

Responsible Retailing: The Practice of CSR in Banana Plantations in Costa Rica *Pamela K. Robinson*

ABSTRACT. During the last 10 years or so, a number of corporate social responsibility (CSR) initiatives have been introduced in global supply chains, which aim to improve the conditions of workers engaged in producing goods for export. This article discusses the observations of CSR in practice in the Costa Rican–United Kingdom (UK) banana chain. The banana chain makes for an interesting case study because there are dominant corporate actors at each end who are in a position to influence the conditions experienced by workers on banana plantations. At the top of the chain there are four major UK supermarket groups who control access to the retail market and as self-appointed guardians of consumer interest are demanding that producers adopt more socially responsible practices. At the other end, banana production is highly integrated and controlled by three large North American agri-businesses who have developed their own social and environmental certification programmes. Costa Rica also makes for an interesting country to locate the study as it has a tradition of state-led policies to protect worker rights. Yet, in spite of CSR commitments made by both supermarkets and producers that emphasise health and safety and the country's established Labour Law, this article shows that there are problems for workers when they are forced to meet demanding production schedules. Furthermore, it suggests that whilst supermarkets continue to drive down consumer prices and put pressure on producers to reduce costs, a downward spiral of working conditions is created regardless of the CSR policies in place. However, this article also identifies that changes to supermarket behaviour is possible when consumer trust is at stake.

KEY WORDS: corporate social responsibility, Costa Rica, global supply chains, labour codes of conduct, supermarkets, banana transnational producers

Introduction

Since the mid-1990s, there has been a growing awareness of the social conditions of workers

involved in global supply chains through media campaigns – the transmission of information enabled by new technologies – and trade union, non-governmental organisations (NGOs) and consumer group campaigns, which has led to an increased scrutiny of international retailers' responsibilities regarding far-flung production sites (Jenkins et al., 2002; Klein, 2000). Accusations of reputable companies selling everyday goods made by exploited workers helped galvanise consumers into demanding that retailers take greater responsibility for the labour conditions in production chains and the fate of the overseas worker (Hale and Shaw, 2001). Retailers and branded manufacturers became acutely aware of the damage to their image arising from exposés of poor labour conditions in the supply chains that served them (Barrientos and Dolan, 2006). Thus, the compelling case to adopt more responsible behaviour was very much related to protecting company reputation, and subsequently, a number of social responsibility policies were developed by businesses which incorporated labour codes of conduct and certifiable standards in global supply chains (Hertz, 2004; Hopkins, 2004). This marked the beginnings of a new discipline in the private sector, 'corporate social responsibility', which essentially concerns the relationship between business and society (Blowfield, 2005). However, as highlighted in a green paper published by the European Commission (2001), the very concept of corporate social responsibility (CSR) involves the adoption of social and environmental policies on a voluntary basis. Thus, by their very nature, social responsibility policies 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 (Christopherson and Lillie, 2005; Urminsky, 2001).

However, the above hypothesis does not mean that nation-state laws and regulations regarding employment and working conditions do not exist or have prominence in some countries. In Costa Rica, for instance, there is a strong political tradition of social democracy and a number of reforms, ‘social guarantees’, enshrined in the Constitution together with the country’s 1943 Labour Law, ensure workers’ rights are protected (Sandbrook et al., 2007; Wilson, 1998). The country has a long history of state involvement in both social and economic development (Bulmer-Thomas, 2003), which is reflected in the country’s socio-economic indicators. In 2003, the country’s adult literacy rate was 95.8%, and life expectancy at birth was 78.2 years compared to that of 77.4 years in the United States (US) (UNDP, 2005), and the nation’s stable yet diverse economy, which includes agricultural, technology and tourism industries, ensures a relatively high standard of living in the region (CIA, 2009). In terms of economic progress, bananas are the country’s largest agricultural export (CIA, 2009) which, to a great extent, is due to the involvement of the Costa Rican government in the early development of the global banana trade. All three transnational banana producers can trace their origins back to the country, with the United Fruit Company (UFC), known today as Chiquita Brands International Inc., being the first to appear in the late-1890s (Roche, 1998). The government gave the UFC huge tracks of land on the Atlantic Coast in return for building a transnational railroad, the aim of which was to transport coffee (the country’s main export commodity at the time) from the Central Valley to the Port of Limón for shipping to Europe (Roche, 1998). The land was naturally suited to the cultivation of bananas, and with the subsequent transfer of state control of the railroad to the UFC and its acquisition of wharves and steamships, the UFC became the first truly integrated producer (Chapman, 2007). The company maintained a virtual monopoly over the industry until the early-1950s; however a number of anti-trust actions made in the United States forced the UFC to divest some of its interests in Costa Rica which helped establish its main competitors (Chapman, 2007; Myers, 2004). A subsidiary was sold in 1909, which later became Standard Fruit and then Dole Food Company Inc., the world’s largest banana exporter, and in 1954,

