

Perceptions on the Demand Side and Realities on the Supply Side: a Study of the South African Table Grape Export Industry

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ABSTRACT

This article reports on the mechanisms of business-to-business regulation as governance approach in an agricultural supply chain. The article explores the activities of NGOs, government and business in promoting sustainable production. It focuses on the requirements set for producers in agro-food chains and the effects of NGO perceptions on these issues. The subsequent business standards set by retailers and other market role-players and the responses of producers are reported and the responsibility for achieving desired outputs is discussed. The research methodology included open interviews with various stakeholders in the chain, as well as structured questionnaires to determine practices on farms. From the findings it is clear that perceptions of European stakeholders differ substantially from the reality found in South Africa. This has consequences for producers, from both a social and a financial perspective. Understanding the role and function of NGOs, market role-players and national government in the governance of sustainable development in the South African–European table grape supply chain contributes to identifying barriers and opportunities to achieving sustainable practices in global supply chains. Copyright © 2009 John Wiley & Sons, Ltd and ERP Environment.

Received 20 November 2008; revised 20 April 2009; accepted 29 April 2009

Keywords: sustainable development; supply chains; governance; NGOs; legislation

Introduction

SUPPLY CHAINS, AND MORE SPECIFICALLY GLOBAL SUPPLY CHAINS, ARE BEING STUDIED INCREASINGLY AND VARIOUS approaches are being followed to contribute towards an understanding of processes and practices (Gereffi, 1994; Sarkis, 2003; Seuring, 2004; Vermeulen and Ras, 2006). Management of such international chains implies dealing with the needs of different market role-players and requires an understanding of cultures and practices on the opposite sides of the chain. However, little is still known about what influences the behaviour of various role-players on either side of global supply chains (Vermeulen and Ras, 2006).

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In the most simplistic form of market governance, price initiates the relationship between economic role-players (Gereffi *et al.*, 2005). However, various scholars isolate different aspects, such as the interaction among various stakeholders, bargaining among economic role-players (Lynn, 2000) and policy making and rule setting (Swyngedouw, 2005). Non-market forms of governance include systems that range from authoritative governance to bargaining and negotiation mechanisms (Seuring, 2004).

In addition, the 'global value chain theory' in economic geography explains the growing variety of network forms of value chain governance (described as 'markets', 'modular chains', 'captive chains' and 'hierarchies') as crucial means in the global competition (Gereffi *et al.*, 2005).

From a corporate perspective, the essence of supply chain governance is to get control in this complex, multi-actor system to achieve certain determinable outcomes envisioned by the various role-players in the system.

Various role-players have also progressively linked governance in supply chains to sustainable development (Gereffi *et al.*, 2005; Cramer, 2008). Much has been said about sustainability since the Brundtland report in 1987 (WCED, 1987), most of which is a general acknowledgement of the importance of both environmental protection and fair distribution of prosperity in the context of global economic growth: the three pillars of sustainability – planet, people, profit (Elkington, 1998).

For a long time, the discourse on sustainable development has focused on environmental issues. In the past, government was more often seen as the sole enforcer of environmental protection and social policies. This perception has changed to involve non-state role-players increasingly in realizing goals of sustainability (Glasbergen *et al.*, 2007; Vermeulen, 2002; Keijzers, 2000). Businesses act with civil society and other stakeholders, like governments, to develop goals, mostly formed within the European context. There, corporate social responsibility (CSR) emerged as a strong business drive, stressing the role of business towards society and relating to ethical conduct that goes beyond legal requirements (European Multistakeholder Forum, 2004). Such goals have been translated into business-to-business standards, setting criteria that have to be attained to take part in the chain as a supplier. Some empirical studies have been carried out to explore the drivers for the successful implementation of corporate social responsibility in product chains (Welford and Frost, 2006; Cramer, 2006, 2008; Jamali and Mirshak, 2007). As the debate on CSR and the need for socially responsible conduct developed, so did the pressure on businesses to comply with what is understood in literature as socially responsible behaviour (Cramer, 2008).

The three main actors in the governance of supply chains play their own distinctive roles. NGOs act on behalf of (groups of) consumers, representing their different needs. Such needs are communicated to other actors, e.g. governments and market actors, which address the needs. One way of addressing civil society concerns is to introduce specific business standards. Business standards address sustainability criteria such as environmental and social aspects, which are then imposed on supplier–producers. They then experience pressure from market actors and local government to comply. Such complex interactions, which are based ultimately on consumer perceptions of (un)sustainable practices in developing countries and which result in business standards, have hardly been investigated.

In this article, these distinctive roles as a way of enforcing sustainability practices will be analysed and diverging perceptions of these main actors will be compared with actual practices in South Africa. This will give further insight into the construct of *sustainable supply chain governance* (Vermeulen, 2009).

Typically, developing countries have problems with societal issues such as high unemployment, poverty and the poor social infrastructures of education and health. The living conditions of workers and surrounding communities are a far cry from their European counterparts. Research into sustainable supply chain governance from a South African perspective is very relevant because of the importance of export revenue to the South African economy. On average, agricultural exports constitute approximately 8% of all South African exports. Primary agriculture provides almost 9% of formal employment. Taking into account networks in the supply chain and interdependency, it is estimated that the agro-industrial sector contributes to an employment figure of roughly 27% in a country riddled by unemployment. The largest export groups are raw sugar, fresh grapes, citrus, nectarines, wine and deciduous fruit (South Africa, 2008). Export is, therefore, an important way of generating income and sustaining communities in both urban and rural areas.

This article forms part of a broader study to determine the sustainability of global supply chains from a north–south perspective, focusing on social sustainability and the activities in and surrounding the chain

concerning social expectations and practices. The table grape supply chain is discussed as an example of such a chain. The reasons underlying this choice relate to the fact that this industry relies heavily on export to secure revenue and addresses the importance of sustainability. Lastly, non-state western role-players (NGOs) have used it as an explicit example in the debate on international trade and sustainability. The following research question is addressed.

What is the role of NGOs, market actors and national government in the governance of sustainable development in the South African–European table grape supply chain?

