



Institute of  
Development Studies

**Impact assessment of codes of labour  
practice – Ethical Trading Initiative**

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## ETI Impact Assessment

- **Ethical Trading Initiative (UK):**
  - Alliance of companies, trade unions and NGOs
  - Learning organisation
- **ETI activities:**
  - ETI Base Code
  - Working Groups
- **ETI commissioned Impact Assessment 2003**
  - Aims and Objectives
- **Scope of Study**
  - Survey of 29 member companies
  - 5 case studies: South Africa; India; Vietnam; Costa Rica & UK
  - 3 sectors: food, garments and footwear
  - 25 suppliers/worksites, 418 workers interviewed
- **Most comprehensive study of its kind**

## Key Findings of ETI Impact Assessment

### ● Positive Impacts:

- Widespread improvements in health and safety
- Working hours
- Minimum wages and waged related benefits
- Child labour
- Awareness of national legislation

### ● Least Impact

- Freedom of Association and Collective Bargaining
- Discrimination (gender and ethnicity)
- Regular Employment

## Key Challenges in Global Production Systems

- **Workers:**
  - Permanent and regular workers - benefiting from company codes
  - Extensive use of casual, migrant labour - not reached by codes
  - Third Party Labour Contractors beyond reach of codes
- **Suppliers:**
  - Complex global value chains
  - Buyers purchasing practices undermining codes and good employment practice
- **Global production systems**
  - Parallel workforce under the radar of codes and legislation

## Extending Decent Work To *All* Workers

- **Employment**
  - Enhancing regular employment
  - Extending regulation to labour contractors
- **Rights**
  - Trade union recruitment of casual workers
  - Strategies for organising migrant/contract workers
- **Social Protection**
  - Extending portability of worker protection
- **Social Dialogue**
  - Enhancing voice of casual/migrant/contract workers

## Way Forward

- **Harmonisation**
  - ILO benchmark codes against Core ILO Conventions and standards
  - Support training of social auditors
- **Collaboration**
  - Critical mass of companies
  - Linking MNEs, suppliers, governments, trade unions and civil society organisations
- **Local Ownership**
  - Positive examples from WIETA (South Africa); Gangmasters Licensing Act (UK)
- **Business Practice**
  - Guidance for MNEs on implementing ILO standards across value chains
  - Driving Decent Work within Global Production systems