

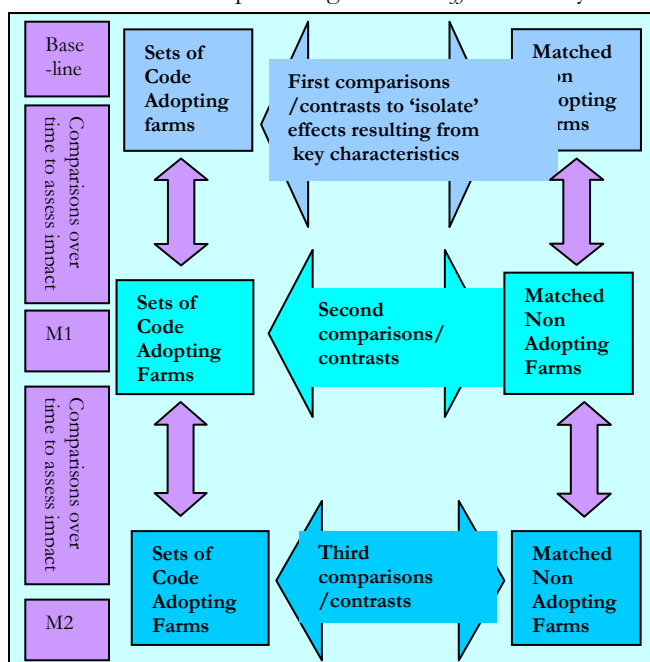
Valerie Nelson, Adrienne Martin, Mike Morris, Mary Omosa, Joachim Ewert

## Introduction

Until recently, information on the impact of social and environmental codes has been anecdotal. However, a critical mass of information is now emerging, including lessons regarding the methods that can be employed. This study, an independent 4-year DFID funded project, focused on the impact of codes on workers at the farm level in the South African wine and Kenyan cut flower industries. Impact assessments have varying approaches and sometimes multiple objectives (e.g. informing policy, improving practice in an individual company, capacity building, reflection, etc.). Here, the aim was to inform the debate among civil society, the private sector and government as to the future role of social codes of practice in improving worker livelihoods.

## Impact assessment methodology

The central comparison employed for this study was that between the position of workers at similar *code adopting* companies and *non-code adopting* companies. Comparing worker conditions at companies where codes have been adopted, with conditions of workers at similar companies (in terms of geographical location, type of company, size, etc.) where codes have not been adopted, provides a means of identifying the changes resulting from code adoption. Having a control group helps to eliminate some of the other contextual factors influencing labour relations and conditions. Differences between worker conditions at code-adopting and non adopting companies were tracked over time providing a 'double difference' analysis.



The first dimension of comparison examined the differences in worker conditions between sets of code adopting farms and matched non-code adopting farms (shown horizontally in the diagram). The second dimension examined differences and changes over time, comparing baseline values with those of two monitoring rounds (depicted vertically – baseline, M1 and M2).

Three major areas of impact on workers were explored; *material wealth*, *social wellbeing* and *empowerment*. Relevant code provisions included: living wage and working hours (material wealth), no child or forced labour, safe working conditions (social wellbeing), and freedom to associate, non-discrimination, etc. (empowerment). The priorities of workers were explored through participatory research, followed by a questionnaire survey and complementary qualitative research with diverse stakeholders.

## Observations & lessons from practice

### Developing a hypothetical impact chain:

The scoping of areas of possible impact and development of an impact chain, can help in the planning stages of complex studies. Information from stakeholder consultations (e.g. retailers, suppliers, trade associations, code bodies, NGOs, trade unions etc) gathered at the early stages can then be tested in the field.

### Combining & sequencing research methods:

Mixing qualitative and quantitative research methods can add to the depth of analysis. In this case, initial participatory qualitative research to test the assumptions implicit within codes on worker priorities, then formed the basis for a larger quantitative survey of workers. Further probing of labour-employee relationships, stakeholder interests, industry discourse, on-farm culture and worker household impacts was conducted through qualitative enquiry (e.g. case studies with worker households, manager interviews, informal interviews with different stakeholder representatives etc.). These issues require a more flexible, qualitative approach given the contentious, highly inequitable, back-drop of labour relations and the complexity of the issues under consideration – i.e. the extent to which impacts on the multi-dimensional aspects of poverty can be attributed to code adoption.