Answering this research question will contribute to identifying more and less successful forms of control to ensure sustainable supply chains. After presenting our methodology, first we shall address the role of NGOs on the demand side and business responses. Then we shall look at the supply side, discussing the role of the South African government and the practices on South African farms. After comparing these findings, the last section ends with our main conclusions.

Research Methodology

To answer the research question, the two most relevant NGOs and two systems of business standards applicable to the chosen industry are identified. The key contents of the public communications (in documents and on the Internet) of each of these are analysed to determine which issues in their perceptions are most relevant. This is compared with the reality in South Africa as derived from government legislation and empirical findings. We focus on the UK and the Netherlands as trading partners, since these two countries receive most of the exported table grapes (70%). Dominant NGOs (Fairfood and ActionAid) and business standard systems (GlobalGAP and Tesco's Natures Choice/Sedex/ETI) from these countries have been identified after in-depth discussions with various actors in the supply chain on the supply side and by internet search.

This analysis is done to show how the European debate is translated into business policies and specific items are identified for discussion. Alongside the NGO and demand-side business position, South African government regulation is evaluated and compared with requirements for the listed items. This enables us to compare the perceptions and prescriptions of demand-side actors in the supply chain with production practices observed in the third phase of this project, namely our field study.

The empirical findings of this field study represent a total population of $N = 478$ table grape producers, farming in five different geographical areas throughout South Africa. The sample frame was presented by data of the South African Table Grape Industry (SATI). The research team formed part of a full-sector census project this industry body undertook, which allowed them access to farms. An additional questionnaire to producers visited, which the industry body endorsed and supported, was added. We intended to present this additional questionnaire to half of the farmers. For this, we applied a convenience sample (Cooper and Schindler, 2006) suitable for working in the South African context.

Farmer participation in the study was affected by varying harvesting schedules, a lack of physical resources such as specialized vehicles, a lack of time and the need to overcome trust issues with participants. $N = 242$ producers were visited. Another limitation was the fact that only exporting table grape farmers were included in the study. Sustainability practices among locally supplying producers might be different.

Systematic bias was avoided by a representative response from all geographical regions. Socially desirable answers were avoided by doing all interviews on site. This made visual inspection of the farms and facilities possible. Face-to-face interviews were conducted to verify perceptions and information gathered. Open-ended questions were asked in the interviews, while the questionnaires included closed questions and applied Likert scales. A seven-point scale was introduced to ensure valid responses. The questions were created according to information gathered at initial meetings and workshops with European stakeholders and other supply chain participants.

Results: Analysis on the Demand Side

NGOs and their Message

The Netherlands and the United Kingdom are the predominant trade partners for South Africa. In 2007/2008, 24% of table grape exports made their way to the UK, while 46% were exported to the Netherlands and then distributed to surrounding European countries.¹ This led to the choice of NGOs being discussed. Fairfood, a Dutch NGO, and ActionAid, an NGO based in the United Kingdom, have published information on their websites on social conditions in the South African table grape industry.

Fairfood

Fairfood is a Dutch initiative that provides consumers with information on 'fair products'. It directly addresses Dutch firms with questionnaires on CSR practices and uses these to identify 'fair' and 'unfair' products. Fair products are defined as 'products whose production and trade contribute to the eradication of hunger and poverty in developing countries, and to the sustainability of production chains'. A list is provided of fair and unfair foods and the website boasts the support of various politicians. In recent years, this NGO has been very successful in securing government funding for its activities. According to its aim, the purpose is to incite consumers to stop buying unfair foods as listed on its website. South African table grapes are listed as unfair for the following reasons:

Workers work extremely hard in order to get grapes exported, while they themselves do not have enough food to eat.

Problems in the sector:

- In South Africa, female workers get lower wages than male workers.
- In South Africa, female employees do not get any maternity leave. In order to keep their positions, they just have to work straight through.
- In South Africa, married female employees have to work under the contract of their husbands.
- In South Africa, legislation provides that everyone can start his own business, but if any employee tries to do this, he/she will be summarily dismissed (Fairfood, 2007).

The source of this information is listed on the website as coming from the 'Fairfood Sector Report Grapes 2008'. Previously, the site indicated the source as originating from a Human Rights Watch 2001 report titled *History of Land Expropriation in South Africa* (Fairfood, 2007). According to this report, the findings were gathered in two months during 2000. However, the information cited was chosen selectively, not stating the purpose, background or research methodology of the original report. It is a report that puts the history and challenges of agriculture and land reform at the time in perspective from all relevant sides (Human Rights Watch, 2001).

ActionAid

ActionAid is a United Kingdom-based, international anti-poverty agency, the aim of which is to fight poverty and injustice world-wide. In all its programmes, the agency works with local partners to enhance its knowledge and experience. The following information is provided on its website.

Working with a local South African advocacy group, Women on Farms, ActionAid has investigated the conditions of women working on Tesco-accredited farms in the Western Cape of South Africa. The research revealed that the women:

¹Data provided by South Africa Table Grape Industry Association (SATI).

- Receive poverty wages;
- Are exposed to pesticides with no protective clothing;
- Live in dismal housing without water and electricity;
- Lose out on benefits given to male workers;
- All the casual workers ActionAid interviewed complained they had no access to benefits provided by labour legislation (ActionAid, 2008).

The message from both examples is that employees are treated unjustly and unfairly concerning wages, which are low, and living conditions, which are poor. There is a lot of discrimination. Since this relates to requirements concerning social sustainability, these NGOs address the effects of such practices. This is done by putting pressure on western supply chain partners, focusing on market leaders and using questionnaires, visiting board meetings, publishing their own assessments on the Internet and organizing media coverage.

These activities have two important effects: first businesses are convinced to address certain social conditions in the supply chain, and second consumers are convinced to change their buying behaviour. If any form of unsustainable production is identified in a supply chain, the addressed market leaders are likely to try to address it. The next section evaluates how, in the context of this market mechanism, such messages are translated into preventative governance systems or business standards.

Business Standards as Market Response

Businesses have developed various responses, either as individual firms, or in cooperation with competitors (AccountAbility and WBCSD, 2004; Vermeulen, 2009).² Examples of such responses are HACCP, SA8000, ETI, Nature's Choice and GlobalGAP.