a further divestment led to the beginnings of the company known today as Fresh Del Monte Produce Inc. (Chapman, 2007; Myers, 2004).

The banana export trade is dependent on a sophisticated supply chain, including industrial production methods, refrigerated shipping, and ripening centres and distribution facilities in the importing country. This level of integration requires huge capital investment and has resulted in an industry that is dominated by the three transnational producers (IBCII Forum Discussion, 2005). These three major corporations are known as ‘dollar’ producers, because they are US-based agri-businesses that own and operate plantations in Latin American countries such as Ecuador, Colombia, Costa Rica, Honduras, Nicaragua and Panama (Moberg and Striffler, 2003; Roche, 1998). Together, these producers directly control 56% of the world’s supply of bananas and are the chief suppliers to the UK market (FAO, 2005). The dollar producers, at one end of the Costa-Rican UK banana supply chain, oversee highly integrated operations whilst, at the other end, there are four major supermarket groups who dictate price and supply terms, namely Tesco PLC, ASDA Group Ltd. (part of the Wal-Mart Group), J Sainsbury PLC and Wm Morrison Supermarkets PLC – the so called ‘big grocers’. Both supermarkets and producers have made commitments to socially responsible practices in their business operations and this article aims to assess the influence of these commitments as regards the working conditions on banana plantations.

Methodology

The basis of this article is a doctoral study that examined the day-to-day compliance with CSR policies in the Costa Rican-United Kingdom (UK) banana chain. A case study approach was adopted, and the methods employed were qualitative, including documentary analysis, semi-observation and a series of semi-structured interviews with corporate actors, trade unions, government and NGO representatives, and civil society activists, and a period of field-study conducted on banana plantations in Costa Rica. The case study approach affords the opportunity to gather and analyse information about a large number of features of each case, the emphasis being on the qualitative nature of the data rather than the

quantification of data (Hammersley and Gomm, 2004). The study traced the banana supply chain from end-to-end, beginning with a series of interviews with supermarket buyers, CSR and technical managers in the UK – the top of the chain, followed by the observation of the banana production process and a number of interviews conducted with workers, their representatives and farm managers – the bottom of the chain. These interviews, a total of 88, were conducted in Spanish with the assistance of translators during a 2-month field study activity (February–April 2006) in the province of Limón, Costa Rica. Overall, 143 interviews were conducted for this study, and other respondents included representatives of global and local trade unions, NGOs, social auditors, trade associations, government departments and a transnational producer's quality control team at the port of Antwerp, Holland – the largest banana port in the world and the intermediate point of entry to the European market. The fieldwork investigation was facilitated by contacts in the retail sector and through attending a 3-day Second International Banana Conference (IBCII) at the Flemish Parliament, Brussels in April 2005. Discussions with representatives of the Central American trade union COLSIBA (Coordinadora Latinoamericana de Sindicatos Bananeros) and the key transnational producers during the conference led to the decision to conduct the field work study in Costa Rica. In this regard, the sampling process employed at this early stage was somewhat 'opportunistic'. However, the process of selecting respondents to interview on the banana farms is best described as creating a 'purposive' sample. That is a list of criteria was followed including seeking out a representative number of respondents for each job activity performed in the production process, whilst attempting to ensure a gender balance. In the event, this was influenced by the fact that work on the farm tends to be split by gender – men work mostly in the field and women in the packhouse.

