Do voluntary labour initiatives make a difference for the conditions of workers in global supply chains?
A case study of the Costa-Rican United Kingdom banana chain

Pamela Kay Robinson

The ESRC Centre for Business Relationships, Accountability, Sustainability and Society
Cardiff University
55 Park Place
Cardiff, United Kingdom
CF10 3AT
http://www.brass.cf.ac.uk/

The School of Social Sciences
Cardiff University
59 Park Place
Cardiff, United Kingdom
CF10 3AT
http://www.cf.ac.uk/socsi/index.html

INTRODUCTION
This paper sets out to review the voluntary labour initiatives that have been introduced in one particular global supply chain, the Costa-Rican United Kingdom banana chain. These initiatives, which incorporate codes of conduct and certifiable standards, have been implemented by transnational corporations (TNCs) that have adopted social responsibility programmes in their business operations. As such, they have been introduced either as the result of collaboration between parties involved in international supply activities (corporations, workers and their representatives) or as a response to the campaign activities of other interested parties (non-governmental organisations (NGOs), civil society groups and consumers) (Jenkins et al. 2002, Hopkins 2004).

This suggests that the development of labour enforcement mechanisms is embedded in the relationships between the various constituents within the chain (Freidberg 2004, Christopherson and Lillie 2005). In the United Kingdom (UK), the major outlet for food products is the supermarket retailer and this has an effect on the hierarchy of control and the forms of relationship that develop within the chain (Wrigley and Lowe 2002, Young 2004). As suggested by Friedland (2003: 6) there is a need to consider such 'economic concentration in commodity systems' particularly as supply chains become more global. In many instances, it is the major supermarket groups that influence the introduction of labour codes and standards, and this raises the question of which constituent group is best served by such developments and whose interest do voluntary initiatives really reflect, business or workers?

As regards unilateral corporate codes, these would seem to be both driven by and in the interest of business. However, multi-stakeholder initiatives that are more inclusive of organised labour often fail to reflect workers' interests. This is particularly so when there is no mechanism for the relevant worker representatives to monitor compliance of such initiatives (Christopherson and Lillie 2005, IBCII Forum Discussion April 2005). A recently developed labour initiative that appears to overcome this difficulty is international framework agreements (IFAs) (Riisgaard 2005). This is based on the belief that whilst corporations are the primary actors in the development of global supply chains, particularly in the food sector, other constituents — trade unions and civil society groups — are becoming actively involved in the organisation of those chains. In this regard, these other actor groups are crucial in the process of overseeing labour governance in a globalised system. Hence, the key question this paper raises is whether voluntary labour initiatives make a difference to the conditions experienced by workers on the ground. The discussion presented herein draws on the empirical data gathered during a series of interviews with a variety of actors.
engaged in a global supply chain so as to demonstrate the effect of labour initiatives on banana workers.

BACKGROUND
During the last two decades there has been increasing scrutiny by trade unions, NGOs, civil society groups and consumers, regarding the labour conditions of workers involved in global supply chains. This concern for workers’ welfare follows a major shift in the economic role of state policies towards large corporations and the globalisation of business (Jenkins et al. 2002, Dicken 2003). During the 1970s, many national governments sought to regulate the activities of business, but the 1980s was a decade of deregulation with increased efforts to attract foreign investment, and attempts at regulation on an international level proved to be largely unsuccessful (Jenkins et al. 2002). The failure of governments to enforce labour standards has been an important catalyst in the increase of corporate voluntary labour initiatives in global supply chains (Scherrer and Greven 2001). Trade unions, developmental NGOs and consumer groups mobilised to tackle the issue of poor labour conditions directly with TNCs (Hopkins 2004). In addition, there was a growing awareness of the conditions of workers involved in global production chains through media campaigns — the transmission of information enabled by new technologies — and civil society campaigns. Certainly, new technologies such as mobile phones and the internet helped social movements create greater visibility of conditions in far-flung production sites (Klein 2000, Jenkins et al. 2002). Accusations of reputable companies selling everyday goods made by exploited workers, helped to galvanise consumers into action, and demand that companies take greater responsibility for the conditions in production chains and the fate of the overseas worker (Hale and Shaw 2001). International retailers and trans-national producers became acutely aware of the damage to their image of exposés of poor labour conditions, particularly as regards child labour (Dolan and Humphrey 2000).