These programmes set standards for suppliers to ensure and promote sustainable production practices. In practice, these complementary standards in sum imply a long list of issues and requirements that farmers should address. Figure 1 shows the many compliance issues according to the different business standards set for producers in our field of study. In practice, over 900 items are included, illustrating the vast administrative burden of compliance for these farms.

In our study, we researched compliance with these studies. The results reveal that GlobalGAP and Nature's Choice have the highest level of compliance (Figure 2). For this reason we focus on how these two business standards address the issues put forward by the NGOs. We discuss the two identified systems briefly.

GlobalGAP

GlobalGAP is a voluntary global partnership of market actors intending to harmonize good agricultural practice (GAP) world-wide. It was initiated in 1999 (as EurepGAP) by western European retailers in response to civil society and media attention to sustainability issues related to food consumption (GlobalGAP, 2008a; Vermeulen, 2009).

This system sets out specific criteria that developing-country producers have to meet to export and provide the markets with their produce. It aims to reassure consumers about how food is produced on the farm by minimizing the detrimental environmental impacts of farming operations, reducing the use of chemical inputs and ensuring a responsible approach to worker health and safety, as well as animal welfare. The standard serves as a global reference system that helps supply chain actors to position themselves in the global market with respect to consumer requirements. The costs of compliance and audits form part of the producer's production budget (GlobalGAP, 2008a).

² introduction of such market-based supply chain standards can be seen as a response to targeted pressure from non-market parties. For example, this is clearly illustrated by a remark of Mr. Hillbrands from Royal Ahold at a GlobalGAP press conference to launch shrimp standards when he explained that the GlobalGAP standard for the production of salmon and sea trout were set in 2007 'mainly because in Christmas 2003 or 2004 ... there was a BBC documentary on television, ... Friends of the Earth, a group in the UK; they broadcasted a television show just before Christmas to tell consumers not to buy farm salmon because all sorts of things were wrong with farm salmon. As a result we as retailers together with our main suppliers said: if this is the message, and some of that is correct, we need to work on this issue. And that is how it all got started' (GlobalGAP, 2008b).

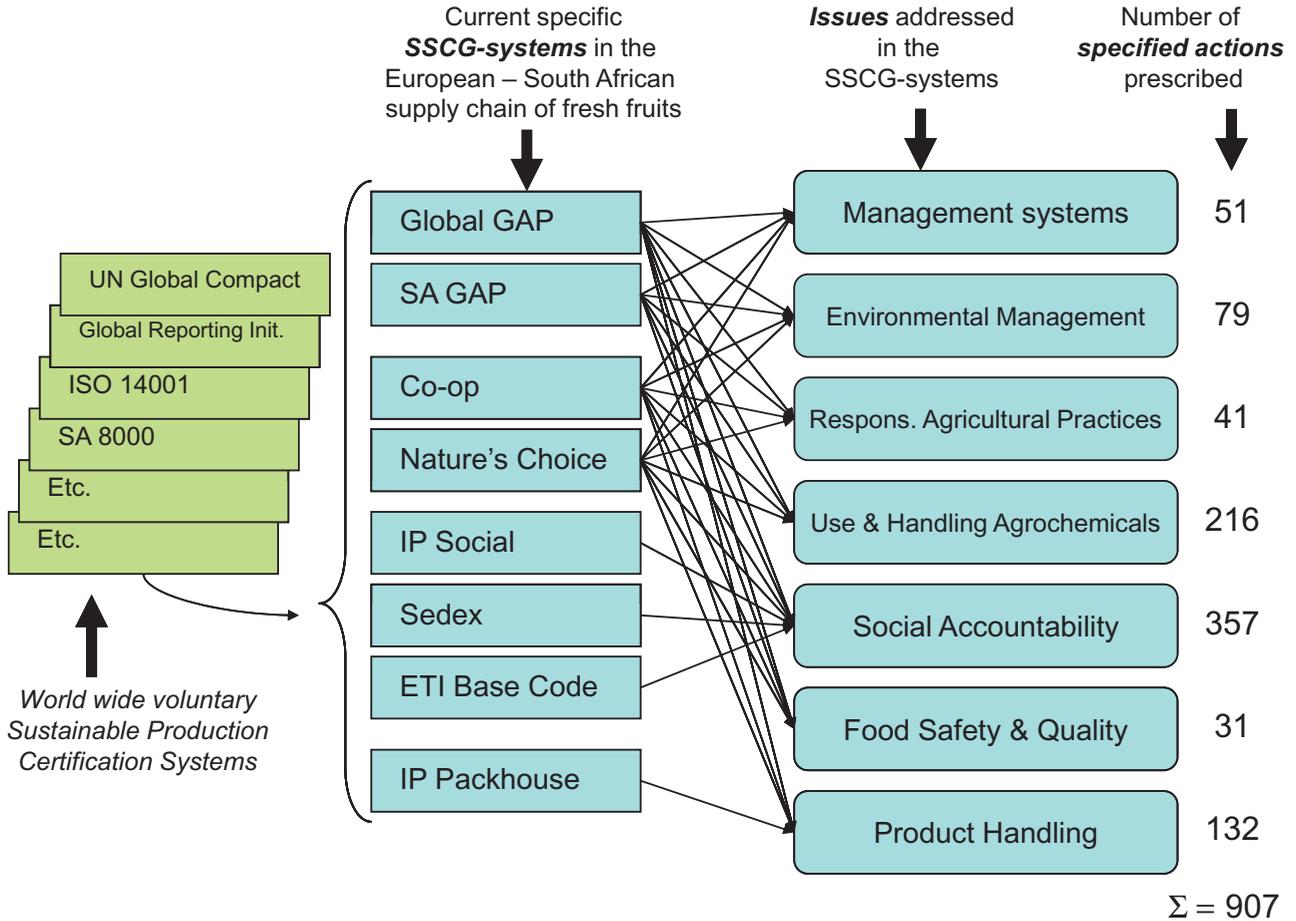


Figure 1. Magnitude of specified actions prescribed in current specific Sustainable Supply Chain Governance (SSCG) systems in the European–South African supply chain of fresh fruits
 Source: Vermeulen, 2009.

