



////Title: Redefining Sustainability Standards to Improve Lives and Livelihoods

////Standfirst:

The International Labour Organisation refers to agriculture as ‘one of the most hazardous of all economic sectors’. Improving labour conditions has been challenging, especially for small farmers. Activists and global buyers have promoted sustainability standards to counteract this problem, for example, Fairtrade certification. Professor Maja (ma-ya) Tampe (tam-pee), from the Department of Society, Politics, and Sustainability at Esade (ess-ah-day) business school in Barcelona, investigates the experience of two Ecuadorian cocoa farmer groups that sought access to global markets through certification, but experienced vastly different labour outcomes. This research is a typical example of a qualitative study design in assessing the impacts of voluntary sustainability standards, with a focus on labour outcomes.

////Main text:

Approximately one billion people worldwide work in agriculture – the majority of whom live in developing countries. Many of these farmers live their lives exposed to poverty and exploitation. Additionally, they are often subject to injury risks, unpredictable weather and market volatility, but are not protected by their governments.

In response, activists and global buyers have promoted sustainability standards. For example, you may be familiar with Fairtrade, Rainforest Alliance, UTZ and Organic logos on chocolate bars in the supermarket. Such sustainability standards, developed by Non-Governmental Organizations, aim to achieve better economic, labour, and environmental outcomes for agricultural producers.

Specifically, sustainability standards seek to improve labour conditions through three major mechanisms: price, organisation, and guidance from the standard. For example, Fairtrade ensures a minimum price as well as a minimum premium for products, and most sustainability standards offer a variable price premium. This provides an additional sum of money that farmers can use to invest in projects that will improve their lives. Sustainability standards also enable farmers to become organised together, which lowers transaction costs, empowers farmers, and allows them to share the cost of certification. Lastly, sustainability standards provide guidance on good management and production practices.

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Although sustainability standards are designed to improve farmers’ livelihoods, they can sometimes fail to do so. In a recent study published in the *British Journal of Industrial Relations*, Professor Maja Tampe explores the conditions under which sustainability standard initiatives successfully improve labour outcomes.

Professor Tampe conducted a qualitative analysis based on a comparison of two similar certified cocoa farmer groups in Ecuador, building on data from a 10-year long organisational study. She developed a dynamic process model for sustainability standards, to explain the economic and labour conditions following the implementation of sustainability standards.



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In Ecuador, sustainability standards began emerging in the early 2000s. The availability of donor funding facilitated rural development projects, and implementing standards was a promising way to gain value for farmers in premium markets.

Professor Tampe chose two certified cocoa farming enterprises to study. The first was Fortaleza (for-tah-lay-zah) del Valle (bah-yeh), located in a coastal province of Ecuador. The second was Aroma Amazónico (Am-ah-zone-ick-oh), situated in the Northern Amazon region. These two enterprises were ideal case studies, because they were founded at around the same time, and were fostered by partnerships between international donors and the Ecuadorian Government. Furthermore, they shared the same donor – a German development agency called GIZ.

Professor Tampe studied the outcomes of sustainability standards at two different levels. At the organisational level of the farming enterprise, she focused her efforts on understanding the survival and economic benefits of sustainability standards. For instance, certified volume of cocoa, exports, and premium, are all prerequisites for better livelihoods. At the individual level, such as a specific farmer, she focused on understanding labour outcomes, including the price obtained by the farmer and any other services, such as any training they received.

In her study, the industry, country, tasks of the supplier, and the introduction of sustainability standards were the same for both cocoa farms. Consequently, any differences observed in outcomes, both organisational outcomes including export and premium, and producer-level outcomes such as price, cannot be explained by specific industry structures.

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To collect data for both case studies, Professor Tampe conducted 87 in-person interviews with farmers, farmer group managers, and staff from both enterprises. Additionally, she interviewed 37 representatives from Non-Governmental Organisations, certifiers, trade associations, government, a credit provider, and academia. Professor Tampe supplemented the interviews by reviewing 85 documents from farmer groups, certifiers, government and donor agencies, as well as from secondary sources such as local newspapers. Then, she extracted key information from this search into a spreadsheet to reconstruct case histories, which is also called 'process tracing'.

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From their inception, both farms were meant to integrate themselves as certified rural enterprises into the global cocoa market. Professor Tampe discovered that both case studies adopted and complied with similar certifications but embarked on diverging paths, setting off vastly different organisational and labour outcomes.

Fortaleza del Valle was more successful in attaining better labour outcomes because it related closely with buyers. It leveraged its first close buyer relationship to significantly upgrade the quality of their beans and to subsequently improve their communication skills with buyers. This also



enabled the farm to improve their internal operations, in areas including accounting, logistics and export handling.

The farm became an advanced exporter of high-quality cocoa, based on proactively engaging in a close relationship with a foreign buyer. Consequently, Fortaleza del Valle reaped significant premiums for its cocoa and maintained loyalty from member producers, who improved their lives via higher prices and training. As a result, the farm even withstood the 2008 economic crisis, even though it temporarily lost its only buyer at that time.

Meanwhile, Aroma Amazónico chose to embed itself into local networks, and spent less energy on relationships with buyers. The quality of its cocoa improved initially but then stagnated at an average level. Unfortunately, when the 2008 global crisis came, it lost a key buyer, and the enterprise suffered, and ultimately abandoned operations.

Professor Tampe argues that standards alone do not improve labour conditions and do so only indirectly when suppliers manage to become competitive in an elite market. She highlights that the key condition for success in adopting sustainability standards is more accurately described as 'redundant buyer ties'. As an example, she cites Fortaleza del Valle's intense interaction with its first buyer, which helped the farm to advance the quality of its product.

However, in the 2008 crisis, the loss of this first buyer made it very clear to the farmer enterprise that they should not rely on just one buyer, but needed to supply the product to several buyers. It is crucial that certified enterprises can develop such redundant buyer ties that help them maintain a foothold in coveted and volatile markets.

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Professor Tampe wishes to highlight her research as evidence of how to successfully support certified enterprises, for instance, by encouraging direct ties to buyers, providing training, and strengthening key distributional procedures, to ensure that standard benefits reach individual producers and workers.

However, in the absence of a growing niche market, such measures could backfire by pushing more qualified farmers to bid for market access, likely hiking up buyer criteria for choosing between suppliers.

Professor Tampe's research strikes a cautionary note for what is typically considered the widespread applicability and success of sustainability standards. Her research suggests that the implementation of standards brings about better conditions only in the best of circumstances.

She argues that sustainability standards alone are not effective instruments for improving labour conditions in agriculture, and tackling sustainability in global agriculture will therefore require more comprehensive approaches. Professor Tampe suggests that industry, governments, and producers join forces to get public regulation back onto the sustainability scene.

Professor Tampe also highlights that her findings need to be tested in a broader context to ensure the validity and generalisability of the results. Qualitative studies are indeed typically characterised



by this trade-off between the depth of analysis and the number of cases studied. Yet, they are highly valuable in providing a deep understanding of the complex processes at play.

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This SciPod is a summary of the paper 'Leveraging the Vertical: The Contested Dynamics of Sustainability Standards and Labour in Global Production Networks', from the *British Journal of Industrial Relations*. <https://doi.org/10.1111/bjir.12204>

For further information, you can connect with Professor Maja Tampe at maja.tampe@esade.edu