The compelling case to adopt more responsible behaviour was very much related to protecting the company brand and a number of corporate social responsibility (CSR) policies were subsequently developed that incorporated labour codes of conduct and certifiable standards in global supply chains (Jenkins et al. 2002, Hertz 2004). By their very nature, the policies developed by companies under the auspices of social responsibility were voluntary and often informal (European Commission 2001). In this regard, codes and standards largely promote self-regulation for those corporations involved in producing or sourcing products globally and labour standards are increasingly enforced through corporate compliance rather than through national labour regulation (Jenkins et al. 2002, Christopherson and Lillie 2005). New forms of labour governance have emerged at many different levels: (i) the individual firm, e.g. supermarket propriety ‘responsible sourcing’ codes and producer private labelling schemes, (ii) industry sector, e.g. the Ethical Trade Initiative (ETI) Base Code, (iii) across several sectors, e.g. Social Accountability (SA) 8000 Standard and, (iv) international framework agreements (Jenkins et al. 2002, O’Brien 2002, Hopkins 2004, Riisgaard 2005). The first, second and third types indicate new patterns of governance, following a period of deregulation for business, although such re-regulation is on the basis of voluntary and informal agreement on the part of corporate actors. As noted by Christopherson and Lillie (2005), this would suggest corporate strategies are driving towards a private mechanism for labour regulation. The fourth type, international framework agreements (IFAs), raises the question of a more formal approach to regulatory control of supply chains in a globalised system.

Both the ETI Base Code and the SA8000 Standard draw on the International Labour Organisation (ILO) core conventions, and in this regard are important for workers in global supply chains, because they help regulate labour practices across national boundaries and seek to promote and protect labour rights in the workplace (Block et al. 2001, Jenkins et al. 2002). IFAs also recognise the ILO core conventions, however, because these agreements are negotiated between TNCs

1 The ETI is a Tripartite group, which consists of members from companies, trade unions and NGOs, and is supported by the UK government (ETI 1998).
2 The SA standard has been developed by Social Accountability International, an independent commercial auditing organisation (SAI 2001).
and global union federations (GUFs) in association with local trade union bodies, they are
considered to be more effective in terms of impacting the conditions of workers (Riisgaard 2005).
At a minimum, IFAs include the principles of freedom of association and collective bargaining,
whilst some include further provisions, such as a commitment to decent wages and the provision
for safe and hygienic working conditions (Fairbrother and Hammer 2005, Riisgaard 2005). IFAs
often develop from codes of conduct, but in many respects IFAs are viewed as a 'step' beyond
these codes (Frundt 2005). IFAs set minimum labour standards and obligations, and although
these are not legally enforceable, TNCs are obliged to accept some responsibility for ensuring
labour rights are maintained along the global supply chain (Riisgaard 2004). In addition, IFAs are
structured to give trade unions' formalised representation at a senior level within the corporate
organisation, which makes it possible to override local union-management hostility (Riisgaard
2005). This, together with the opportunity provided to unions to monitor compliance of the
agreement on the ground, fundamentally distinguishes IFAs from any other voluntary labour
initiative (Fairbrother and Hammer 2005). A number of voluntary labour initiatives have been
introduced in the Costa Rican-UK banana supply chain, including the ETI Base Code and the
SA8000 Standard, and both ends of the chain (supermarket retailers and trans-national
producers) have made commitments to uphold the principles of these initiatives. In addition, one
major trans-national producer has made the commitment to an IFA on company-owned and
managed plantations. However, before exploring the reality of these initiatives, it is worth
considering in more detail the corporate actors involved in this chain.

