Corporate Social Responsibility in Latin America

Chiquita, Women Banana Workers and Structural Inequalities*

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Large multinationals involved in trading bananas are under increasing pressure to improve labour conditions in their own plantations and those of ‘independent producers’. Most of them have started programmes in the area of ‘corporate social responsibility’ (CSR) with various degrees of goodwill and success. This paper concentrates on the multinational Chiquita and its sourcing of bananas from Latin America.

Chiquita has a comprehensive policy on CSR and it is making some important visible efforts in this area. Yet, Nicaraguan women banana workers tell us that the CSR of the company is not making much of a difference on the ground and give us some recommendations. I argue that a major factor preventing the CSR practices of Chiquita from more fully benefiting workers is the existence of ‘hidden’ structural problems in the political economy of the banana industry and its gendered nature. If managers in companies are seeking to improve the effectiveness of their CSR policies and practices, they would benefit from the following: learning from the good practices of Chiquita, listening and learning from female and male workers and taking actions to tackle the structural inequalities of the banana industry.

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* The views expressed in this paper are solely my own and do not reflect my involvement with specific organisations. Some of the material presented here has appeared in some of my earlier work (including Prieto 2004; Prieto et al. 2004). This paper is an adaptation from a longer article: ‘Central American Banana Production: Women Workers and Chiquita Ethical Sourcing from Plantations’, edited by Stephanie Barrientos and Catherine Dolan and published in March 2006 by Earthscan. Many thanks go to the women workers who participated in the focus groups. I am also very grateful to Rupesh Shah and Peter Lund-Thomsen and two anonymous reviewers for their insightful comments on earlier drafts. My thanks also to the ESRC (Economic and Social Research Council) for funding my postdoctoral research fellowship.
Corporate social responsibility (CSR) has become a new buzzword. Not surprisingly, this new concept has raised many controversies. An important development is that of voluntary corporate codes of conduct. There has been an explosion in the numbers of such corporate codes and some of them have come to be used as policy tools by corporations to regulate labour conditions in workplaces supplying multinationals in developing countries (Jenkins et al. 2002). This paper focuses on Chiquita, one of the world’s largest producers and marketers of bananas. Over the last decade, Chiquita has taken a number of steps to rectify a bad public image and has improved its ethical performance through the development of a comprehensive CSR policy (Werre 2003) that includes a corporate code of conduct.

The material presented in the paper is mainly based on the following primary sources: two focus group discussions conducted in July 2001 with women banana workers in the local trade union, Asociación de Trabajadores del Campo (ATC), in Chinandega, Nicaragua; interviews with representatives of the local trade union; and an in-depth interview conducted with George Jaksch, Chiquita’s senior director of corporate responsibility and public affairs. This material is supplemented by the questionnaire responses of two anonymous Chiquita managers from Costa Rica. I have also drawn from secondary sources, including material from Chiquita and various organisations.

This is intended to be a paper for managers who are seeking to improve the effectiveness of CSR policies for their workers. Chiquita is often held to be a good example of CSR, but as analysed here many labour rights issues have not really been solved. The main argument presented in this paper is that an assessment of the performance of Chiquita’s CSR policies and practices is not straightforward: while from one perspective they can seem to provide a helpful model for other companies to follow, the reality experienced and voiced by Nicaraguan women banana workers indicate that these practices are limited in the impact they are having on the lives of those they are intended to benefit. I propose that a major factor preventing the CSR practices from more fully benefiting workers is the existence of ‘hidden’ structural problems. If managers in companies are seeking to improve the effectiveness of their CSR policies and practices, they would benefit from learning from Chiquita’s experience while thinking about the influence that structural matters are having on their CSR programmes.

