# methodological challenges to impact assessment of codes of practice

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# 1. introduction

Corporate social responsibility (CSR) and accountability as a movement is gathering pace on the global stage. However, this momentum is also leading to a questioning of what CSR actually delivers in terms of social and environmental impact. Critics variously argue that corporate responsibility deflects attention from the need for state regulation, or that it is merely a public relations exercise without much substance. Others point to the lack of empirical evidence of the impact on local livelihoods – as opposed to compliance with code provisions. The debate needs to be informed by systematic and independent impact assessment exercises to establish what kinds of changes are occurring as a result of the adoption of different codes by companies in different contexts.

# 2. why is there a need for impact assessment of codes of practice?

Ethical supply chain management initiatives are still relatively recent, but the corporate responsibility movement is gaining momentum and multitude of voluntary codes of practice has been developed. The business case for corporate responsibility has been set out more rigorously, however, than the development case. Integrating ethics into all aspects of a corporation's activity is often said to deliver benefits in terms of worker welfare. However, this assumption has not been explored in a rigorous manner. To what extent are workers' terms and conditions improved by codes if at all and are workers empowered by them? Further, it is not only workers that are affected by the policies and practices of business. There are other stakeholders at the local level who may be affected by the activities of companies and their codes and the impact upon them has not been systematically assessed. From a development perspective it is important to ask the following questions:

▸ Do code provisions correspond with the priorities of workers (of different categories)?

▸ How far can codes of practice bring about real improvements in the material wealth, social well-being and empowerment of workers and other local stakeholders?

▸ Do codes themselves have negative or unexpected impacts?

A systematic assessment of the impact of codes of practice is also needed to establish if alternative or complementary policies and support are the way forward to bring about positive social change.

# 3. impact assessment objectives and methodological issues

Impact assessments vary in their objectives. At one end of a continuum is the 'proving' approach that seeks to prove whether an initiative or project has had an impact or not.  At the other end of the continuum are 'improving' approaches which seek to engage participants of a scheme in assessing impact and which allow for monitoring of change so that improvements can be made during the lifetime of the project.  The latter involve capacity building as a key part of the overall objective and is increasingly common among groups that emphasize the ethical value of self-evaluation and participation  of intended beneficiaries.

In assessing codes of practice various interesting issues arise.  Given the often contentious nature of CSR it was felt that the impact assessment should be seen to be 'independent' in order that the results be seen as credible by all parties.  Whilst every effort has been made to ensure that worker priorities are established and used as the indicators for measuring impact, it was decided that to adopt a systemic learning cycle approach is more tricky, because involvement of managers and company staff as more than key informants might undermine the independence of the research.  Equally, given the relatively recent emergence of CSR (in its current guise) the donor/s funding this research and others (e.g. code bodies, retailers, industry associations and companies, civil society North and South) are keen to establish whether codes do actually make a difference.

Our study objective was thus formulated as follows:

> *to carry out a systematic assessment of the social impact of codes of practice on workers, worker households and wider society.  It is a longitudinal and comparative assessment of the social impact of codes of practice in two industries in African horticulture, namely cut flowers in Kenya, and the wine industry in South Africa*.

We have employed the following as a definition of impact assessment: 'the systematic analysis of the lasting or significant changes - positive or negative, intended or not - in people's lives brought about by a given action or series of actions' (Roche 1999).  Lasting impacts may include improved health and literacy.  Significant, but shorter term impacts, include improvements made to housing.

Three broad areas of change (Roche 1999) can be identified:

▸  Material wealth (assets – land, housing, cattle), income, credit and savings, occupational status, wages, expenditure, food security and quality of diet, dependency on money lenders or on food aid.

- ‣ Social well-being or human capital measures – health status and more specifically infant and child mortality, water and sanitation, and education – especially literacy and school-attendance rates.

- ‣ Empowerment or political capital measures – ownership and control over assets, perceptions of well-being and quality of life, participation in decision-making, and public institutions, access to public resources, dependency and mobility, and family planning rates as a proxy for women's empowerment. It is important to apply this category specifically to women, whose measure of empowerment will in most cases differ significantly from that of men.

It is striking how little work with companies on corporate responsibility incorporates the views and participation of workers other than in an extremely passive way. Impact assessment must be based on worker priorities.

