What is the likelihood of achieving decent work in large scale agriculture via private labour standards?

Policy Brief by Lone Riisgaard, February 2016

Research on the cut flower industry in Kenya has yielded important insights about the prospect for decent work at the production end of global value chains and the possible role played by private labour standards in achieving this.

Academics, NGOs and trade unions have for decades problematized labour conditions in the cut flower sector. The main concerns have been low wages, dangerous working conditions, forced overtime, gender discrimination, insecure employment and despotic types of supervision.

The research related in this policy brief however found, that in the dominant part of the Kenyan cut flower sector, a new (for Africa) system of labour management has developed. This emerged in the early 2000s but has been disseminated widely only since 2005–6. The characteristics of the new system of labour management emerging in cut flowers are discussed in detail in the two publications Gibbon and Riisgaard (2014) and Riisgaard and Gibbon (2014) upon which this policy brief is based.

In short, the new system of labour management emerging in cut flowers include some of the key elements of decent work as defined by the International Labour Office (ILO). The labour management system identified was characterized by the following: a norm of secure employment (including permanent contracts and freedom from arbitrary dismissal); freedom of association; application of nationally negotiated wage rates; improved observance of health and safety standards; provision of maternity leave and special provisions for pregnant and nursing mothers; and restrictions on overtime. These features are found together with scientific planning of work, rule-based payment systems and relatively flat forms of supervision.

Now the interesting question to ask is what has driven these changes and if we can expect to see similar changes in other large-scale agricultural settings?

The research found, that the changes in labour management were driven by a combination of two factors.

It has been driven mainly by the stabilization of a system of continuous mass production of largely standardized products and stabilization of output. The latter in turn relates to the stability of demand for Kenyan produce in the main end-market. Stabilization along these three dimensions has favoured particular ways of dealing with workforce retention, work organization, payment systems and training. Although causes and effects are not easy to separate, the most important outcome of the complementary instances of stabilization described has been for employers to favour using long-term workforce retention as a vehicle for accumulation of tacit workforce skills. Second, since not only can all the factors of production now be well understood but also sales channels and prices have become predictable, scientific planning of work has become not only desirable but also feasible. Third, since production can be routinized and variations in labour requirements controlled, and since the relation between output and realizable income can be calculated, then stable rule-based payment systems have become both optimal and possible.

At the same time, many features of the new labour management system described were found to be attributable to the increased salience of private labour standards and progressive national public regulation. Although it was not possible to study this directly, the changes appear to have been
implemented mainly through interactions between NGO pressure and international buyer and industry association responses.

Demands that Kenyan flower producers follow internationally recognized environmental and social standards – in the latter case, based on ILO ‘fundamental principles and rights at work’ – date from the mid-1990s and probably reached a peak in 2000–3. They were mainly expressed in repeated campaigns by local and international NGOs against unregulated use of chemicals and violations of labour rights, but also in requirements by some supermarkets, particularly UK ones, that suppliers adopt codes of social and environmental practice. In response, the owners of five of the country’s largest farms formed the Kenya Flower Council (KFC) in 1996, with the aim of developing a robust local standard, the adoption of which would shield growers both from NGO campaigns and from the cost and inconvenience of having to apply several different supermarket codes simultaneously. The main role in promoting private labour standards has now been taken over by the KFC who developed the KFC code of practice, against which farms could be certified from 1999. KFC certification in 2011 covered farms with an aggregate of 1417 hectares under production equal to 59% of the estimated national cut flower production area.

At the same time, buyer demands have led Kenyan producers to adopt parallel standards such as Fairtrade, the Flower Label Programme, Rainforest Alliance and MPS as well as some supermarkets’ private standards. As a result, since 2005 the sector has become one of the most comprehensively subject to private labour regulation globally. Of around 170 large-scale farms in 2011, 78 were certified to at least one standard covering both social and environmental issues.

As for public regulation, Kenyan labour legislation was for years criticized for its weakness and poor enforcement. Yet according to the ILO, today Kenya has ‘arguably one of the best institutionalized labour market governance systems in Africa’ (Fashoyin 2010, 1). While one might question how effectively this works in practice, the 2007 revision of the Kenyan labour code strengthened both workers’ rights and the tripartite institutional system leading to greater influence for a third channel promoting labour rights in the sector, namely the trade union KPAWU.

In Kenya by 2005, pressure for providing security of employment, was strong. The private labour standards that were becoming more salient themselves privileged rights to secure employment as well as entitlements such as weekly rest days, annual leave, maternity/paternity leave, sick leave, housing allowance, travel allowance, day care, medical provisions, and pension and insurances.

In sum, the combination of stabilized output and demand with appropriate levels of political pressure (in the form of NGOs, local business associations and international buyer pressure to comply with private labour standards) for adoption of decent work has together generated significant benefits for workers, although this has clear limitations in respect of real wages and effective wage negotiation.

Turning to the question of whether we can expect to see similar changes in other large-scale agricultural settings, unfortunately the probability seems more limited.

This is because the prior stabilization of output and demand was found to be an important precondition for the decent work elements to be stabilized – provided that there is appropriate high level of political pressure. The reason is, that production situations which lack stability and thus predictability do not lend themselves easily to match with decent work elements such as for example job security since this would come at the expense of the flexibility demanded by market norms. Not surprisingly the combination of stabilized output and demand with appropriate levels of political pressure for adoption of decent work is relatively exceptional in large-scale agriculture.
A clear policy recommendation deriving from these findings is that private labour standards provide no easy fix to achieving decent work in large scale agriculture since the implementation of these do not function independently of other production characteristics which are again highly determined by pressures emanating from the end-markets which producers deliver to and the governance structures of the global value chains they feed into. Furthermore, it suggests that a key focus for policies could be how to secure or promote global markets which enable a higher degree of stabilized output and demand at the production end.

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i Lone Riisgaard, PhD is associate professor at the Department of Society and Globalization at Roskilde University, Denmark. e-mail: Loner@ruc.dk

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