Grocery retailing in the UK is highly concentrated and the 'big four' supermarket groups – Tesco
PLC, ASDA Group Ltd. (part of the Wal-Mart Group), J Sainsbury PLC and Wm Morrison
Supermarkets PLC – together account for a 75 per cent share of the UK food retail market (Key
Note 2007). This level of concentration is largely due to the huge changes that took place in food
retailing during the latter half of the twentieth century, which moved from a market of mass
consumption to one more fragmented, based on the changing attitudes, aspirations and lifestyles
of a more multi-faceted society (Harvey et al. 2002, Bevan 2005). Well-educated and more
sophisticated customers demanded better quality, service and reputation, and retailers organised
themselves to meet these expectations. The requirement to fulfil such consumer needs led to the
gradual and deliberate growth of the major supermarket retail groups and a concentration of
power in the hands of a small number of retail actors (Harvey et al. 2002, Wrigley and Lowe
2002). In order to maintain market advantage (lowest price and breadth of product range) the big
four depend on an increasingly integrated and well-managed supply chain, and this has led to the
supermarkets becoming the key controller of the chain, often in place of the producer (Harvey et
al. 2002, Young 2004). The vertically integrated supply chain has become part of the
supermarket's comparative advantage toolset, a 'competitive weapon' in the fight for market
dominance (Bevan 2005: 26) and thus, supermarkets grapple for greater control over the chains
that supply them. A scenario aptly described as retail capital dominating manufacturing capital
(Harvey et al. 2002), and indicative of the power wielded by supermarkets in modern grocery
retailing (Simms 2007). Indeed, the dominance of these actors in the UK food market reflects the
broader picture of retail concentration which has been associated with radical changes in the
world's supply chains (Dolan and Humphrey 2000). The banana commodity chain is of particular
significance to the UK supermarket groups, as this most popular fruit is the biggest selling and the
third most profitable grocery item that supermarkets stock on their shelves (Griffiths and
Lawrence 2007). Also, due to the frequency of their purchase, bananas are considered
extremely price sensitive and supermarkets regularly promote them to demonstrate price
competitiveness and 'value for money' in their battle to attract customers (Bevan 2005, Griffiths
and Lawrence 2007).

However, the banana industry is also highly concentrated, with world trade in bananas pretty
much dominated by three big American TNCs; Chiquita Brands International Inc., Dole Food
Company Inc., and Fresh Del Monte Produce Inc. (FAO 2005, Key Note 2006). The banana is a
very delicate and highly perishable fruit, and as such the export of this fourth largest globally
traded food commodity is dependent on a sophisticated supply chain, which includes industrial
production methods, refrigerated shipping, and ripening centres and distribution facilities in the importing countries (FAO 2003, Myers 2004). This level of integration requires huge capital investment and has led to the industry being somewhat dominated by the three 'dollar producers'. So-called, because they largely own and operate plantations in Latin American counties such as Ecuador, Colombia, Costa Rica, Honduras, Nicaragua and Panama (Chapman 2007). Approximately 80 per cent of the world’s bananas destined for export are under the control of the dollar producers and they are the chief suppliers to the UK market (FAO 2005, Key Note 2006). A reliable and well-managed supply chain is critical in terms of meeting market requirements, particularly those of the international retail groups, who expect certain conditions of supply from producers regarding product quality and delivery specifications. However, more recently, retailers have demanded other conditions of supply, including commitments to labour codes of conduct and certifiable standards in the production chains that serve them. This together with pressures from other parties, such as trade unions, NGOs and consumer groups, has encouraged the banana TNCs to introduce a series of voluntary labour initiatives in the production operation of their supply chain. Each banana producer has developed their own CSR programme to comply with the demands and pressures placed upon them, though there are similarities to the commitments made. For instance, all three major producers subscribe to the SA8000 Standard, but unlike Chiquita and Del Monte, Dole has chosen not to adopt the ETI Base Code. However in 2001, Chiquita took a step further than its competitors by signing an international framework agreement (IFA) with the International Union of Foodworkers (IUF) and the Central American trade union Coordinadora Latinoamericana de Sindicatos Bananeros (COLSIBA) in respect of the rights of its banana workers employed on plantations in Latin America (Chiquita 2001, 2006).