In terms of the analysis of the data gathered, interpretive sociology was used which begins with the actor's perspective; listening to what is said, the categorisation of comments into key themes, aided by the use of the qualitative software NVivo, and the re-interpretation of accounts based on the key principles of the codes and standards that are of interest. Essentially the study followed a reflective and grounded theory approach (Glaser and Strauss,

1967; Sayer, 1992). Thus, the statements made in this article are contextualised by the information garnered and the insights developed, but undoubtedly, are also influenced by a personal perspective on the issues associated with ethical sourcing and previous employment as a buyer in the UK retailing sector. Similar to other empirical research, there are limitations to this study, the main factor being the proportion of respondents compared to the number employed in the banana sector, and hence the reasoning that the study cannot be considered representative of the overall labour conditions in banana production in Costa Rica. However, based on the analysis conducted, it is possible to ascertain the way in which labour codes and standards are generally considered by workers. Furthermore, the testimonies of other respondents noted above, both during and following the period of fieldwork study, also help us to show the accumulative effect of CSR policies in the banana supply chain.

Theoretical framework

The theoretical framework used in this analysis draws on global commodity chain (GCC) studies, which emphasise changes of control and shifting relationships within the chain, and in particular, the dimension of governance (Gereffi, 1994; Gereffi et al., 2005). Gereffi (1994) makes the distinction between two main forms of governance in commodity chains, a 'producer-driven chain' and a 'buyer-driven chain'. He defines the producer-driven chain as a highly centralised system in which transnational corporations (TNCs) play the central role in controlling the production system and the buyer-driven chain as a highly decentralised administrative structure where large retailers, buyers and trading companies play the pivotal role in shaping the production network without actually controlling it centrally through their own headquarters (Gereffi, 1994). The governance structure identifies the key notions of chain coordination and it is the most used aspect of the GCC analytical framework in food supply chain studies (Ponte and Gibbon, 2005). This is particularly relevant in light of the on-going concentration of grocery retailing in the UK and the continuing increase of supermarket buying power and influence in global supply chains,

which has led to a shift in the relations between the two. In many ways, food retailing in the UK can be characterised by oligopolistic competition – with a small number of retailers battling for market share, through product differentiation, quality and availability, and heavy investment in retail stores and logistics systems (Harvey et al., 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 the relations within global food chains. Supermarkets coordinate and direct activities in the production operation of the chains that supply them. It is the supermarket group who dictates when and how a product is offered to the consumer and determines which products will make the most profit (Harvey et al., 2002; Wrigley and Lowe, 2002). This is where the GCC model (Gereffi, 1994), together with the global value chain (GVC) framework developed later by Gereffi et al. (2005), comes to the foreground. The GVC framework is a more complete typology which goes beyond the ‘vertical’ relationship between buyers and sellers, and considers how particular firms set, measure and enforce certain parameters under which other actors in the chain operate (Ponte and Gibbon, 2005). However, a secondary group of actors is important when analysing governance structures in global supply chains, such as trade unions, nation-states and consumer focused NGOs. This is where the study advances the theoretical framework, since these groups are also considered in the research process. A key concern when analysing and coding the data gathered in the study was to consider the types of relationship between worker and the various actors involved in the chain and thus, the governance structure therein. By approaching the study in this way, the level of control which primary and secondary actors exert within global supply chains and the effect of CSR policies adopted in the chain may be better understood. This article demonstrates the role of the supermarkets in terms of influencing the working conditions on banana plantations, whilst drawing on the testimonies of this secondary group of actors. One of the most critical concerns raised by workers during discussions on codes and standards was the application process of agro-chemicals on farms and the impact these procedures had on health and safety. Hence, the following discussion will

focus on this particular aspect, ‘safe and hygienic conditions’, in the banana production chain.

The practice of CSR

The UK has witnessed dramatic changes in food retailing during the twentieth century, which has created a market dominated by four major supermarket groups – the big grocers (Bevan, 2005). The changing needs of consumers, who have become more discerning of the products available to them based on their lifestyle and aspirations, have led to the deliberate growth of the supermarkets and a marked concentration of power in their hands (Wrigley and Lowe, 2002). Their dominance reflects the broader picture of retail concentration that has been associated with radical changes in the world’s supply chains (Dolan and Humphrey, 2000). The supermarkets depend on an increasingly integrated and well-managed supply chain to maintain market advantage (price, quality and product availability). This has led them to become the chief controller of the chain, often in place of the producer (Harvey et al., 2002). The vertically integrated supply chain has become part of the supermarkets’ comparative advantage toolset, a ‘competitive weapon’ in the fight for market dominance (Bevan, 2005, p. 26). Thus, supermarkets grapple for more control over the production chains that supply them, which coupled with the retailer’s ability to dictate consumer prices has seemingly given supermarkets unparalleled influence in global supply chains.