Future code impact studies could innovate by attempting to quantify participatory data, rather than using quantitative questionnaire-based surveys.

### ***Lack of availability of basic industry data:***

The dearth of systematic, in-depth industry data placed limits on representative sampling of companies and the creation of company typologies. In both countries, collection of this information on companies and their characteristics had to be commissioned by the research partners. There was also a lack of centralised, accessible information as to which companies were adopting which codes – this information is sometimes confidential, meaning that the research teams had to start from scratch in mapping industry wide code adoption.

### ***Gaining access to farms:***

Obtaining access to farm workers for research can be difficult. In Kenya, access to the selected sample of farms proved particularly difficult, with consequences for the sampling frame. Flower farms tend to be more closed to outsiders than wine farms – the latter receiving visitors year-round. However, securing permission for farm workers to participate in a research study on worker conditions was difficult in both industries, particularly for seasonal workers who are employed at the busiest times of the year. Obtaining access ultimately depended on the skills of persuasion, pre-existing industry contacts and reputation of the in-country research partners.

### ***Scepticism about research & resistance to outside interference:***

To some extent, companies may be sceptical about the value to themselves of what they see as ‘academic’ research. They may also be circumspect about activities that might affect worker productivity (taking their time for interviews etc.); studies that might compromise the company’s commercial advantage by sharing commercially valuable information; research that might contribute to external civil society criticism of their ethical performance. An authoritarian, protective culture contributes to the resistance of farm managers to outsider interference; including resistance to codes of practice and to associated research teams.

- In Kenya, the civil society spotlight on farms (with specific allegations being made regarding worker conditions and rights by NGOs during the course of the project) created difficulties for researchers in gaining access.
- In South Africa, the continuing paternalism on wine farms also contributed to the unwillingness of managers to allow ‘outsider interference or engagement’.

This situation has not been helped by the promotion of multiple codes and initiatives (particularly in the Kenya flower industry), leading to a sense of ‘code overload’ amongst many farm owners, or on occasion to farms being approached by different research teams with different objectives.

### ***Preserving confidentiality of worker information:***

This is essential in order to protect workers from potential recriminations, but it also means that there

are clear limits to the degree to which farm-specific research results can be shared with the farm owners/managers in question. This again may lessen the attractiveness of the research in their eyes.

### ***Dynamism of the code adoption process:***

As well as the rapid changes within the two export industries considered, code adoption is an on-going process, which is still fairly new. The design and implementation phases are still underway in some cases, with new stakeholder alliances forming and different approaches being adopted and promoted (e.g. in auditing). In South Africa, the total pool of code adopting companies was initially very small (7) compared to the total number of companies within the industry (approximately 4,500). The risk that the rollout of codes following the end of the ETI wine pilot might compromise the selected code non-adopting control group was anticipated and therefore this group was made sufficiently large to allow comparative analysis.

### ***Sampling issues:***

As in most longitudinal studies, there were risks of drop-out or changes in categorization. This was recognized at the design stage, with some modifications to the sampling plans and addition of extra non-adopting companies in South Africa. These were selected from a complete list of cellars provided by the South African Wine Industry Statistics office. As a further check, quantitative data from interviews with managers of the non adopting companies were compared with comparable data from a postal survey of supplier companies which confirmed the representativeness of the 15 non-adopting companies.

The Kenyan team developed a typology of companies for sampling to carry out the baseline survey, based on adopting and non adopting companies in different geographical locations, the scale of enterprise and export trade involvement.

Where possible, the research team drew the sample of workers stratified by gender and job status from companies lists of employees. The intention to make the selection random within these categories was not always feasible - lists were sometimes incomplete or were not available. However, most companies provided a statistical staff profile, which was used to cross check the representativeness of the sample. Efforts were made to interview the same respondents on subsequent visits. Where workers were absent or had left their employment, managers were asked to substitute workers of the same gender and job category.

### ***Indicator development:***

A participatory approach to indicator development was considered essential if the assessment of impact assessment was to be based on workers’ priorities and values. It cannot be assumed that workers’ priorities completely correspond with code provisions, not least

because workers have often had no role in developing a code, or are even unaware that codes exist. Participatory research can be used to elicit worker priorities and indicators for tracking change.