METHODS

The theoretical framework used in the research draws on global chain studies that emphasise shifting relationships within the chain, and the dimension of governance (Gereffi 1994, Gereffi et al. 2005). Gereffi (1994) identifies two main forms of control in his global commodity chain (GCC) model; he classifies them as a 'producer-driven chain' and a 'buyer-driven chain'. This distinction is particularly relevant in light of the ongoing concentration of food retailing in the UK and the continuing increase of supermarket buying power and influence in the supply chains that serve them. In many regards, the UK food retail market can be characterised by oligopolistic competition, with a small number of retailers battling for market share through product quality and availability (Wrigley and Lowe 2002, Simms 2007). The major outlet for food products in the UK is the supermarket, and this has an impact on the hierarchy of control and relationships within global supply chains. Supermarkets coordinate and direct activities in the production operation of the chains that serve them, and it is the supermarket that dictates when and how a product is offered to the consumer and determines which products will make the most profit (Harvey et al. 2002). However, as indicated above, the banana supply chain is not a typical buyer-driven chain as defined by Gereffi (1994). There are strong actors at the producer end of the chain, and the relationship between the two groups of corporate actors twists and turns as the commercial links are made between production and consumption. This is where the global value chain (GVC) framework developed by Gereffi and his colleagues (2005) comes into play. The GVC framework is a more complete typology which goes beyond the ‘vertical’ relationship between buyers and producers, and considers how particular firms set, measure and enforce certain parameters under which actors in the chain operate (Ponte and Gibbon 2005). By drawing on both the GCC model and the GVC framework, the level of control which key actors exert within global supply chains and the impact of voluntary labour initiatives adopted in the chain can be better understood. All the major supermarket retailers in the UK have committed (with varying degree) to labour codes and standards in the global production chains that serve them. The chief aim of this paper is to show the influence of buyer-driven CSR policies that incorporate voluntary labour initiatives and assess their importance as regards the working conditions in one particular chain, the Costa Rican-United Kingdom banana chain.

ON THE GROUND
There are some key issues faced by workers on banana plantations, the more critical being the
danger of handling agro-chemicals and the employment instability that comes from working in a
globalised industry. This section explores these issues within the context of the voluntary labour
initiatives that have been introduced on banana farms in Costa Rica, focusing specifically on the
principle of health and safety. A safe and healthy environment to work in is one of the topics of
debate raised with respondents in relation to an understanding of how voluntary labour initiatives
impacted their lives and work on banana plantations. There was much discussion regarding the
application process of agro-chemicals and pesticides, a necessary requirement to produce the
high-yield and blemish free banana, but there were also other risks that concerned workers; the
danger of accident and injury. This was particularly worrisome for those responsible for
harvesting the fruit, as indicated by the following comment:

“Accidents do tend to happen in harvesting and pruning and we are a long way from
the packhouse... if there is an accident we have to look for the supervisor, he has
the first aid box... he can be far away” (February 2006).

Yet, the provision of equipment and medical services is part of the certification process for the
SA 8000 Standard, and as noted by a quality controller on a TNC producer-owned farm:

“Safety equipment is provided - gloves, boots and aprons, and every Friday after
12.00, the doctor comes and you can have a consultation, the family too, and the
medicines are provided” (March 2006).

There was similar testimony on other of the major TNC producer-owned farms that are SA8000
certified, particularly as regards the provision of equipment and weekly medical visit. Nevertheless, it was evident that there were concerns regarding accidents in the field due to the
great distances from the packing area where more extensive medical help was available. This
adds to the already precarious nature of work in the field – the handling and application process
of agro-chemicals – and one way to alleviate such danger would be to change the composition of
the industry (Nichols 1997). However, it is the competitive drive of the major producers to create
the perfectly presented high-yielding banana coupled with the price pressures from supermarkets
which often places workers in a vulnerable position (Trade Union Official March 2006). The
‘pressures of production’ that business often perpetuate in the name of competitiveness, but
which can equally be viewed as putting ‘profit before safety’ (Nichols 1997).