Paradoxically, the supermarkets’ success has also opened up the prospect of campaigns and opportunities that question the structure of the relations within these chains. Supermarkets are being challenged for their role in the decline of labour standards in the fields and factories which supply the goods they sell. These corporate actors are sensitive to the way they are viewed by consumers, and in response to public campaigns and scrutiny by other actors in the chain, they have introduced a number of CSR policies that include voluntary commitments to improve the labour conditions in global supply chains (Hopkins, 2004; Urminsky, 2001). Strategically, this allows supermarkets to dispel the negative comments of their critics and present an

impression of being a socially responsible business in the marketplace. By engaging in what can be represented as ethical behaviour in global supply chains, supermarkets may be perceived as 'Good Corporations'. As noted by one major UK supermarket group: 'Sainsbury's believes that its customers want excellent quality and value for money, but not at the expense of people working in developing countries who may be working in unsafe conditions and for poor wages' (Sainsbury's, 2003, p. 2). Tesco, the UK's biggest supermarket had this to say in their Corporate Responsibility Review of 2007: 'Tesco has strong employment and environmental standards and we are confident that trading with us can be an important force for good anywhere in the world, we also understand that although our customers want low prices, they also want fair prices and decent standards' (Tesco, 2007, p. 67). ASDA, the second largest supermarket in the UK, does not produce a CSR report in the same way as their competitors, but on their corporate website under the heading 'ethical trading' there is the following statement: 'At ASDA, we are committed to ensuring that the goods that we sell are produced without exploitation and in acceptable working conditions' (ASDA, 2007). Morrisons make a similar claim in their 2007 CSR report, stating, 'Source Responsibly: We seek to ensure that own-brand products and the ingredients that go into them are produced as responsibly as possible' (Morrisons, 2007, p. 10). Supermarket groups, in their view, have battled to provide the cheapest prices and exert their influence on manufacturers, producers and suppliers to fulfil the needs of their customers. The question as to how supermarkets continue to ensure consumer goodwill in an increasingly sophisticated market, with a more socially aware consumer base, is where CSR policies that advocate labour codes and standards enter the debate.

Labour codes and standards

A number of CSR policies which incorporate voluntary labour initiatives have been introduced in global supply chains, but the code of conduct stipulated by the UK supermarkets to their supply base is the Ethical Trade Initiative (ETI) Base Code.¹ Like many manufacturers and suppliers, the banana trans-

national producers have also adopted the labour and environmental certification process, Social Accountability (SA) 8000 Standard.² Both schemes are aimed at securing and maintaining certain standards in the chain and draw on the core conventions of the International Labour Organisation (ILO), however, there are differences in the ways either is implemented and administered. The ETI Base Code includes a range of worker rights: to choose employment freely, to freely associate and bargain collectively, and to ensure working conditions that are safe and hygienic, no child labour, the provision of a living wage, working hours that are not excessive, no discrimination, the provision of regular employment, and no harsh or inhumane treatment – the majority of which correspond to the principal elements of the SA8000 standard (ETI, 2005; SAI, 2005). Yet, the ETI is more specifically concerned with ethical sourcing, which it defines as a way of working that 'establishes a company's responsibility for labour and human rights practices in its supply chain' (ETI, 2003, p. 2). The ETI stipulates that the labour standards incorporated in the code constitute a minimum requirement for any corporate code of labour practice focusing on good supply chain management (ETI, 2005). When corporate members join the ETI, they commit to implementing the base code in their supply chains and in doing so, report annually on their progress. Many of the UK supermarket groups are members of the ETI, including Tesco, Asda and Sainsbury's, as are many of the producers who supply and import bananas into the UK, such as Chiquita and Del Monte (ETI, 2007). The SA8000 Standard has developed more as a system of managerial control and due diligence for manufacturing and production, and is audited by independent third-party organisations (SAI, 2005). In the banana production chain, Chiquita, Dole and Del Monte have all introduced SA8000 on their own plantations and are in the process of supporting their sub-contracted and associated suppliers to introduce the standard. In addition, following a series of allegations of political entanglements, suppressing labour rights and chemical misuse on plantations, Chiquita introduced a comprehensive CSR programme that included an international framework agreement (Prieto-Carrón, 2006; Werre, 2003).