It would be all too easy to conflate compliance with code provisions with impact – but if workers have had no role in developing a code it is not possible to assume that the code will necessarily meet their priorities. The implementation of a code may lead to costs being incurred, which in turn could lead to job losses - hence it is important to look at the bigger picture to establish if the total number of jobs is affected. If job cuts result from code adoption, how does this weigh up with the improvements in terms and conditions for those remaining in employment?

Even those organisations with considerable development expertise often find it difficult to define and monitor causal linkages between their activities and poverty reduction. Attributing impact to initiative (and discerning causation from correlation) is a major challenge that reflects the reality of multi-dimensional aspects of poverty and complexity of interactions that influence it.

Attribution is difficult given the many forces at work on an industry. In South Africa we have found that sweeping legislative, economic, political and social changes have hugely affected the Western Cape wine industry. Establishing whether codes have an impact in this maelstrom is thus difficult. The overall lesson, however, is that the context for each industry will influence impact enormously. It is also possible that impact varies across different types of supply chain and industry. To investigate this further requires a broader, multi-country study.

It is important to clarify the difference between the assessment of compliance (auditing) and the assessment of impact. The former is the kind of activity carried out by auditors to see whether a company has successfully complied with the core criteria of the code. The assessment of impact is the difference that company compliance with a code has made on worker welfare and on the welfare of worker households and local communities.

Although codes may be strong on paper, if implementation or the monitoring and verification system is weak, then evidence of impact will be minimal. Managers may also interpret codes in different ways leading to differences in impact. Another key consideration is whether mechanisms for the implementation of sanctions (e.g. delisting) and incentives are employed.

It has become clear during our research that an area for further exploration is manager/farmer/owner decision-making. How do they hear about the codes? What leads them to adopt a code and with what consequences for management style? What creates attitudinal change? The project will explore these issues as factors influencing the actual impact of the codes.

# 4. methodology

The methodology developed for assessing and measuring the social impact of codes of practice is laid out in the diagram below. As explained in the South Africa case study section, the methodology is under constant review, because this is an innovative and experimental area of work.

The central comparison in this project is between **code adopting** companies and **non-code adopting** companies. By comparing the conditions for workers (as well as other primary local stakeholders) on code adopting farms with those on and around non-code adopting farms and by triangulating information from a range of sources and types of collection (qualitative/quantitative) it will be possible to establish whether codes of practice are having an impact and if so, how.

The impact assessment methodology which we initially devised includes the following key steps (see diagram 1):

‣  Contextual analysis (including social, political, economic and legislative milieu, the codes – provisions and degree of implementation).

‣  Obtaining industry data and sampling of code adopting and non-code adopting companies. Approaching these companies to obtain access.

‣  Carrying out participatory research with different types of workers to establish their priorities. Once these have been obtained it is possible to establish whether there is a convergence or divergence between code provisions and worker priorities.

‣  Development of a questionnaire for workers on code adopting and non-code adopting companies. Piloting of the questionnaire, followed by sampling of workers, implementation of the questionnaire and analysis of the results.

- ‣ Case studies of worker household dynamics and the impact of codes of practice.

- ‣ Management questionnaires implemented and analysed.

- ‣ Analysis of data from different sources and production of baseline.

- ‣ Monitoring cycles (repeat of questionnaire survey and case studies) including revision of methodology as required.

- ‣ Comparison of baseline and monitoring cycle data and impact assessment.

However, we have now begun our case study in South Africa and already there are methodological lessons emerging which are highlighted below in section B.

# 1.  context: the south african wine industry in transition

Today, the majority of producers in the South African wine industry find themselves under considerable pressure – not only to produce better quality wines, but also to act in a socially responsible manner vis a vis the environment and their employees. This was not always the case. In fact it is a fairly recent phenomenon. After a long period of extensive regulation, the South African wine industry entered a radically new phase in the early 1990s. Within the space of five short years the industry had to face up to a number of profound challenges:

▸   Deregulation of the industry (including the abolition of planting quotas and the minimum price for grapes)

▸   The transition to democracy

▸   The extension of labour legislation to agriculture

▸   The opening of international markets to South African wine

The response from the industry was mixed. The estate and private cellar sector, which was entrepreneurial from the outset and did not rely on the state, generally welcomed the changes. In fact, the sector had been pushing for deregulation since the late 1970s.