Although it focused on the environmental aspects of sustainable farming practices originally, the GlobalGAP standards have been extended to include acceptable social practices in the ‘GlobalGAP Risk Assessment on Social Practices’ standard (GRASP). This includes a list of 14 guidelines for farmers, relying on document checks, where possible. Although the environmental requirements are compulsory for certification purposes, the social requirements are still only for self-assessment and voluntary participation by supplier producers. An important aspect of the GlobalGAP system is that the tool must be adapted and interpreted locally. In late 2008, a national technical working group in South Africa started to compare GlobalGAP standards with local legislation, policy and circumstances.

Nature’s Choice, SEDEX and ETI as Requirements for Tesco (UK)

Nature’s Choice is the quality division for agricultural products of Tesco, a UK-based supermarket chain. Any producer wishing to supply Tesco with produce must comply with the chain’s business standards. These business standards are compulsory and audits (cost to producer) must be completed. Nature’s Choice differs from GlobalGAP in that it prescribes a limited number of specified auditor companies.

Although Nature’s Choice sets environmental criteria, producers have to comply with social sustainability criteria required by SEDEX, an independent risk assessment tool focused on ethical trade. Should suppliers fail to meet set standards and implement corrective actions, Tesco ‘will stop working with them’. In 2007, Tesco ceased trade

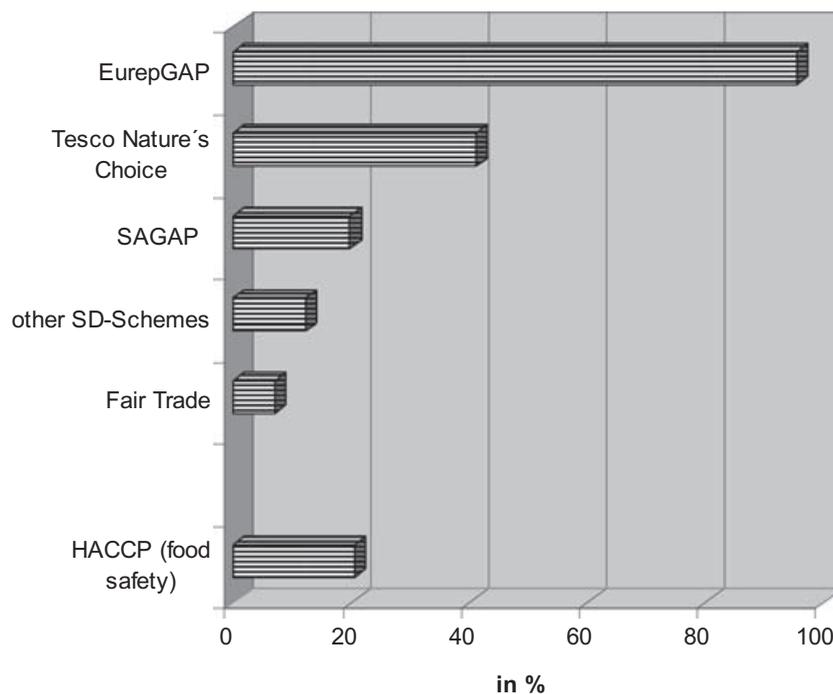


Figure 2. Compliance of South African table grape producers with various business standards systems (percentage of producers, $n = 242$)

with 11 suppliers because of ethical trade issues, compared with three in 2006 (Tesco, 2008). Tesco also requires compliance with the Ethical Trading Initiative (ETI) and the Global Social Compliance Program (GSCP).

Table 1 shows the results of our analysis of these two standards, focusing on the issues put forward by the NGOs discussed in the previous section.

This content analysis makes it clear that there are specific areas of attention and that there is a perfect fit for the reported NGO perceptions and the business standards the main market actors developed.

Results: Analysis on the Supply Side

The Role of the South African Government

To evaluate the practices on South Africa farms, it is necessary to understand the broad context of environment and employee protection in South Africa's legislation. Corporate governance must be exercised within the ambit of parameters set by governments. Thus, no corporate governance system can be discussed fully if not understood within the broader context of national policy.

In the Constitution of 1996, basic socio-economic rights are protected, with special reference to the right of equality (Section 9), the right to freedom of trade, occupation and profession (Section 22), the right to fair labour relations (Section 23), the right to an environment that is not harmful to employee health or well-being (Section 24), the right to adequate housing (Section 26) and the right to health care, food, water and social security (Section 27). Section 39 also makes it clear that, when interpreting, a court, tribunal or forum must promote the values that underlie an open and democratic society based on human dignity, equality and freedom. Last, when interpreted, all legislation must promote the spirit, purport and objects of the Constitution.

These rights are emphasized in labour legislation. The Basic Conditions of Employment Act 75 of 1997 (BCEA) specifically addresses the right to maternity leave. It is stipulated that a women has the right to four months unpaid

NGO message	Business standards addressing this issue	Requirements
1. <i>Wages</i> Poverty wages are paid and discrimination with regard to male/female wages exists	– Tesco (ETI and SEDEX) – GRASP	– All permanent and temporary workers must be paid the minimum wage as prescribed by legislation.
2. <i>Gender discrimination</i> Maternity leave is not granted and can cost a female worker her position	– Tesco (SEDEX)	– Employment contract must indicate arrangements for maternity leave. These must be in agreement with relevant national legislation and non-discriminatory. – A policy statement regulating this must be in place.
3. <i>Unfair labour practice</i> Workers can be summarily dismissed on arbitrary grounds	– Tesco (SEDEX)	– A written, signed policy statement and procedures on ethical labour practices and conditions of employment must be available.
4. <i>Exposure to pesticides</i> No protective clothing	– Tesco (Nature's Choice and SEDEX) – GlobalGAP	– Workers handling crop protection products must be provided with adequate protective clothing and equipment, which must be in a good state of repair and maintained.
5. <i>Permanent versus seasonal workers</i> Discrimination in terms of the provision of social benefits and clothing	– Nature's Choice; SEDEX; ETI; and GlobalGAP	– Both permanent and temporary workers must receive all minimum benefits as provided by national legislation.
6. <i>Basic services</i> Housing, water and electricity	– Tesco (Sedex and ETI) – GlobalGAP	– On-site accommodation is provided for workers where there are no reasonable alternatives. – If on-farm accommodation is provided, the buildings must be sound, safe and equipped with basic services and facilities.