#### ***Limits to participation:***

Although worker priorities were placed centre stage in the questionnaire survey, this is not the same as workers' active participation in carrying out research themselves and building their capacity in the process. A truly transformative and participatory approach, which places workers at the centre of reflexive analysis, is difficult, if not impossible to achieve given the power imbalances within buyer driven export horticulture value chains and the very real potential for recriminations for workers.

#### ***Facilitation skills:***

To avoid mechanistic application, facilitators need extremely good skills for interaction with workers and managers, to overcome reticence and fear of consequences. It is a priority to ensure the utmost confidentiality in managing information to avoid recriminations for individual workers.

#### ***Wider contextual dynamics & attribution:***

Analysis of contextual factors is critical to identify the specific role codes may play in changing workers' lives. Issues include: review of national legislation; the extent of ratification of ILO core labour standards; investigation of the socio-economic background, prevailing poverty levels and patterns; analysis of livelihood strategies and vulnerabilities facing workers; on-farm culture and historical background; mapping the industry, the labour strategies, the supply chain structure and key challenges/trends; potential forces for equitable change in worker conditions; mapping of codes being adopted and the 'story of their introduction' (their origins, stakeholder involvement in design and implementation, approaches to auditing); stakeholder dynamics and prevailing discourses etc.

In both South Africa and Kenya, the industry context and national legislation had important affects on company decisions vis-a-vis workers' conditions. The role of trade unionism and institutional changes in the industry were analysed. Codes were found to be just one minor force in a complex wider pattern of change, although potential to scale-up their impact exists.

#### ***Considering the bigger picture:***

Impact assessment requires the consideration not only of the impacts for primary 'intended beneficiaries' (workers employed on the farms), but the impacts on other stakeholders. It is possible, for example, that job shedding may occur in a company to make up for the costs of complying with a code. The trend towards employment of casual labour (increasing the proportion of seasonal workers or those employed through labour brokers) could be exacerbated by the introduction of social codes which require improved conditions for *permanent* workers – hence the

importance of obtaining information on the overall workforce at each company wherever possible and examining motivations for managers' decision-making.

#### ***Interviews with managers:***

Interviews with management are important for exploring the motivation behind decision-making and the drivers for change on labour strategies. Where managers felt under duress to adopt a code, the quality of uptake was lower than in situations where managers embraced the codes more positively. Cases were identified of managers making tit-for-tat changes - taking away some benefits not covered by the code provisions in order to make improvements in areas required by the code - thus avoiding increased net costs to the company whilst retaining market access.

#### ***Analysing stakeholder perspectives & positions:***

Analysis of the underlying motivations and interests of all stakeholders is important in order to put their statements and responses to questions into context. For example, managers' tendency to highlight the confusion caused by multiple codes or to say that all social changes on farm were put in place before codes were introduced, may relate to their perception of codes as an imposition in which they have no sense of ownership. Managers of supplier companies expressed their grievance at the stance of powerful supermarkets that demand adoption of certain standards but do not bear any of the costs, nor link performance to financial rewards, nor adapt their core purchasing practices to support labour standard improvement.

Workers may feel unable to speak openly about their views particularly on sensitive issues, fearing recriminations or job loss. Worker awareness of codes was negligible and so it was impossible to ask workers to identify specific code impacts; only to elicit their views through questions based on the code provisions and their own priorities. Managers also gave their views on which areas had improved. Background knowledge within the research team of the industry and companies involved is vital in such situations.

#### ***Sustaining a long-term research project:***

- Sustaining *company/farm owner interest and collaboration* in a long-term research project can be difficult, particularly where the research is largely focused on influencing private sector and donor policy in the medium and long-term, rather than on more immediate short term benefits on individual farms. A more action-research oriented project could possibly overcome some of these limitations, but might be less able to provide broad, systematic and comparative evidence.
- Secondly, the *continuity and motivation of research teams* is a challenge. Some changes in research teams may be unavoidable during longer-term research projects (this project was subject to some changes in the research teams in UK and Kenya). This can disrupt continuity and require rebuilding of understanding of methods and approaches.