The co-operative sector, however, by and large perceived deregulation, democracy and labour rights for workers as a threat. In the past, the minimum price, planting quotas and repressive labour laws had combined to create a comfort zone in an industry geared to the mass production of cheap 'standard price' wine, the bulk of which was converted into brandy.

The only major change welcomed by the co-operative sector was the renewed access to the markets of the UK, continental Europe, the US and further afield. However, neither the farmers nor the cellars were sufficiently prepared to take advantage of the opportunity. Solely focused on the production of cheap wine for bulk sale to the local wholesalers, the vineyards were planted with the wrong varieties, supply chains were non-existent and they did not know how to operate in highly competitive international markets.

After adopting a wait-and-see attitude in the run-up to the first democratic election in 1994, most of the co-operatives tried to adjust to the new environment as best they could. Old vineyards were uprooted,

new varieties planted and old cellar equipment replaced with new technology. If they could afford it, cellars installed brand new 'lines' dedicated to the production of red wine. Most of these changes were first introduced in the year 1995/6, which represents a watershed and marks the beginning of the 'quality revolution' in the South African wine industry.

However, most cooperative cellars still face an uncertain future. Although co-operative cellars produce close to 75% of volume, less than half of all their grapes originate from 'noble' varieties. Seventy per cent plus is still delivered in bulk to wholesalers. Some insiders estimate that 20% of the co-operatives have no hope of survival, while another 40% may meet the same fate, depending on their interventions.

Devoid of the regulation safety net and a supportive state, wine farmers reacted to the extension of labour legislation with a fair amount of irritation, not to say contempt. Once the undisputed masters on their estate, they now had to accept a maximum working week, paid sick and maternity leave, annual holidays, the right to collective bargaining and a greater measure of security of tenure for older, long-serving workers.  Although there is a considerable degree of non-compliance with legislation laying down basic conditions of employment, farmers have reserved their fiercest resistance for the law that tries to give farm workers greater security of tenure (i.e. the Extension of Security of Tenure Act or 'ESTA'). Ironically, it has resulted in a strong tendency towards the casualisation and externalization of labour and more insecurity of employment in general.

## 2.  access to companies

The government's attempt to regulate working conditions and the labour market has done little to reduce wine farmers' traditional hostility towards 'outside' interference in 'their' labour affairs. At the same time there is an awareness on the part of many a farmer that labour and housing conditions on the farm do not live up to acceptable standards – both local and international – and they are embarrassed by it. The insistence on traditional authority and potential embarassment often combine to make access to the farm quite difficult, especially as far as non-adopting companies are concerned. In such a case we elicited the help of farmers who trust us in order to gain access to non-adopting companies. In other words we ask farmers in our network to convince others that participating in our research does not hold any negative consequences for their business. In textbooks this is called the 'snowballing technique'.

In the case of code-adopting companies, access is easier. Although some of these companies initially approached codes with scepticism, economic interests proved decisive. Once the decision to adopt had been taken and the process of implementation proved to be less radical than initially feared, these

same companies seemed to adopt a new attitude of openness and even pride. At only one cellar did we meet resistance in the form of delaying techniques. This cellar is known for having adopted the ETI code reluctantly from the very start. They are well placed in international markets other than the UK and may not be overly concerned if they were to lose ETI 'certification'.

## 3.  research fatigue

Although the majority of code-adopting companies were willing to participate in the impact assessment, some made it clear that they were suffering from 'research fatigue'. It has to be appreciated that these companies and their employees have been subject to several rounds of 'inspections' over the last three to four years.  Supermarket technicians or representatives of certification bodies (e.g. BVQI) have interviewed staff and workers prior to the adoption of both the ETI or the SA8000 codes. Subsequent to adoption, the same companies were subject to inspections, post-inspections, second inspections etc. Over the last three years some workers have been interviewed (and asked the same type of questions) as many as three or four times. Little wonder some of them have grown weary of researchers coming to the farm.

## 4.  sampling of non-adopting companies

The objective for the first phase of the impact assessment was to compare five  adopting with five non-adopting companies. Given that only seven companies in the South African wine industry have adopted either the ETI or SA8000 code, the five adopters practically selected themselves. For purposes of assessing the independent impact of the codes, it was important to match the five non-adopting companies as closely as possible with the adopters with regard to a number of other variables which we know from experience often have an impact on workers' working and living conditions, viz. the region in which the company is located, the status of the company (i.e. private wine cellar or cooperative farm) and size (measured in terms of the number of tons of grapes produced).