One third of the world's banana exports arrive in the European Union, the bulk of which come from the dollar-producing countries in Latin America, and

after Germany, Europe's second largest importer of bananas is the UK (FAO, 2003, 2005). Bananas are the leading fruit imported into the UK and represent the biggest selling grocery item in terms of volume and provide the third greatest return of profit to sales for UK supermarket groups (Griffiths and Lawrence, 2007). Hence, this ubiquitous fruit is a very important commodity in the UK food retailing market, and at each stage of the banana supply chain, there is a high degree of coordination between the primary players in the chain (supermarkets and producers). Supermarkets expect certain conditions of supply from the banana producers regarding quality and delivery specification – a virtually flawless, under-ripe fruit of uniform length and breadth – to a regimented supply schedule of just-in-time. Together, the four major supermarket groups control over 76% of the UK food market (IGD, 2009). This dominant market position enables the supermarkets, to act as the self-appointed 'guardian' of consumer interest, to demand that producers align their operational practices with the supermarkets' own CSR policies, including voluntary labour initiatives.

Banana production in Costa Rica

After Ecuador and Colombia, Costa Rica is the third largest producer of bananas for the export market (FAOSTAT, 2006). The country depends on this production, both to generate foreign currencies and employment, and employs an estimated 34,000 workers directly on farms and three times as many indirectly, for instance at ports and as service providers (Sauma, 2006). [Bananas are the largest single agricultural export in Costa Rica, followed by pineapples and coffee (Sauma, 2006).] Most of the bananas grown fall under the control of the transnational producers: Chiquita, Dole, and Del Monte, which together account for nearly 85% of the country's banana exports (IBCII Forum Discussion, 2005). Costa Rica has one of the highest banana yields of producer countries, but it is also a relatively high-cost producer, with wage costs being amongst the highest in Latin America (Sauma, 2006). Banana production is largely a manual process, and plantations are made up of a number of farms, the working area of a farm is generally between 250 and 300 ha

with the number of employees between 150 and 200. Growing bananas is a very labour-intensive process, involving between 220 and 365 worker days per hectare each year. The labour requirement coupled with the limited life of the banana, 21 days from the time of picking to an inedible mush – 14 days of which this delicate fruit will be on board a ship continuing to age and ripen – places a heavy burden on producers to maintain a well-organised and highly integrated supply chain. Thus, every farm follows the same basic principle: a banana stem is cultivated, harvested, selected and packed, and then transported to the port where the fruit awaits the next vessel to be shipped to market. There are a number of work tasks to be performed during the production cycle, and each activity involves a discrete group of workers with different skills and experience. The agricultural side of a banana farm, more commonly described as 'the field', is where the cultivation of the banana plant and the harvesting of the crop take place. The work is intense and fast moving, and the tropical climate in Costa Rica means it can be particularly hot and humid. Against this background, workers have to cope with extreme heat, temperatures of up to 38 degrees centigrade, and frequent rain storms, thus the duties performed by workers require great physical and mental effort. Both the ETI Base Code and the SA8000 Standard stipulate that the work environment should be safe and hygienic, and this was one of the first topics of debate raised with respondents in relation to understanding how codes and standards impacted their work on banana farms. Certainly the working environment is very challenging, and many workers commented on the unbearably hot and humid conditions; however, the discussion quickly turned to the use of agro-chemicals on the farm.

There are a number of chemicals applied throughout the production process, including fungicides, insecticides and herbicides, which help to protect the fruit against insects and disease, and ensure that the perfectly shaped blemish-free banana is produced in large quantities. By their very nature, the chemicals used are highly toxic and require careful handling and application. Fungicides and pesticides are applied by aeroplanes and aerial spraying takes place virtually every week on a farm. Claims that workers are exposed to chemicals being sprayed on the farms

