementation of private standards: society or business? These three criteria together form the measure of *stringency* for regulatory approaches. When measured this way, the eight private regulatory approaches score from lower to higher degrees of stringency, affected most by the issues of control and to a lesser degree specificity. Business governed organizations are then less stringent, while multi-stakeholder governed organizations have medium to high stringency scores. These distinctions are then linked to discussions in the CSR policy field, to show that the question of which group controls regulation informs many current policy debates about the right way to develop and implement private regulation.

Chapter Four explains how the different private regulatory organizations have developed and how their specific policies towards the regulation of labour standards have evolved. Regulatory fragmentation in the field has come about firstly because actors in different countries have preferred to build private regulation with each other in national settings with local groups. Second, fragmentation has arisen because of policy disagreements, leading groups dissatisfied with the development of an initiative to leave and build their own organization with likeminded actors.

It will be argued that for an understanding of the different outcomes of negotiation, three categories of factors need to be taken into account: the significance of timing (when the organization is developed), a priori characteristics of the groups involved (which groups are bargaining and what are their agendas), and internal bargaining processes (specifically focused on interaction dynamics in the forging of a minimal sufficient consensus). In the building of private regulation the study shows that at later stages of regulatory development in the field, initiators of regulation have a more specific view of what regulation should look like and select allies close to their agenda to negotiate with. Stringent regulation is in this way built by activist groups coming together, while business-controlled, less stringent regulation is built by groups of business actors. In contrast, during earlier stages of regulatory development, negotiations are more fluid and interactive, with personal dynamics influencing the direction of regulatory development. Different multi-stakeholder gatherings thus lead to different types of private regulation and different levels of stringency.

Chapter Five deals with the question of how companies develop preferences for supporting particular forms of private regulation, given the differences identified in Chapter Three. It does so by combining the case study and interview material informing all of the chapters with quantitative analysis of a survey of firm representatives compiled for this study. The Chapter traces the development of the CSR policies of European firms and comparatively identifies drivers to strategic

choices being made. It will be argued that companies predominantly develop CSR policies out of protective concerns. Activists are important in this respect since they raise the salience of the labour conditions issue and orchestrate societal pressure on companies. But activists have only a limited impact on the type of private regulation that companies choose.

In order to understand business support for private labour regulation this study first of all takes into account variations in national and industrial institutional pressures between firms, and secondly the managerial room for manoeuvre. Finally, the chapter shows that preference formation by firms in the future can be more and more affected by the choices of other firms exercising power in the industry or production chain. The net macro result of firm preferences is a predominance of lower levels of stringency in the implementation of private labour regulation.

The *Conclusion* chapter returns to all these issues in brief and establishes the main contributions of the research in terms of theory and approach. Finally, it will address points for future research, inspired by the notion that the structural contexts of action urging research in this field are in the process of change. The chapter will deal with changes in power relations between developed and emerging economies, relations between companies in the clothing and wider retail sector, developments in public regulation and trends in consumer behaviour.

For review, *Appendix I* summarizes the characteristics of all private regulatory organizations discussed in this study. In the *Methodology Appendix (Appendix II)* more detailed information can be found about the specific planning and operation of data gathering.⁶

⁶ This book contains detailed information about different political processes leading to specific assessments about the state of private labour regulation today. Although cover-to-cover reading is welcomed, it is not required for an understanding of the contribution of this study. The next chapter presents the overall research design and theoretical approach. Readers who are initially interested merely in the general argument of the book may read in particular section 2.4 of this chapter, followed by the conclusion chapter, which reiterates the general message and embeds it in considerations for the future concerning politics and research. The specific gist of the different parts of the general argument can then be reviewed in the empirical chapters, 3, 4, 5, and 6, which are packed with specific information on corporate and activist strategies in the making of private labour regulation.