The problem is that a 'sampling frame' containing this crucial information is not freely available to researchers in South Africa. The only institution to have such a database is a body called 'South African Wine Industry Statistics (SAWIS)'. This body has a complete list of all grape growers, including production figures, telephone numbers etc. However, SAWIS is not allowed to make this data available to researchers. It may only supply a list of wine cellars. In the case of private cellars, this does not present a problem as grower and cellar coincide. We phoned the private cellar, asked for the production figures and if the latter fitted the required profile, hoped that they were willing to participate. In the case of cooperative farms, we had to work through the cooperative cellar management. The latter have all the data regarding their members' farms. If management had no

objections to the research as such, we requested to be given the contact details of several farms that match the required profile. More than one is requested in case of refusals.

Refusals are frequent, both in the case of private cellars and cooperative farms. As a result, the match between adopting and non-adopting companies is not perfect. It is easy enough to match them up according to status and region, but tons of grapes pressed may only be approximate. Also, the private cellar may export (some of) its wine, whereas the cooperative cellar does not or to a far lesser extent. However, in the real world of research one has to be pragmatic.

# 5. representativeness of companies

When one researches five out of seven code-adopting companies, there is no question that the data is going to be representative of this category of farms. However, the situation is very different in the case of non-adopting companies. Statistically speaking, one can have little confidence that the five selected companies are representative of the approximately 4400 grape growers in the industry. In order to increase the degree of confidence, we have taken two additional measures: firstly, we have sent a postal questionnaire to a third of all growers, selected at random from SAWIS' list and concentrating on quantitative data; secondly, we are in the process of researching ten additional non-adopting companies in the same detailed manner as was the case with the original five. By comparing the quantitative data from these two sources with the data of the original five non-adopting companies, we should be able to conclude how representative of all non-adopting growers the latter are.

# 6. transparency

In order to make sure that management and workers understand the purpose of the research and to secure their cooperation (for the duration of the assessment and beyond), it is of utmost importance that the long-term nature of the assessment is explained to them. Of course, there is always the risk that some companies may refuse to participate in a project that stretches over several years and is bound to disrupt their operation to some extent. However, to be open about it from the start is not only good research ethics, but also avoids management losing trust in the research team when suddenly approached with the request to do the first round of monitoring after the gathering of baseline data in the year before. This may seem obvious, but mistakes like these have been made by some of the agencies when they first tried to 'sell' their code to the companies, without being clear as to the future requirements for participation. This almost resulted in some of the companies opting out of the exercise altogether.

# 7. identifying impact indicators through participation

We started from the assumption that different types of workers (permanent, casual or seasonal and women and men) may have different needs and would preferably have to be separated for the purposes of indicator identification. As a result, separate focus group sessions were held with permanently employed men and women and with a group of temporary women workers.

Each group was asked to discuss and identify their priority needs. (These could then be compared with the code provisions to establish the degree of convergence/divergence). Secondly, the participants were asked to identify their top five priorities. Thirdly, participants were asked how it might be possible to measure changes in these priorities over time.

Focus groups were initially employed as a method for identifying indicators. However, the response of the groups varied considerably, with some generating a lengthy list of 'items' in a relatively uninhibited atmosphere, while others lacked in confidence and seemed a little intimidated by the whole process. Most permanent workers live in close-knit communities on the farm. Especially with regard to the social issues and private matters, some are afraid to speak their minds in a situation where neighbours and in-laws are present, for fear that it may be held against them.

As a result, we modified our approach. Firstly, participants were asked to discuss the following question in pairs: 'What are the things that matter most in your working and private life?' before responding in the group situation. Although this improved the response, it was not yet satisfactory. As a result, we also employed individual interviews in subsequent discussions with workers.

# 8. developing the questionnaire

We designed a questionnaire form based on the indicators established by workers. We also decided that there might be issues which workers would not be able to identify due to their lack of knowledge. For example, worker knowledge of codes was thought by the research team to be an important indicator of how the codes are working and whether workers are aware of what their employees are signing up to.

The questionnaire was designed to investigate the situation of different categories of workers (seasonal, temporary, permanent, male and female etc). We did not feel, however, that this type of detailed questionnaire carried out on a representative sample would be the best approach for

exploring the complex intra-household relationships and the ways in which codes impact upon other household members.  Instead we felt that qualitative methods would be more appropriate.