Table 1. Comparison of demand-side perceptions and business-to-business compliance criteria

maternity leave. However, only six weeks after the birth is compulsory leave. Maternity leave may be taken as early as one month before the birth of the child, leaving three months for after the birth. Although maternity leave is unpaid leave, provision is made for benefits in terms of the Unemployment Insurance Fund (regulated by the Unemployment Insurance Act 63 of 2001).

The enforcement of acts could be questioned and submitted as reason for practices listed in the NGO examples. However, it must be stated that the acts involved all make provision for labour inspectors to inspect these practices, and the Labour Relations Act has provided for the establishment of the Commission for Conciliation, Mediation and Arbitration (CCMA) to solve disputes at no cost to employees. The Labour Court and Labour Appeal Court have also been established through provisions of the Labour Relations Act and penalties are imposed on an employer should he/she be found guilty of contravening procedural and substantive fairness in dismissal or ignoring labour regulations. In practice, these labour laws are enforced, as is shown in various court cases.³

In recent years, agriculture has undergone drastic changes. In this article, the introduction of a minimum wage for farm workers will be discussed. The International Labour Organization defines minimum wage as the minimum amount that must be paid to the majority of the workers of a country, generally on an hourly, daily or monthly basis, and which is ideally fixed in such a way as to cover the minimum needs of the worker and his/her family in light of the prevailing national economic and social conditions (International Labour Organization, 2006).

The minimum wages for South African farm workers are specified in legislation and amended on a yearly basis. Legislation also provides for a maximum deduction of ten percent for free housing, provided that the housing

³In *De Beer v SA Export Connection CC t/a Global Paws [2008] 1 BLLR 36 (LC)* a court awarded a woman 20 months remuneration as compensation for maternity leave violation, as well as an order to the employer to pay all costs of the matter.

meets certain minimum requirements, while no deductions may be made for electricity, water or other services. In specified urban agricultural areas, the minimum hourly wage in 2007 was R 5.34 and for 2008 R 5.59. In rural areas it was R 5.07 in 2007 and R 5.59 in 2008 (South Africa, 2002). This indicates an increase of 5% in urban areas and 10% in rural areas. The definition for poverty wages is generally accepted as \$1 per day. These minimum wages ensure remuneration of between \$ 6.47 and \$ 6.82 per day.⁴ In 2007, the minimum hourly wage in the Netherlands was set at € 8.13, while the minimum wage in the United Kingdom amounted to € 8.51. Both amounts are substantially higher than that of South Africa (European Foundation for the Improvement of Living and Working Conditions, 2007). Although the indicated minimum wage amounts would seem unacceptable from a western perspective, it is necessary to take into account the national economic and social conditions and the possible unemployment effect that a minimum wage at too high a level could have.

Practices at South African Table Grape Farms

Figures 3–6 show the wages producers paid to employees, as determined through empirical data collected during our field study. This shows that, on average, permanent employees are paid 19–23% more than the required minimum wage, while the wages of seasonal workers are 10–12% higher than the legal level. Permanent female employees receive 3.2% less, but their wages are still above the minimum wage level set by legislation (for seasonal workers the difference is 1.6%). However, some farmers are, indeed, paying less than the legal minimum wage (R 5.07) stipulated. In the case of such employers, permanent workers can receive up to 5.5% (male) and 6.2%

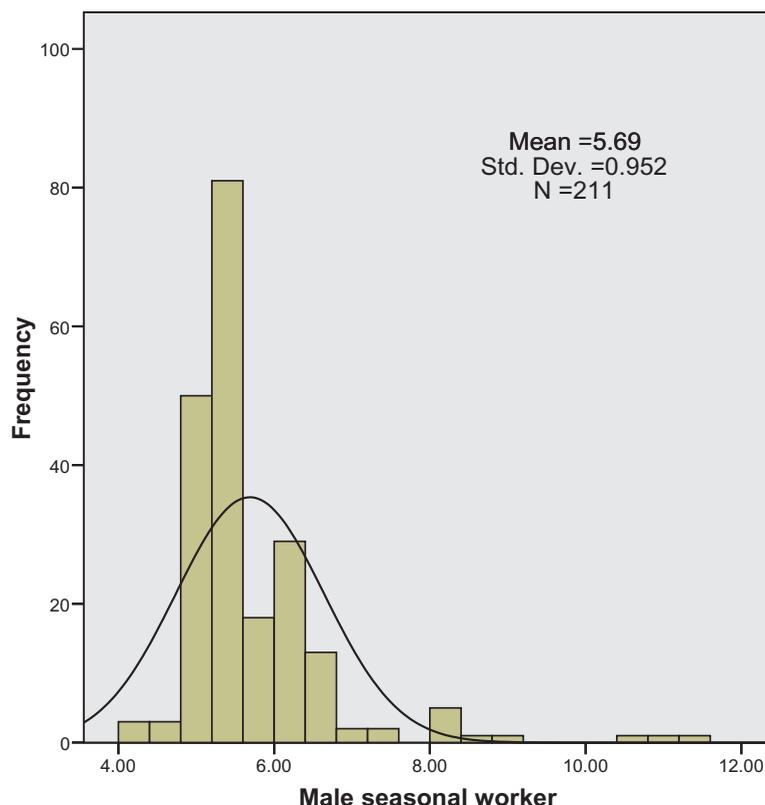


Figure 3. Wages paid to male permanent workers (SA Rand)

⁴ Calculated at the average exchange rate in 2007 of R 7.05 for \$ 1.

