

# T12P04 / Non-state Actors and the Governance of Supply Chains

**Topic :** T12 / Policy, Business and Interest Groups

**Chair :** Joanna Vince (University of Tasmania)

**Second Chair :** Fred Gale (University of Tasmania)

**Third Chair :** Hannah Murphy-Gregory (University of Tasmania)

## GENERAL OBJECTIVES, RESEARCH QUESTIONS AND SCIENTIFIC RELEVANCE

In recent years, the roles of non-state actors – including civil society organisations (CSOs), multi-stakeholder groups and business associations – have emerged as significant players in the governance of national and global supply chains. Schemes such as Fairtrade, Responsible Care, Forest Stewardship Council, Programme for the Endorsement of Forest Certification, Marine Stewardship Council, Aquaculture Stewardship Council, Round Table on Responsible Soy, and Roundtable on Sustainable Palm Oil have proliferated in an effort to regulate corporate production processes.

Corporations have responded in different ways to these non-state market driven initiatives. While some ignore them, others use certification schemes as marketing tools to communicate their social and environmental sustainability in regard to resource management practices, fair labour wages and conditions, respect and engagement with local communities, and animal welfare. This is reflected in corporations' social and environmental responsibility policies (CSR and CER) and plans. The responses of consumers and other non-state actors has also varied, some accepting and others rejecting these certification schemes and CSR/CER approaches. Those engaging with them seize the opportunity to challenge non-compliant corporations by withholding their 'social license to operate' via public advocacy campaigns through social media or traditional campaigning methods.

The presence of third party certification schemes has shifted the focus of governance towards non-hierarchical steering based on balancing market requirements with community acceptance. The state, however, still provides the legislative and regulatory framework that is necessary for corporations to legally operate. Other non-state actors such as CSOs and the media may legitimise or delegitimise certification actors and schemes in this process. In summary, the private regulation of natural resources, food production, tourism and other tradeable goods and services utilising standards backed by certification and labelling is now a complex endeavour in an era where sustainable approaches to production are more widely expected, yet often difficult to achieve.

The aim of this panel is to address the following topics arising from the proliferation of governance arrangements as they affect corporate supply chains. These topics include:

- the evolving nature of governance in this area;
- the diversity of theoretical approaches and terminology used to describe the phenomena;
- the roles, impacts and legitimacy of non-state actors in private transnational regulation;
- the nature and significance of partnerships between business and non-governmental actors;
- the extent to which schemes have resulted in behavioural change on the part of corporate actors; and
- the role of various governments in responding to the standards promoted by these schemes.

This is an emerging research focus for governance and public policy scholars. The key scientific relevance of the panel lies in the limits and possibilities of non-state actors in the process of governance; the evolving relationships between business, non-state actors and governments in transnational private regulation; and the opportunities to chart and evaluate the contours and direction of contemporary private global governance arrangements including (but in some cases beyond) the state.

## CALL FOR PAPERS

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supply chains. Schemes such as Fairtrade, Responsible Care, Forest Stewardship Council, Programme for the Endorsement of Forest Certification, Marine Stewardship Council, Aquaculture Stewardship Council, Round Table on Responsible Soy, and Roundtable on Sustainable Palm Oil have proliferated in an effort to regulate corporate production processes.

Corporations have responded in different ways to these initiatives. While some ignore them, others use certification schemes as marketing tools to communicate their social and environmental sustainability in regard to resource management, labour standards, engagement with local communities, and animal welfare. This is reflected in corporations' social and environmental responsibility policies (CSR and CER) and plans. Those consumers and other non-state actors engaging with these schemes seize the opportunity to challenge non-compliant corporations by withholding their 'social license to operate' via public advocacy campaigns. Overall, the private regulation of natural resources, food production, tourism and other tradeable goods and services utilising standards backed by certification and labelling is now a complex endeavour in an era where sustainable approaches to production are more widely expected, yet often difficult to achieve.

The aim of this panel is to address the evolving nature of governance in this area; the diversity of theoretical approaches and terminology used to describe the phenomena; the roles, impacts and legitimacy of non-state actors in private transnational regulation; the nature and significance of partnerships between business and non-governmental actors; the extent to which schemes have resulted in behavioural change on the part of corporate actors; and the role of various governments in responding to the standards promoted by these schemes.

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## Session 1

Friday, June 30th 08:15 to 10:15 (Block B 3 - 6 )

### Discussants

Marcus Haward (Institute for Marine and Antarctic Studies, University of Tasmania)

Karsten Ronit (Department of Political Science)

### **Certification schemes and third party accreditation: hybrid governance in the marine and aquaculture sectors**

Joanna Vince (University of Tasmania)

Marcus Haward (Institute for Marine and Antarctic Studies, University of Tasmania)