We have also designed a management questionnaire which has been implemented with managers to identify their perspectives on and knowledge of codes and to establish what their motivations for action have been.

# 9. baseline survey: logistical problems

Securing the cooperation of companies is one thing, gathering data according to plan is another. From the beginning, part of our research design was to include seasonal workers and workers who had been retrenched by farmers and were now unemployed. However, in the first phase we couldn't interview either. Seasonal workers couldn't be included because for reasons beyond our control, our project only got properly underway after the grape harvest. Mostly seasonal workers are treated as casuals by companies and records of names and addresses are seldom kept. As a result, they are very difficult, if not impossible, to track down for interviewing purposes once the harvest is over and they have left the services of the farm. The same goes for retrenched workers. However, we will be able to gather baseline data on seasonal workers during the 2003 harvest.

For the sampling of workers on site we have to rely on company management agreeing to provide us with lists of workers that we could select from. Most of the time cooperation is good. However, two of the companies in our original sample of ten were less than cooperative. Despite stating our request in detail and in advance (time of arrival on the farm, number of workers, different categories of workers), we were let down by line management. Consequently, we found ourselves with too few respondents for the farm as a whole or for one category or another (i.e. permanent women). As a result, we had to adapt our proportional sampling plan.

# 10. baseline survey: appropriate methodology for researching households

To investigate intra-household relations we used a case study approach. Project staff spent an average of six hours with a family at their home, trying to capture as much of the household dynamics as they could.

However, the status of the researcher as a 'stranger', the legacy of mistrust on farms, and the dependence of workers on being in the favour of the farm manager/owner means that gaining the trust of worker household members is a difficult task – more so than is usually the case in participatory

research in rural villages in Africa.  Having the researcher spend a longer period with the household (for instance, one month) may thus be the only situation in which trust can develop between project staff and those in the worker household.  This was not possible in phase one primarily due to limitations in researcher availability. Also, further training in participant observation of project staff/participatory fieldwork may be required if this is to be attempted in future phases.

Costs are also an obstacle as researchers are paid by the hour. Participant observation is time consuming and can be costly.

# 11. baseline survey: ethical dilemmas

In order to monitor the impact of codes over time, we need to speak to the same workers two more times after the initial interview. This means that we need to record their names on the questionnaire. However, this may undermine our pledge to the employees that everything they tell us will remain confidential and especially not be passed on to management. Given the legacy of mistrust on South African wine farms, this presents us with a real problem without any obvious solution. We can merely repeat our promise and hope that the workers trust us. The fact that the researchers, like most workers, are 'coloured', and attached to NGOs or the university does seem to help.

The dilemma doesn't end there. Frequently we are asked by the farmers or management – both conservative and enlightened – whether it is possible to give them feedback on workers' responses. This is seen as a kind of quid pro quo for giving access to the company and sacrificing production time for the sake of research. Even where relations between themselves and their employees are perceived as 'good', there is a belief that workers are more open towards third parties like researchers and that they are willing to discuss things that they would not normally confide to management. There is a lot of truth in this. It is well-known phenomenon on Cape farms (especially paternalist ones) that workers do not easily convey dissatisfaction brewing in their own ranks to management for fear of being labeled  'traitors' by the rest of the community. However, this does not solve our dilemma. A possible way out could be to come to a triangular agreement whereby a general response could be conveyed to management without disclosing the answers of particular respondents.

# 12. research capacity

Researchers who possess the necessary competence, empathy and experience are in relatively short supply in the Cape wine region. Given the necessary training, university students may be able to administer the baseline questionnaire, but more is required when it comes to focus groups and participatory observation. What adds to the difficulty is that experienced researchers are mostly full-

time employees of NGOs, consultancy firms or universities. They have to take time off from their normal duties in order to assist with a project like the impact assessment. To coordinate their availability with that of the company often proves to be a difficult balancing act.

# 13. attributing impact to codes

This is made difficult by several things. Firstly, by the fact that the codes were already introduced at adopting farms two to three years ago, while no baseline data was gathered before their implementation. As a result, for pinpointing the reason behind improvements in employees' working and living conditions, one relies almost completely on the 'historical' accounts of the farmer or members of management. To some extent their accounts can be 'triangulated' by checking it against accounts given by workers, but given the latter's low level of literacy and articulation, this has to be approached with some degree of circumspection. We also know from experience that workers' memories, like those of their employers, can be selective.