whilst working have been made by workers, trade unions and other external observers (COLSIBA, 2005; Harari, 2005). Many workers commented on this issue – including one harvest worker who stated: ‘farms do this [aerial spraying] all the time, workers have to move to one side of the field, but chemicals spread in the air, it is a problem here always’ (Interview Cerlo, March 2006),³ and another field worker claimed ‘a cloud of chemicals hangs over us, but we carry on working... that’s how it is in the field’ (Interview Walter, March 2006). Aerial spraying is seen as a necessary part of ensuring high quality and low cost fruit – key requirements of the supermarkets. However, all spraying and application of chemicals must only be conducted when workers have vacated the field. Yet on the ground, the continuity of production often seems to take priority, and there is little or no time to clear the area that is to be sprayed. As noted by a harvest worker: ‘the manager says that when the plane is spraying, everyone should be out of the area, but this is not done... the records show this is being done right, this is what’s presented by the company, even when the spraying is a very dangerous chemical’ (Interview Rafael, March 2006). All of the workers in the field are potentially vulnerable to the application of chemicals, a process which is seen as crucial to maximising the yield of the crop. To meet the criteria stipulated in the labour codes and standards, the spraying operation must be conducted only when workers are out of the designated area. However, many workers cited their concern over the practice of aerial spraying, as highlighted by the following comment: ‘Every week they fly over with the pesticides, by law no one should be in the field harvesting... we must be completely on the other side, but we see it in the air and then it floats by’ (Interview Napoleon, March 2006). When workers commented on their conditions, they would often refer to the country’s Constitution and Labour Law regarding their rights; it was evident that workers understood these forms of protection more clearly than the supposed benefits associated with the CSR policies of their employer. However, a local union official claimed that the legislature did not uphold these entitlements, and that the Costa Rican Ministry for Labour had too few resources to check what was really happening on plantations: ‘the government

just sees the trade, dollars only make the headlines... the workers take all the rubbish, a mule has more attention than the worker’ (Interview Roberto, March 2006).

The Ministry of Labour is meant to oversee compliance with the country’s Labour Law, but the level of commitment by the state to uphold the labour laws in Costa Rica is hard to determine. Nevertheless, the comments of a government trade representative help highlight the difficulty for a country that wishes to maintain its position in world markets:

The international competitiveness of the banana industry is paramount and it must be maintained if we are to have a future. We have to manage costs, because we are more expensive than Colombia and Ecuador. Last year we were the number two supplier to the UK market, now we are third and Colombia is second (Interview Diego, April 2006).

Hence, the lack of responsibility on the part of some producers in the spraying process and the failure of state authorities to oversee the process are growing concerns. There are significant health risks including on-farm ingestion by workers and major risks to the wider community from the diffusion of chemicals across the surrounding area caused by wind drifts (Wilson and Otsuki, 2002). Yet, workers appeared resigned to the problems associated with aerial spraying, as if it was all part of the job, it was something they ‘just had to live with’ in order to meet the supermarkets’ requirements for product quality, short order lead-times and low costs. The importance of ‘getting it right’ for the supermarkets was certainly not underestimated by the transnational producers, as noted by a quality control team leader: ‘the quality of our bananas in the market is very important, it affects the company here, and the benefits of the worker, the supermarkets maintain our salaries’ (Interview Leania, March 2006).

Supermarket groups, in response to complaints that codes and standards are not being fully adhered to, firmly place the responsibility for the issue at the door of their direct suppliers, the big transnational producers. They claim that it is impossible to police and monitor all the farms owned and managed by their supply base, and, in this respect, they acknowledge that the full provenance of each consignment of fruit they receive can never be guaranteed. Yet to some degree, the drive of the big transnational producers to

create the perfectly presented high-yielding banana is due to the price squeeze from supermarkets. The pressures of production that companies often perpetuate in the name of competitiveness make workers vulnerable to injury, a case of putting profit before safety (Nichols, 1997). Supermarkets are regularly accused of placing conflicting demands on producers, as noted by a producer's technical manager: 'on the one hand they want tightly managed coordinated supply schedules and ever lower prices, and on the other, we are expected to respect workers rights and comply with labour initiatives' (Interview Marcel, April 2006). This is a point Preuss (2008) develops when arguing that economic aspects of the buyer-supplier relationship are rarely addressed in labour codes. Furthermore, supermarkets claim that customers want cheaper bananas and that they have to be price-sensitive to their market, hence the regular retail price wars in the UK, having resulted in high deflation in the sector during the last 5 years. When one supermarket group cuts prices, competitors quickly follow, regardless of the impact this has on the banana supply chain. The heavy discounting of bananas in 2005, 2006 and 2008, was initiated by ASDA, but Tesco, Sainsbury's and Morrisons quickly followed suit, and much of the increased costs were passed onto the producers. Low prices in the marketplace erode the achievements made through CSR policies.

