



Policy Brief

***Contextual Analysis of Workers in Fairtrade certified
Small-scale Producer Organizations:
Cocoa Production in Côte d'Ivoire and Ghana;
Banana Production in Colombia, the Dominican Republic
and Peru***

Chris N. Bayer, PhD
Elke de Buhr, PhD
William E. Bertrand, PhD

31st August 2020



A. Executive Summary

Our two-crop, five-country, Small-scale Producer Organization (SPO)-centered study found that while Fairtrade enhances production excellence through its focus on Standards, programmes and incentive structures at production-owner level, it should expand its scope to include a critical factor of production: hired labour. Our principal recommendation is that Fairtrade should capitalize on worker agency, knowledge capital and experience to enhance and improve the working and living conditions of people employed in the production of bananas and cocoa in the producing countries.

B. Methods

This study assessed the working and living conditions of cocoa and banana workers, including hired labour, in smallholder settings for cocoa production in West Africa and banana production in Latin America and the Caribbean that are part of Fairtrade producer organizations. Specifically, we studied two crops in five countries: cocoa in Ghana and Côte d'Ivoire, and bananas in Colombia, the Dominican Republic, and Peru.

Ever since the 2014 SOAS study, the rights, health and safety of hired labour has become a matter of increased visibility and concern within Fairtrade. Our operational assessment included a survey of ten cocoa and banana SPOs to better understand the nature of hired labour and on-the-ground conditions. Through key informant interviews, the study also aimed to take into account employer perspectives on labour dynamics and international good practice. In addition, we surveyed stakeholders at national and international level on their perspectives, including representatives from governmental, NGO and trade union sectors. Based on the research results we offer a number of recommendations focusing in particular on improvements to the 2019 Small-scale Producer Organizations (SPO) Standard.

# of worker respondents	# of in-country key informants	# of international key informants
300	74	13

Table 1: Number of respondents who contributed to the study

The degree of consistency among the data gathered from multiple sources suggests that this descriptive study accurately reflects conditions in the SPOs surveyed. However, some study limitations should be noted. Although we instituted randomizing procedures within the individual SPO populations, our results strictly interpreted only represent those individuals being surveyed. Generalizations about all the SPOs surveyed or all SPOs in general are problematic given the small sizes of the selected samples.

Our suggestions based on the study results represent specific areas where we believe that Fairtrade should develop a response strategy.

C. Key Findings

The banana workers in Latin America had on average a higher standard of living compared to the cocoa farmers in West Africa. The Latin American workers were more likely to report access to reliable sources of water and electricity. They also less frequently reported shortages of food. Their types of employment also differed. While more than half of the cocoa workers interviewed in Africa were sharecroppers, most of the workers interviewed in Colombia and the Dominican Republic were permanently employed, and most of the workers in Peru were contractors. Overall, the banana workers in Latin America were much more likely to have a written contract than the cocoa workers in Africa. The banana workers in Latin America also reported working more hours; they were more likely to be paid for performing extra work, and they earned considerably more. The Latin American workers also enjoyed better protection of workers' rights. They frequently benefited from union representation and reported having more frequent access to redress mechanisms.

Workers in Latin America also had much better access to personal protective equipment (PPE) and labour-saving equipment. This included protective boots, gloves, and a nose/gas mask when spraying. Unlike the West African cocoa farmers, the Latin American banana workers were generally provided with access to this PPE free of charge. They also more often reported having received training on how to stay safe and how to use equipment, and they had better access to hygiene facilities such as showers.

Given that producer performance is directly linked to the treatment of workers,¹ apart from the reputational risks, it is in Fairtrade's interests to address the gaps revealed in this study.

D. Key Recommendations

Building on the collected data and taking into account specific recommendations made by study respondents, here are our main recommendations for Fairtrade's consideration.

1. Freedom of Association / Collective Bargaining / Unionization

Our research found evidence that freedom of association and collective bargaining was discouraged or forbidden in some of the SPOs studied. The Fairtrade SPO Standard should be strengthened in this regard to counteract this.

2. SPO Function

To varying degrees, SPOs suffer from gaps that affect their ability to support audits, elementary forms of Human Rights and Environmental Due Diligence, human resources service delivery, as well as dealing with workforce issues, including those that affect industrial relations. To these ends, concerted capacity building at the level of the SPOs is required.