Further challenges arise in relation to assessing the social impact of codes of practice particularly in relation to contextual factors.  These are discussed below.

Dynamism within an industry, its national context and within a code itself (not necessarily its provisions but in its implementation) can create many difficulties for an approach to impact assessment that employs a control group.  In South Africa, company sampling has proved problematic for two reasons: a) due to the lack of industry data and b) the proposed roll-out of the Ethical Trade Initiative code which threatens the integrity of the control group.  Given that this is a relatively new endeavour – assessing the social impact of codes of practice in a systematic way and based on worker priorities – it is important that the methodology remains flexible and that qualitative and quantitative techniques are combined to enable triangulation of data.

Triangulation of data is important so that the whole range of impacts are captured.  For example, power relations in the supply chain are known to be critical and are challenged by fair trade initiatives.  Ethical sourcing initiatives are often criticised for failing to challenge the terms of trading.  It is important nonetheless to try and investigate how far workers may be empowered or not by codes, how workers might define empowerment and what complementary activities may be required (or indeed alternative strategies adopted) to achieve worker empowerment  We have found that worker awareness of codes can be measured.  This is not something that workers would include as a priority but it is something that the research team has added to the questionnaire to establish what, if anything, workers know about codes.  The research project itself influences what managers and workers know about codes, because increasingly, the presence of researchers and auditors is what spreads knowledge.

There are different approaches to impact assessment and our study represents only one of these.  We are focusing on measuring social impact over time in a small number of industries in a small number of countries to provide systematic and in-depth information as to how codes affect workers, worker households and others at the local level.  Alternative approaches might seek to take a broader approach encompassing a much larger number of countries and contexts, codes, industries.  A study on a particular code might look more specifically at the differences in management style and interpretation of codes and their provisions or at different methods of monitoring and auditing to see how this influences impact.  At an even broader level a whole range of impacts of codes can be identified (e.g. how does a code affect the ecological footprint of a supply chain? How does the introduction of codes affect secondary stakeholders such as trade unions, NGOs, government and managers? How do codes affect industry strategies, such as changing their choice of markets to avoid codes?).  (See diagram 2). Finally, a comparison between ethical supply chain initiatives and other ethical trade approaches in the

same commodity might prove instructive – e.g. comparing fair trade in wine or fruit in South Africa to the ethical export horticulture of ETI and SAI.  This would include looking at how workers benefit but also the scale of possible change, which may rely on potential markets.

Exploring disaggregated worker priorities is important to establish whether codes are addressing key worker concerns.  Increasing casualisation of labour means that more and more workers may be made vulnerable and suffer job insecurity and will have different needs and interests to permanent and temporary workers.   It is also important that the interests and views of smallholders and neighbouring communities are taken into consideration.   Codes may not take into account their specific circumstances or may ignore them completely.  The boundaries of corporate responsibility are clearly contentious and codes are quite blunt instruments for addressing complex social issues and driving positive social change.

Fear of recrimination and sensitivity of social issues are a serious methodological challenge in assessing the social impact of codes of practice.  Discourse analysis on South African farms has shown that workers, particularly on less progressive, paternalistic farms, feel obliged to maintain the good favour of the owner and to 'avoid standing out from the crowd'.  In the context of codes of practice, further subtle research is needed as to how workers and managers respond to codes, including provisions such as worker committees in different cultural and political contexts.

Our research project has the benefit of donor funds. Further consideration is required of how companies may be able to include impact assessment as part of their corporate responsibility and accountability policies, particularly impact assessment that encourages the participation and open engagement of workers.