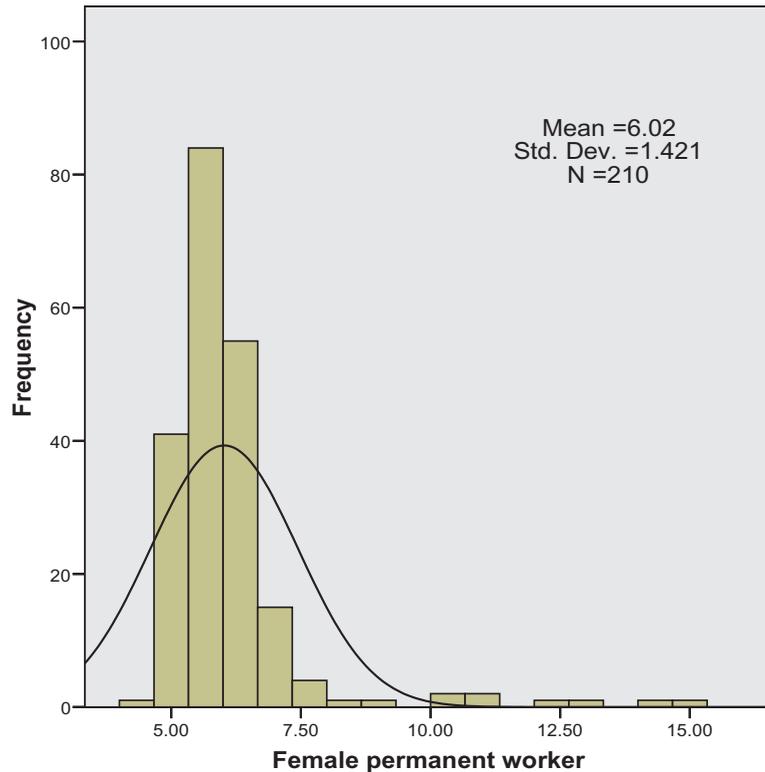


Figure 4. Wages paid to female permanent workers (SA Rand)

(female) lower than the legal level, while the figures amount to 10.9% (male) and 11.3% (female) in the case of seasonal workers.

However, wages are not the only remuneration paid. More than 85% of producers pay incentives or bonuses to employees. The statistical difference between the payment of incentives to male and female workers is insignificant. These bonuses are determined by various factors. In some instances, the bonus paid is linked to productivity, while in other cases bonuses are linked to the general profitability of the harvest. Productivity schemes include state-of-the-art technical systems in packaging houses to monitor hours of work and fruit harvested. It is clear from the figure that seasonal workers are not often paid incentives.

Apart from wages, workers are also given what is called social dividends for purposes of this article. Figure 7 shows the social dividends that producers provide. Over 90% of producers provide their permanent employees with basic services such as housing, water and electricity. The graph also shows other benefits, such as nursery schools and schools, and transport to schools, which are provided by a smaller number of employers. If no clinics are provided on the production unit, the employer arranges transport to the nearest medical clinics. In most instances, seasonal workers do not receive the same benefits as permanent employees.

Last, practices concerning maternity leave are addressed, based on findings during the survey. From Figure 8 it is clear that 1% of producers allow women to leave their positions only at the time of birth of the baby, while 14% of producers allow women to leave two weeks before the birth and 85% of producers allow women to leave up to four weeks before a birth. This indicates a disregard for legislative principles and human rights by 1% of the sample population. 56% of the producers allow women to stay on maternity leave for 12 weeks and 26% allow maternity leave of 8 weeks, while 18% expect women to commence their duties six weeks after giving birth (Figure 9). It should be stressed that legislation provides for compulsory leave of only six weeks. Such leave is, furthermore, unpaid leave. Because female employees determine the amount of time taken for maternity leave voluntarily, it is difficult to determine whether a degree of intimidation contributes to them not taking the full period available.

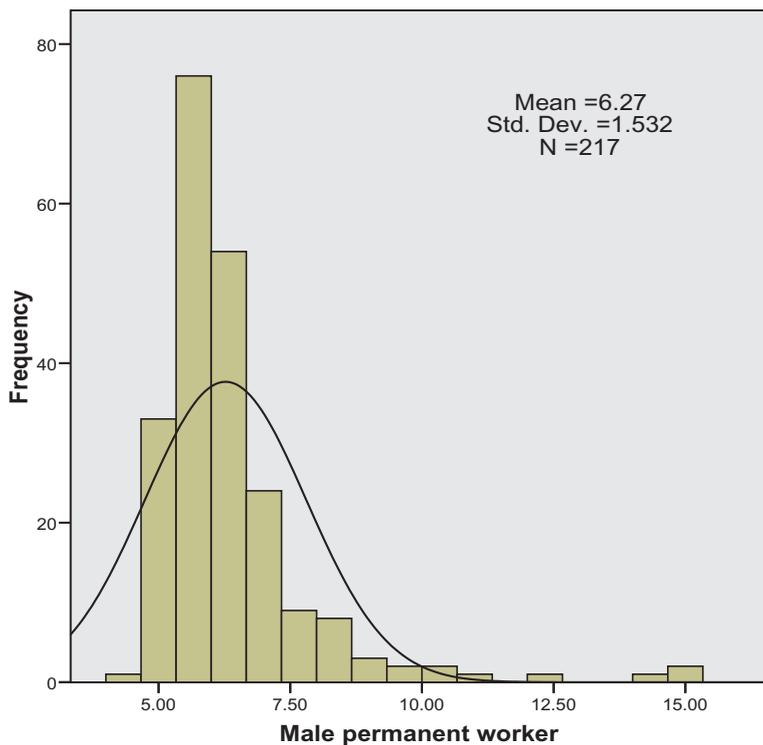


Figure 5. Wages paid to male seasonal workers (SA Rand)