Certification and third party accreditation schemes are examples of private-social partnerships that make up a form of hybrid governance (Lemos and Agrawal 2006). Unlike traditional governance arrangements, the state is bypassed in the accreditation process and non-state actors and the market determine the standards for an industry or sector. Hybrid governance is market driven and can be influenced the corporate social responsibility policies of industry or non-state actor's (such as the broader community, non government organisations (NGOs) and media) ability to give or withhold social license to operate (SLO). Third party certification organisations and schemes encourage industry best practices that influence shareholders and the market while also adding another layer of legitimacy for community groups in providing SLO. Although self-regulatory industry measures, policies and standards can also be effective in environmental governance, they are less so than those developed by third party NGOs (Abbott 2012). Certification schemes can therefore be considered 'new markets of governance' through their organisational set up, consultancy services and contractual arrangements (Foley and Hébert 2013). In this paper we examine the rise of third party certification and the challenges private-social hybrid governance arrangements bring to traditional governance. We examine this through two case studies based on the Marine Stewardship Council (MSC) and the Aquaculture Stewardship Council (ASC). The MSC, established in 1996, has through its standards become a major entity in sustainable fisheries governance. The ASC as a certification scheme and standards is relatively new (established in 2010) and is thus still yet to be fully tested. The aquaculture sector's practices around the world are at times contentious, however, it provides over half of the world's supply of seafood (Bush, Belton et al. 2013) and is a major source of employment in both developed and developing countries (Food and Agriculture Organisation of the United Nations 2014). Using these case studies, we argue that hybrid governance is changing the way traditional governance is being utilised. Market and consumer driven responses are challenging government policies and if and when the state should be involved in evaluating sustainability practices.

### **Organisational complexity in global certification schemes: governance, regulation, orchestration or ecology?**

Hannah Murphy-Gregory (University of Tasmania)

To operate global certification schemes such as fair trade, responsible soy, sustainable forestry, and organic agriculture, complex systems of global private governance operate in which a multitude of non-governmental organisations (NGOs) play governing roles. To appraise, model and evaluate these

systems, several concepts have been advanced in parallel within the global governance literature to theorise the complex governance relationships that have developed among the organisations that collectively contribute to these endeavours. These concepts include: regime complexes, metagovernance, metaregulation, orchestration, ensemble regulation, polycentric governance, and organisational ecology. This paper brings these concepts together to review and assess their comparative conceptual merits and drawbacks for understanding and evaluating global certification schemes. The review and comparison is conducted with reference to the high profile global certification scheme of fair trade.

### **When global certification schemes meet local resistance: the case of Aquaculture Stewardship Council certification and Tasmania's salmon industry**

Hannah Murphy-Gregory (University of Tasmania)

The production of farmed salmon in Australia's island state of Tasmania is now a flagship industry for the state. Two of the three major firms in the industry have received Aquaculture Stewardship Council (ASC) certification, a joint scheme of the Dutch Sustainable Trade Initiative and World Wildlife Fund (WWF) to develop, manage and certify global standards for sustainable aquaculture. ASC certification thus aims to highlight the environmental credentials of the farmed salmon production processes employed in Tasmania. Yet there is growing community concern led by local environmental NGOs about the environmental impacts of the growing industry. The largest firm, Tassal, for example, has provoked controversy and mobilised opposition from local environmental NGOs, recreational fishers, tourism operators and local residents in attempting to expand its operations to Tasmania's east coast. Local NGOs, Environment Tasmania, Marine Protection Tasmania (MPT), and the Tasmanian Aquaculture Reform Alliance (TARA) (the latter created specifically to oppose the growing salmon industry) contend that the industry lacks a 'social licence to operate'. The key concerns include water pollution from fish waste, the unsuitability of some sites' water flows and oxygen content, the perceived negative impact on tourism, and the interface with co-located shellfish industries. This paper critically examines the role of ASC certification in this local environmental conflict, specifically why it has failed to allay concerns about the environmental practices of Tasmanian aquaculture firms. In doing so, I employ a social constructivist approach to highlight the role of values and beliefs in the contestation over salmon farming in Tasmania. Specifically, local NGOs successfully projected a narrative of environmental degradation, corporate power, and governmental acquiescence in a manner that dampened the salmon firms' and international NGOs' competing narrative about the rational, evidence-based nature of the ASC certification process. Through this case, the paper explores the limits and possibilities of NGO-administered certification schemes and the growing salience of values and beliefs in debates about environmental conservation.

### **Similarities and Differences in Organic Certification Schemes in the Australian Wine Industry**

Fred Gale (University of Tasmania)

Joanna Vince (University of Tasmania)

Anna Farmery (University of Tasmania)

While the popular media often contrasts conventional produce with organics, insiders know that several competing organic standards exist from which suppliers and consumers may choose. In Australia, these include Australian Certified Organic (ACO), Bio-Dynamic Research Institute (Demeter) and National Association for Sustainable Agriculture, Australia (NAASA), as well as the Australian Quarantine and Inspection Service's National Standard for Organic and Bio-Dynamic Produce and Standards Australia's Australian Standard for Organic and Bio-Dynamic Produce. In this paper, we compare and contrast the provisions of these different standards and provide preliminary findings from the Australian wine industry regarding the factors influencing organic wine producers' decisions over which scheme to select when deciding to 'go organic'.