Despite the complexities and challenges of impact assessment, obtaining evidence of the actual impact of codes on different social groups is essential for an informed debate and critical if policy recommendations are to be made which can lead to improvements in impact or suggestion of alternative strategies.
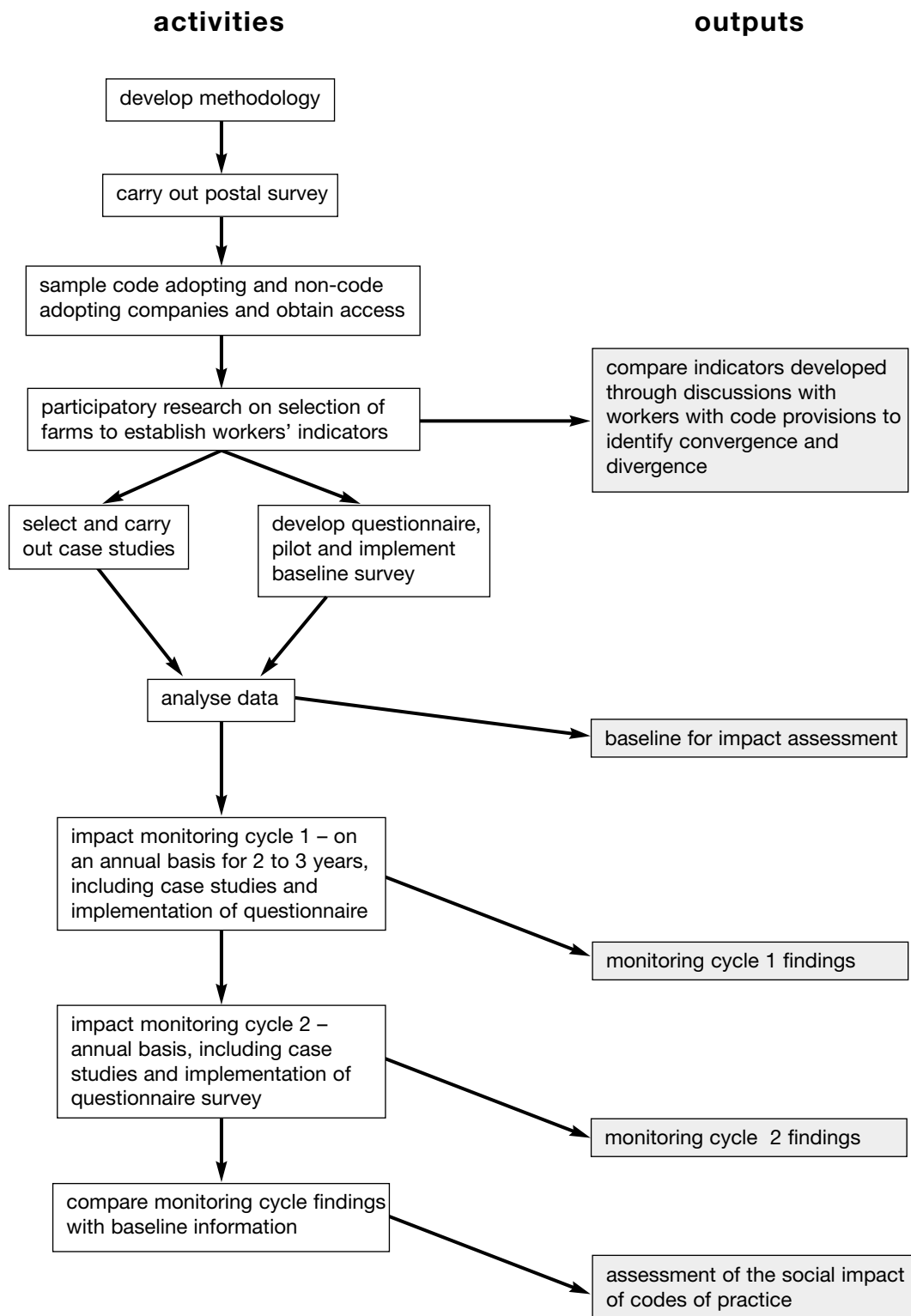
**activities**                                    **outputs**

develop methodology

↓

carry out postal survey

↓

sample code adopting and non-code
adopting companies and obtain access

↓

participatory research on selection of
farms to establish workers' indicators

→ compare indicators developed
through discussions with
workers with code provisions to
identify convergence and
divergence

select and carry
out case studies          develop questionnaire,
pilot and implement
baseline survey

↓

analyse data → baseline for impact assessment

↓

impact monitoring cycle 1 – on
an annual basis for 2 to 3 years,
including case studies and
implementation of questionnaire

→ monitoring cycle 1 findings

↓

impact monitoring cycle 2 –
annual basis, including case
studies and implementation of
questionnaire survey

