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“Solidarity in a competing world —
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Fairtrade Certification on Plantations: Household Welfare Implications for Hired Labour

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Abstract

About 500 million workers are employed on agricultural plantations world-wide. They are considered to be one of the most vulnerable groups in the global trade system. Recent developments such as the vertical integration of agri-food chains, access to international markets and rising consumer awareness have led to the increased adoption of sustainability standards, such as Fairtrade. While Fairtrade measures aim to ensure adequate employment conditions, collective action and fair wages its ultimate objective is to improve the socioeconomic well-being of workers' households and their communities. The question remains whether Fairtrade certification of large-scale plantations can contribute to decreasing workers' monetary and non-monetary poverty. This study therefore aims to assess whether Fairtrade can raise income levels of worker households and whether this may potentially lead to lower multidimensional poverty. The latter may be achieved through higher incomes but also other contributing factors, such as loan availability and permanent work contracts, which could help buffer shocks and support long-term planning. Service provisions like medical care and projects financed by the Fairtrade premium may lower expenditure requirements. For our study we use original survey data from 340 plantation workers and their households in the Ghanaian pineapple export sector. Our respondents are workers from four Fairtrade certified companies and four Non-Fairtrade certified companies. To address the research questions, we apply matching approaches as well as regression analysis, controlling for company level scale of production and productivity levels. Our findings confirm that Fairtrade workers have higher incomes due to higher wages on Fairtrade certified plantations. However, we find no evidence for lower multidimensional poverty. Here, indicators of multidimensional poverty do not point towards a consistent level of deprivation for either Fairtrade workers or Non-Fairtrade workers. Fairtrade workers are statistically significantly more deprived regarding food security, child mortality, adult education and flooring and Non-Fairtrade workers are more deprived in terms of electricity availability, access to clean drinking water and asset accumulation. We will further assess the pathways between higher income levels and poverty reduction and differentiate between rather short and more long-term poverty indicators.

Keywords: Agricultural labourers, asset accumulation, plantation agriculture