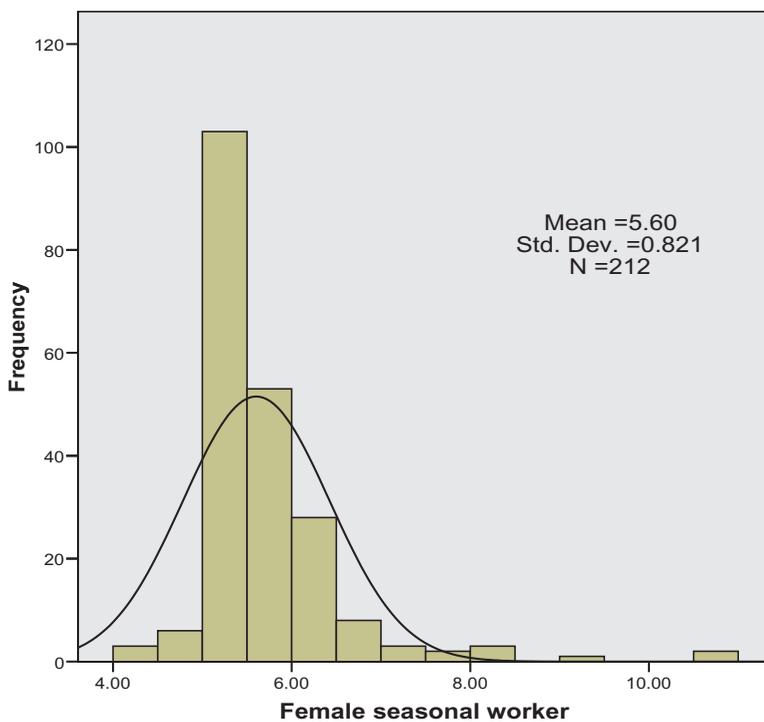


Figure 6. Wages paid to female seasonal workers (SA Rand)

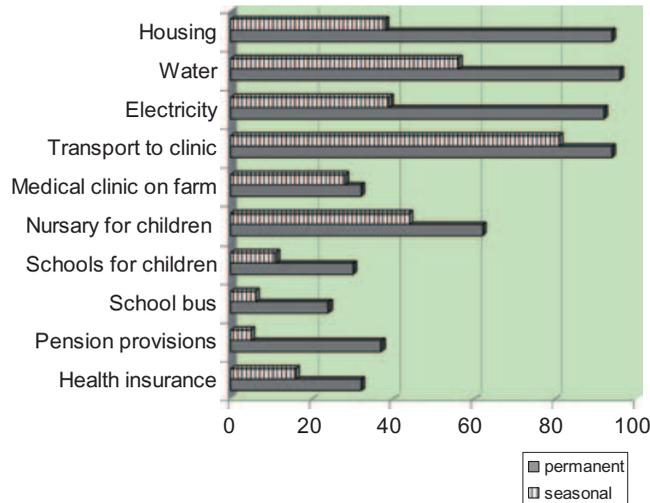


Figure 7. Provision of social benefits to permanent and seasonal workers

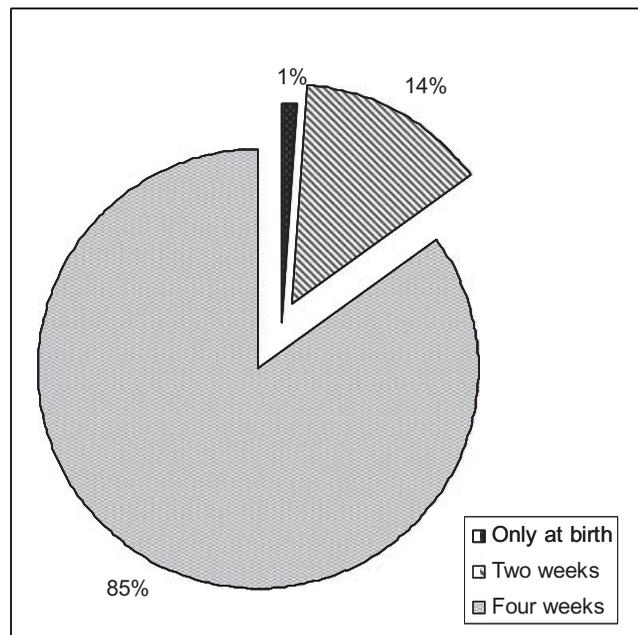


Figure 8. Period of time female workers are allowed to go on maternity leave before the birth

Comparison Between Findings and Literature

We discussed the dynamics of NGO activities and business responses, as well as South African government regulations compared with actual practices among producers. The perceptions of NGOs are based on outdated material and are not in line with practices specified by current business standards and regulated by current national legislation.

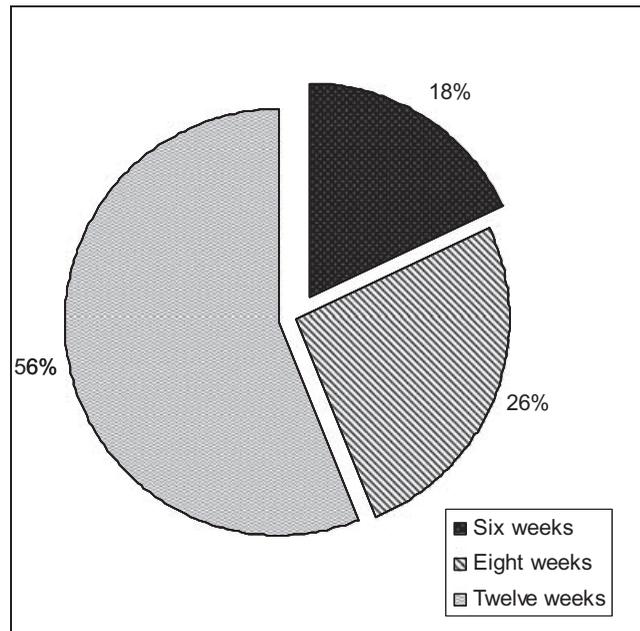


Figure 9. Period of time female workers are allowed to stay on maternity leave after the birth

From the empirical data it is clear that the large majority of producers provide more benefits to workers than required. A small percentage of producers still do not comply with standards and legislation. For the greater part, therefore, it seems that producers accept their corporate social responsibility and carry the costs involved. This relates to not only auditing costs, but also capital costs involved in establishing the necessary infrastructure to comply with market criteria and government policy.