→ monitoring cycle 2 findings

↓

compare monitoring cycle findings
with baseline information

→ assessment of the social impact
of codes of practice

**diagram of impact assessment methodology**

| types of impact | groups affected | potential methodologies for impact assessment |
|---|---|---|
| impacts on different types of workers – material wealth, social well-being and empowerment | temporary, permanent, seasonal workers workers from different ethnic backgrounds | large-scale qualitative research in a range of countries, covering variety of cultural contexts, types of code, types of monitoring. interviews with key informants, including workers, NGOs, company management, trade unions |
| | workers of different ages<br><br>workers of different gender<br><br>workers in different industries | in-depth, longitudinal and comparative analysis in which impact is measured and assessed using a combination of qualitative and quantitative techniques. Qualitative techniques needed to explore less tangible aspects of impact and to triangulate findings |
| | workers in similar industries in different countries (with varying set of cultural, legislative, political, social and economic forces at work) | power relations mapping and stakeholder analysis important. How far are workers empowered? |
| | | assessment of worker knowledge of codes is an important indicator of code impact |
| | | compared to fair trade, ethical supply chain management initiatives do not attempt to alter the terms of trading – can this difference be measured/assessed? Carry out comparisons of fair and ethical trade approaches |
| | | how is workplace culture affected by codes? what blocks changes? (e.g. on isolated south african wine farms discourse analysis explains why workers do not speak out – e.g. systems of informers and maintaining the owners' good will. discourse analysis and anthropological techniques required |
| | | which issues are outside the realm of corporate responsibility and which are not? (e.g. domestic abuse, alcoholism, job security, natural resource rights) |
| worker households | members of workers households may be affected by improvements (e.g. better housing, higher wages etc) or negative impacts<br><br>intra- and inter-household structures need to be understood | case studies can be used to explore intra-household dynamics and types/extent of code impacts in different types of households |
| impacts on local primary stakeholders (e.g. loss of natural resource rights, pollution, higher spending on local trade) | neighbouring residents affected by the activities of a company<br><br>squatter camp inhabitants drawn by the multiplier effects/wage labour opportunities | qualitative research methods (e.g. semi-structured interviewing, participatory video, ranking, mapping, force field analysis)<br><br>power relations – how far can local groups influence company activities in relation to social and environmental responsibility and accountability issues? |
| impact on the industry | differentiation may occur between domestic and export industries with two-tier system developing<br><br>improved practice by industry leaders may catalyse improvements by others. | key informant interviews with key industry figures along the value chain (including those in domestic and export industries)<br><br>interviews with value chain participants and industry figures across different countries (assess views of codes, future strategies for adoption/avoidance etc |

| types of impact | groups affected | potential methodologies for impact assessment |
|---|---|---|
| | comparative advantage/disadvantage for specific industries or companies targeted by code bodies and campaigners compared with similar industries in other countries which are unaffected | |
| | benefits resulting from improved management systems due to code adoption | interviews with code setting bodies, interviews with trade associations to assess changes in marketing and public relations impacts |
| | costs resulting from improvements required by code adoption and certification costs | |
| | changes in productivity? | assessing productivity |
| | public relations/marketing benefits | financial cost/benefit analysis |
| | companies may change marketing strategies opting for different destinations to avoid strict standards of European markets | changes in levels of awareness of ethical trade can be assessed through a variety of techniques (e.g. key informant interviews, review of industry literature and press for relevant articles |
| | levels of awareness of ethical trade issues and approaches to tackling problems | |
| impact on the environment | improvements in pesticide handling and management and reductions in use could lead to reductions in water pollution and reduced impact on wildlife | ecological and biodiversity studies<br><br>ecological footprint analysis |
| multiplier impact on the economy | wage improvements may lead to multiplier impacts on the economy (e.g. higher wages boost local trade)<br><br>codes could lead to job shedding with deleterious impact on the economy. | qualitative research (e.g. mapping, resource flow diagrams)<br><br>econometric regression techniques |
| effect on government investment at local level<br><br>effect on government regulation | could social investment by companies resulting from code adoption mean that local government investment is reduced in those areas? | analysis of government decision-making, interviews with government staff and those affected at the local level.<br><br>review company reports<br><br>interview key informants |
| civil society engagement | trade unions may feel threatened by introduction of codes. May be opportunities for capacity building<br><br>levels of awareness and engagement in ethical issues | policy analysis |
| impact on other ethical trade initiatives | fair trade initiatives may be sidelined, there could be partnerships or there could be new fair trade initiatives developed as a response to perceived limitations of 'ethical supply chain management' | comparative analyses of fair trade and conventional trade |