¹ Empirical research shows that positive work cultures are more productive. Yet the converse is just as true: firstly, "disengaged workers had 37 percent higher absenteeism, 49 percent more accidents, and 60 percent more errors and defects" (Seppälä and Cameron, 2015). Indeed, "organizations with low employee engagement scores"... "experienced 18 percent lower productivity, 16 percent lower profitability, 37 percent lower job growth, and 65 percent lower share price over time" (ibid). Secondly, negative working conditions are associated with high turnover: "Research shows that workplace stress leads to an increase of almost 50 percent in voluntary turnover" (ibid). And replacing a single worker costs a business approximately 20 percent of an employee's annual salary (Boushey and Glynn, 2012). In short, investing in the well-being of workers literally pays off, and is further supported by the efficiency wage theory.

3. Central Hiring

Peru's cuadrilla model, featuring central hiring of workers in SPOs, serves as a model to be replicated. In doing so, the employment relationship between farmer and hired labour would transition to a more formal relationship with the SPO. Fairtrade should standardize the conditions of employment at SPO level in line with Fairtrade Standards.

4. Grievance Mechanisms

A dedicated grievance channel for workers in SPOs would serve as a valuable management and quality control tool and give Fairtrade the chance to pre-emptively engage on issues before they take on negative dimensions.

5. Living Conditions

Fairtrade should monitor the living conditions of workers where SPOs or SPO members are providing housing as part of the former's compensation.

6. SPO Membership and Governance

Fairtrade should recognize the legitimate positions of labour demand vs. labour supply notably by supporting shared forms of corporate governance including co-determination.

7. SPO Voting Mechanisms

Transparent internal SPO voting mechanisms need to be instituted and supported by Fairtrade.

8. Injury Frequency

To address injury frequency, the formation of Health and Safety Committees, in part led by workers, should be mandatory for each SPO.

9. PPE

Since criterion 3.3.34 is subject to the 'significant workers/ten workers' threshold, it is possible that thousands of workers are still not being supplied with basic occupational PPE.

10. FLOCERT Audits

To capture incidents of non-compliance with Fairtrade's labour rights provisions, FLOCERT auditors should be equipped with labour-specific audit methods and undergo specialized training.

11. 'Significant workers'/'ten workers'

The central concept of 'significant workers'/'ten workers' needs to be revisited from a human rights and labour rights perspective to ensure that minimum requirements apply to all workers. The fact that the threshold allows a producer to use equivalences of 15,600 hours per year exposes a large number of regular workers to a loss of basic rights and unacceptable risk.

12. Verbal Contracts

A large number of respondents reported that, in the case of disputes, the practice of verbal contracts worked against the hired labourer. Written contracts should be stipulated.

13. Formalization

Formalization, which was considered by most key informants to be associated with significant economic costs for Fairtrade, employers, and SPO members, was however seen as in Fairtrade's core interest.

14. Labour Brokers

Contracts between labour brokers and SPOs with specific conditions attached concerning worker rights are advised. In addition, the identity, location, etc., of a labour broker's 'clients' should be reported to Fairtrade.

15. Worker Registry and Modelling

Fairtrade has an estimated 1.1 million smallholder farmers in its system. Yet Fairtrade does not know how many hired labourers, in turn, support these farmers. A requirement for every SPO to operate a worker registry is advised, also taking into account the type of labourer. This would form an integral component of a functional management information system, which would inform and guide Fairtrade's actions globally and provide near real-time data on both producers and labourers in their producer population. The appropriate use of modern communication technology makes such an effort feasible and cost effective.

We suggest that Fairtrade combines the report's summary findings with a response strategy or specific actions. The full report contains more specificity and explanations for each recommendation.

Works Cited

Boushey, H., & Glynn, S. J. (2012). There Are Significant Business Costs to Replacing Employees. Center for American Progress. <https://www.americanprogress.org/issues/economy/reports/2012/11/16/44464/there-are-significant-business-costs-to-replacing-employees/>

de Buhr, E. et al. (2020). Contextual Analysis of Workers in Fairtrade certified Small-scale Producer Organizations: Cocoa Production in Côte d'Ivoire and Ghana; Banana Production in Colombia, the Dominican Republic and Peru. Fairtrade International.

Seppälä, E., & Cameron, K. (2015). Proof That Positive Work Cultures Are More Productive. Harvard Business Review. <https://hbr.org/2015/12/proof-that-positive-work-cultures-are-more-productive>