- Thirdly, *managing research during periods of upheaval* is a challenge. Disputes and allegations regarding worker conditions are not uncommon in export industries in which labour codes are being implemented. Maintaining the participation of selected companies in the project can be threatened by such turmoil, as occurred in the Kenya when non-governmental organisations made allegations of human rights abuses on flower farms. In such a scenario, maintaining positive stakeholder relations and participating constructively in debates is important for an independent research project.

#### ***Attributing causality:***

The business case for codes or practice is overly generalised, but the development case is more often neglected, assumed and lacking in evidence. Attribution of social code impact beyond outcomes for workers (on wages, contracts, and working conditions) is highly complex, i.e. measuring ultimate impacts on livelihoods and on other stakeholders. Clear *associations* were found between permanent workers at code adopting companies and better livelihoods (e.g. positive differences in terms of physical, financial, human and social capital, reduction in vulnerability from greater job security/welfare provision). However, this is not the same as a *causal* relationship. A positive disposition by managers in both industries towards worker rights had in several cases accounted for improved conditions *with or without* code adoption. Such pre-existing management culture was anticipated in South Africa, since only seven companies had pioneered code adoption at the outset of the study. In Kenya, differences in management culture were more difficult to unravel.

#### ***Analysis of different groups of workers:***

Data needs to be disaggregated according to gender, but also job status. A key finding of the study was the limited reach of codes of practice; casual workers were not included in many of the positive changes for permanent workers. In South Africa, given the market pressures, it is unlikely that codes could be extended to casual workers on a scale significant enough to address the growing distinctions between casual and permanent workers.

#### ***Building research capacity & supporting southern voices:***

As ethical codes of practice are fairly new and have largely been developed and promoted by industrialised countries, it is unsurprising that in some social research communities in developing countries, knowledge of ethical trade is still limited. Building ethical trade research capacity is an important part of undertaking ethical and labour code impact assessment. Supporting South-South debate on the issue, wherever possible, is particularly important, given its origin and domination by interests in the North. Currently, worker representation and involvement is marginal and should be strengthened.

#### ***Other Impacts:***

Ethical codes of practice may be helping to raise the profile of social, labour and environmental issues in the respective industries, but the scope of the debate is still circumscribed by the boundaries of the code approach. In both countries in this study, new multi-stakeholder bodies known as private standards initiatives (PSIs), have emerged from the code processes and are aimed at promoting worker empowerment, participatory social auditing etc. These are the Horticultural Ethical Business Initiative (HEBI) in Kenya (Dolan and Opondo, 2005) and the 'Wine and Agricultural Industry Ethical Trade Association', WIETA in South Africa.

Assessing new institutional developments and changes in the discourse should be part of impact assessment, since these can prefigure changes on the ground in worker livelihoods. However, despite the rhetoric, these initiatives do not guarantee positive practical impacts. Concrete evidence is required to show whether they bring about real improvements in worker livelihoods and enable southern actors to challenge powerful retailers, or merely reproduce the inequities of the value chain. The sustainability of these initiatives is still to be proven.

Other potential areas of code impact that could impinge upon worker livelihoods and communities, include multiplier effects in the local economy from higher wages; impacts on other industries in the same country (e.g. the expansion of the new multi-stakeholder initiative on wine worker conditions and empowerment in South Africa to include fruit farms); localised environmental impacts affecting neighbouring community livelihoods; changes in roles of trade unions and government labour inspectorates.

#### ***Conclusion***

Methodologies for assessing the impact of codes of practice should be sufficiently flexible to respond to rapidly changing situations on the ground. The resources invested in impact assessment should be of an appropriate scale according to objectives and complexity.

Finally, it is to be hoped that future approaches and methods in code impact assessment can find ways to *build worker capacity*. Learning alliances are needed in which code bodies work with regional clusters of key actors (companies, government, civil society, worker representatives) to develop more participatory, cost-effective, independent and evidence-based impact tracking with the clear aim of *improving* the impact of codes on worker livelihoods, whilst protecting workers from recriminations.

#### ***Reference***

Dolan, S. Catherine, and Opondo, Maggie (2005) "Seeking Common Ground: Multi-Stakeholder Processes in Kenya's Cut Flower Industry". *Journal of Corporate Citizenship*, 18: pp87-98.