An important distinction between the IFA and other voluntary labour initiatives adopted by Chiquita
on its banana plantations is the inclusion of a formal ‘review committee’, which has the
responsibility to oversee the TNC producer’s adherence to the ILO core conventions (Chiquita
CSR Manager March 2006). This committee played a significant role in a recent dispute between
workers and their representatives, who accused Chiquita of a breach in health and safety on a
plantation in Costa Rica – allowing the application of agro-chemicals while workers were
harvesting fruit close by (Banana Link 2007). Having received their instructions of the number of
bananas to harvest that day, the workers apparently decided to continue working in the area,
although they were aware that the spraying of chemicals was taking place nearby (Banana Link
2007). Yet, according to the NGO Banana Link (2007), who appealed on the workers’ behalf, the
workers reported the incident because they believed their supervisors had been irresponsible.
The workers’ complaint was heard and their explanation taken into consideration by the farm
management, who responded by dismissing the workers (Chiquita Representative August 2007).
It was claimed that the workers continued to harvest in the area despite repeated warnings that
fumigation was taking place and that they should leave, and thus the farm management defended
its decision by stating that the workers involved committed a serious health and safety infraction
by defying instructions not to go into the area where chemical spraying was taking place (Chiquita
Representative August 2007). However, by drawing on the IFA’s labour review process, the
dispute was resolved and the workers were reinstated (Chiquita Representative August 2007).
The associated bad publicity which the TNC producer received at the time clearly shows the
difficulties of managing and being seen-to manage procedures linked to voluntary labour initiatives. A representative from Chiquita stated that this instance was a particularly sensitive issue for the company, as it was committed to operating as a socially responsible company (August 2007).

CONCLUSIONS
The issues associated with working on banana farms are complex and the introduction of voluntary labour initiatives has been variable. Banana farming in Latin America largely relies on production economies of scale and low labour costs to maintain its comparative advantage in the export trade. For the major TNC producers to maintain this competitive position with their key customers (chiefly the supermarkets) they must continue to keep prices low, which invariably means cutting the cost of labour. Thus there are times, when the level of compliance to these initiatives varies too greatly, and this is an indication of the difficulties associated with this form of labour governance, which raises the concern that self-regulation in a globalised system is not effective for workers. Some corporate actors claim that there is an overload of labour initiatives in the chain, and that the variety of labour codes and standards being implemented on banana plantations adds both complexity and cost to their operations. It was often suggested that the monies involved in implementing and monitoring these schemes could be better spent more directly in the quest to improve conditions for workers (Producer Representatives February – April 2006). However, the level of complexity and type of initiative being adopted on banana plantations is not the only significant point in the debate on these forms of labour regulation in global supply chains. One of the key difficulties that emerges, with so many different initiatives, is how to assess their value. Albeit on those banana farms where the ETI Base Code, SA8000 Standard and an IFA were applicable, the overall conditions of workers appeared to be better and workers appeared to have a greater understanding of the structures that were in place to support and improve their employment conditions. Indeed, there were times when workers claimed their situation was improved by the combination of all three forms of labour initiative being implemented. Which suggests that where both corporate actors and unions are committed to regulating the supply chain via formal agreements, there is a stronger acknowledgement of labour rights. Certainly supermarket groups have an influence over their supply-base in terms of the adoption of voluntary initiatives and in this regard, supermarkets’ influence in the chain may be beneficial for workers. That is, in so much as supermarkets, in their dominant position, are able to apply pressure on producers to improve the conditions of workers. Yet, the efficiency of the chain (economies of scale for both corporate actors) and the benefits to consumers (of lower prices) appear to dictate the conditions for workers in the banana production chain. Hence, whilst supermarkets continue to drive down consumer prices, these improvements will be short-lived. Thus indicating that this kind of labour governance, which is not enshrined in law, allow’s both corporate actors (supermarkets and producers) involved in the global banana supply chain to falter in their obligations. Subsequently, the intended beneficiaries of voluntary labour initiatives, the workers on banana plantations in Costa Rica and other workers in far-flung fields of production remain vulnerable.

ACKNOWLEDGMENTS
The UK Economic and Social Research Council (ESRC) funded the research study that this paper is based upon.

REFERENCES


Key Note. 2006. Fruit and Vegetables Market Report. Middlesex: Key Note Ltd.

Key Note. 2007. Supermarkets and Superstores Market Analysis. www.keynote.co.uk/kn2k1/CnIsapi.dll?nuni=19937&usr=18642&srv=01&alias=kn2k1&uni=1183356534&fld=K&noLog=1&NotInWorkset=1&key=7135 (consulted 2 June 2007).