The supermarkets at the top of the chain place pressure on the producers, who in turn pass it onto the worker at the bottom of the chain. Such pressure is bound to create a downward spiral of working conditions on banana plantations. The producers have to balance their own financial accounts and, typically, the only means of achieving this objective is to increase productivity and reduce production costs, of which labour is a core component. In real terms, there has been a 40% deflation in the price of bananas since 2004, which leads inevitably to a 'race to the bottom'. Other social actors (trade unions, NGOs and consumer groups) have stated that the continuous lowering of the market price of bananas does not square with supermarkets' positioning themselves as socially responsible. As indicated by the comments of a regional trade unionist: 'allowing the market to rule has resulted in hazardous conditions and low wages in the banana industry – some of the very conditions that voluntary initiatives are intended to prevent' (Interview Bemúdez Umaña, February 2006).

Conclusion

There is a consensus that labour codes and standards are important for workers because they help regulate standards across national boundaries and provide a new form of governance for globalised business. Yet, whether in reality they make a difference to the social conditions of workers is still unproven. As observations from this article suggest, workers are subject to dangerous working conditions in a globalised market. The operational pressure associated with producing the perfect and just-in-time banana for the discerning supermarket groups is such that workers re-enter the field to maintain production when aerial spraying has just taken place. These circumstances make the adherence to voluntary labour initiatives difficult. In this respect, supermarkets may be viewed as culpable, because CSR policies that incorporate labour codes and standards do not sit comfortably with the continued competitive pressure placed on producers to meet high quality standards, shortened lead-times and lower market prices. Control has moved up the chain to the supermarket group, and as such, supermarkets have become a key decision maker in the way global supply chains are governed. To some extent, the influence of this group should be beneficial for workers, in so much as supermarkets, with their dominant position, are able to apply pressure on producers to improve the labour conditions in any given supply chain. However, the efficiency of the chain (economies of scale for both corporate actors) and the benefits to consumers (of lower prices) seem to dictate the conditions for workers in the banana chain. Clearly, one of the business benefits of adopting such initiatives is that they shield the supermarkets from being seen as repressive in global supply chains. Indeed, the marketing managers in these corporate entities regularly make a virtue of such CSR policies, in terms of product promotion and brand reputation. Thus, raising the concern that displays of social responsibility by supermarkets reflects 'an enlightened self-interest' (Smith, 2003, p. 53). This is where other influences in the chain need to be brought to bear upon – one of the most critical being the purchasing power of the consumer. This was certainly true in the case of the sweatshop campaigns and the subsequent consumer boycotts against sports manufacturers in the 1990s (Klein, 2000). The role of the consumer was most definitely

viewed as important in the fight for improved conditions in the banana production chain, as indicated by this worker's comments: 'customers can make changes for banana workers, we need customers in the UK to wake up to the plight of the banana worker' (Interview Carlos, March 2006).

Yet, in spite of supermarkets championing consumer interests and claims that they have the last say in how the chain is managed, caution is required. Supermarkets' CSR policies and commitment to voluntary labour initiatives do not necessarily mean better conditions for workers on banana plantations, unless there is a robust auditing and reporting structure which publicises non-compliance and acts upon it. The conditions that workers face in the production of bananas for export vary too greatly, are dependant on the producer, are not sufficiently monitored, thus letting workers remain vulnerable. One way this situation may change in the future is for better communication with the consumer as regards the conditions workers experience to produce low-priced bananas – the true cost of cheap bananas. Ultimately, all social actors need assurance that CSR policies, as a form of labour governance in global supply chains, actually make a difference to workers (Soederberg, 2006). An important step forward, therefore, is to ensure that improvements in the social conditions of workers are sustainable in a competitive market, which may depend on other actors in the chain: trade unions, NGOs and consumer groups being granted access to the monitoring process and helping to build on the instances where labour codes and standards are successfully being administered. In this way, business will continue to be held accountable for the ways they conduct themselves in the far-flung fields of production and consumers' trust in the social responsibility credentials of supermarkets will be maintained.

Notes

¹ The ETI Base Code was developed in 1998 by a tripartite alliance of corporate, trade union and NGO members concerned with improving working conditions in the global supply chains that serve the UK retail market (ETI, 2003).

² The SA 8000 Standard, developed in 1997 by Social Accountability International (SAI), is an audited

management system for corporations and seeks to verify the social accountability of corporations. The SAI advisory board includes corporate, NGO and trade union representatives (SAI, 2001).

³ The testimony of workers cited in this article is used on the basis of complete anonymity and confidentiality, therefore pseudonyms are employed.

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