Findings also show that the requirements of business standards as determined by dialogue between stakeholders in the northern hemisphere are mostly met. However, there is an ill fit between the continued NGO message to retailers and consumers and the findings on farms. As observed in the traditional model, supply chain actors other than producers do not contribute towards the uplift of the social circumstances of workers. This provision of benefits can, potentially, be a competitive advantage to South African producers, giving them a relative front runner's position compared with suppliers from other developing countries such as Chile or China. Reputation is one of the motivational factors for CSR (Porter and Kramer, 2002) and must be emphasized in markets that increasingly focus on sustainability.

Conclusion

Various observations can be deduced from the above discussion and findings. Table 2 illustrates a comparison of the NGO message, business standards, South African legislation and empirical findings on producer practices.

- There is a close relationship between NGO perceptions and activities and business standards enforced by retailers and other market organizations.
- These measures are prescriptive and implemented by market selling power.
- Business standard requirements are in line with formal regulations, but practices give a more nuanced picture.
- From a northern hemisphere perspective, NGO involvement in supply chains is successful in addressing sustainability concerns as perceived by northern civil society. However, their counterparts in the southern hemisphere

NGO message	Business standards (see Table 1)	National legislation addressing this issue	Producer practices
1. <i>ages</i> Poverty wages are paid and discrimination with regard to male/female wages exists.	√	– BCEA	On average, farm workers receive 10–23% more than the minimum wage. However, 5% of permanent workers and 10% of seasonal workers are paid less. Women earn 1.6%–3.2% less. In addition, producers pay incentives and/or provide social benefits.
2. <i>Gender discrimination</i> Maternity leave is not granted and can cost a female worker her position.	√	– Constitution – BCEA – LRA	1% deviation from legislative requirements.
3. <i>Unfair labour practice</i> Worker can be summarily dismissed on arbitrary grounds.	√	– Constitution – LRA	No quantitative data. In qualitative interviews producers indicated that documents required in terms of legislation are in place.
4. <i>Exposure to pesticides</i> No protective clothing.	√	Occupational Health and Safety Act (OHASA)	98.7% of producers agreed with the statement 'I apply health and safety regulations to the best of my capabilities for my workers'.
5. <i>Permanent versus seasonal workers</i> Provision of social benefits and clothing.	√	BCEA enforces protective clothing; equal treatment of permanent and seasonal workers.	– Voluntary benefits provided include health insurance, pension provisions, school bus transport, transport to clinics, nurseries for infants, and medical clinics on farms. – However, huge differences exist between permanent and seasonal workers.
6. <i>Basic services</i> Housing, water and electricity.	√		More than 90% of permanent workers receive housing, water and electricity compared with over 35% of seasonal workers.

Table 2. Comparison of NGO message, business standards, South African legislation and empirical findings on producer practices

do not have as much influence on the process. This might account for the biased picture seen on northern NGO websites.

- South African government initiatives already address the core of requirements that global consumers expect.
- Although the South African government provides for preventative legislation against social exploitation, it does not participate in the debate about the enforcement of criteria set by international market role-players, allowing for other forms of governance to be prescriptive to their constituencies.

Some of the aspects addressed in this article were researched previously, e.g. reports on case studies in the textile industry (Seuring, 2004) or shrimp management (Islam, 2008), to name but a few. In a different part of this research study the extent of supplier–producer response is reported. It would be interesting to compare this supply chain with supply chains from other countries, highlighting the need for more research.

It is clear that from a north–south perspective a gap exists between civil society perceptions and the South African reality. Minimum wages in developed countries differ substantially from those in South Africa. However, in the case of the latter, minimum wages go hand in hand with social benefits in many instances. The expectations of consumers and NGOs on the demand side are forwarded to retailers and import agencies, which, in practice, pass on these pressures to the supplier–producer in South Africa, including issues of free housing, energy and water supply. Employers do not give the same social benefits to employees in developed countries, where provision

for living costs is made in the level of minimum wages stipulated. One could question the desirability of promoting the practice of providing workers with housing, electricity, water, schools, transport and medical care through supply chain governance mechanisms.

Another consequence of the actions of well-meaning, but ignorant, bystanders relates to the effects when consumers do not buy products because they are, somehow, linked to unfair practice against workers participating in the chain. A resulting lack of demand implies loss of job opportunities and thus a lack of income for the very workers they try to protect. The governance practice in this chain indicates inequality between the various role-players and their responsibility towards third parties, in this case workers on farms. An alternative suggestion would be active interference through support programmes on farms rather than prescriptive measures forced down on one market party.

Global supply chains turn out to be more complicated than might be visible at first glance. Participation by all governance role-players is essential, but how and what role each party plays must be evaluated carefully to accomplish the very purpose they want to achieve: that of 'true' sustainability and equality to every party involved. More research is also needed to analyse practices on non-exporting farms to determine the extent of sustainable practices on these farms and to assess a possible ripple effect of opportunities flowing from international supply chain pressure on local economies.

As shown in this study, national government policy legislates the social aspects at stake. In reality, the enforcement of such policies is one dimensional and often not easy to monitor and verify. Partnerships can be a tool to contribute to sustainability in the chain and the need for communication between actors in the chain cannot be overemphasized. A partnership between NGOs and governments, with NGOs playing an active role in the development of communities within the given regulatory framework, could be a next step. If NGOs involved in the supply chain actively promoted and initiated developmental programmes together with business, this could contribute to less pressure on producers. However, this implies that NGOs must take on active roles in the supply chain and avoid being subjective, distant observers at all costs.

This study stresses the need for further research into the processes of creating these types of sustainable supply chain governance system by mixed sets of socio-economic role-players. Governance of a supply chain should be a collaborative action by the various role-players. An adversarial and confronting approach should make way for a participative strategy. Research must also be subject to a multidisciplinary research approach, taking into account the socio-psychology principles of perceptions and biases and the management principles of supply chains and related concepts, as well as management skills and strategies, the contribution of environmental sciences to sustainable farming practices and the economic impact and policy or legislative initiatives of international and national authorities. Only through multidisciplinary research can a true picture and strategies for truly sustainable outcomes evolve.

Acknowledgements

This study forms part of Project 06/44, made possible by funding from SANPAD (South African Netherlands Program for Alternatives in Development).

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