Chiquita and CSR in banana plantations in Latin America

Chiquita’s CSR programme includes internal and external assessment (Better Banana Project, SA8000), an agreement with the unions through the Chiquita/COLSIBA/IUF Framework agreement and the membership of the multi-stakeholder UK-based Ethical Trade Initiative (ETI). One important aspect of Chiquita’s CSR policy is its voluntary code of conduct, which company-owned plantations and independent producers must implement. According to Chiquita, ‘our final aim is to give all our business to those suppliers that comply with the social responsibility in our code and that they behave in an ethical and legal manner’ (Chiquita 2000: 1). The code covers the main labour issues in national law and relevant international conventions.

Chiquita’s ethical performance on its own company plantations seems to be setting good practice. For example, Chiquita is working with monitoring groups in the Central

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1 The interview with George Jaksch was conducted by telephone on 24 May 2004. The questionnaire from Costa Rica was received on 14 May 2004. At the time, it was not possible to access data directly from Chiquita managers in Nicaragua.
American region (COVERCO and GMIES\(^2\)) as external observers in audits and has opened various spaces for local trade unions. Chiquita has also widely distributed a popular version of the code to train workers. According to the company’s local managers from Costa Rica, all workers are able to report non-conformance against the code of conduct or the SA8000 norm in mailboxes located in all work centres.

With regard to gender issues, the Chiquita code does address a number of issues that are important to women such as forbidding all forms of discrimination, an equal opportunity provision and sexual harassment but it does not make reference, for example, to promotion of women, maternity rights and childcare. To some extent this reflects the fact that codes are designed to ensure equal treatment of men and women (and this is also a challenge) and not the issues that affect women because of their reproductive and societal role.

In practice, Chiquita is aware that women face a number of gender-specific concerns and is attempting to tackle some of them. The company has a wide training programme. George Jaksch, from Chiquita, recognises that there is a gap between company policy and the reality of women’s lives, in part stemming from women’s subordinate position in Latin American countries. This argument was echoed by a Chiquita manager in Costa Rica who said that,

> even though Chiquita has been doing an extensive equal opportunity hiring campaign, most of the females apply only for some positions in the packing houses, reducing the opportunities spectrum that can be offered. This behaviour is embedded into local ways of thinking.

Jaksch recognises the problem of sexual harassment and the link between sexual harassment and temporary work. He described how sexual harassment surfaced as a problem in the first company audits when several cases were identified in Guatemala, with the result that two male employees were dismissed. Jaksch emphasises that sexual harassment is ‘not only inadmissible but also illegal’. However, no cases were reported in the subsequent audits and in the CSR 2002 report all divisions were compliant with SA8000’s provision against ‘sexually abusive behaviour’.

According to Jaksch a number of other steps have been taken to benefit women workers including: the provision of childcare facilities; women workers with children can choose to work few hours in a day; the provision of transport or help to buy bicycles; the promotion of women with professional qualifications to supervisory positions; and the provision of gender equality in access to housing.

**Views from the Nicaraguan women banana workers**

In this section I move from Chiquita’s policies to how the company and its practices are perceived by the Nicaraguan women banana workers in the focus group discussions. While it seems that Chiquita has good polices and practices in place, the story from women banana workers in Nicaragua tells us something different.

**Nicaraguan women workers and Chiquita’s code of conduct and monitoring**

Nicaraguan women banana workers reported in the focus groups all kinds of labour rights violation: low remuneration, short contracts, long hours, health consequences of

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\(^2\) COVERCO (The Commission for the Verification of Codes of Conduct) in Guatemala (www.coverco.org) and GMIES (the Independent Monitoring Group of El Salvador) (www.gmies.org.sv/gmies).
the use of agrochemicals and obstacles to freedom of association. They also reported gender specific violations: discrimination, sexual harassment, violation of childcare and maternity rights and lack of safe transportation home.

Chiquita’s code states that their employees should be aware of the code. However, given the subcontracting nature of the work in the banana sector in Nicaragua (see below), only a few women in the focus groups had heard of the concept of a corporate code of conduct, and none of them knew what the Chiquita or SA8000 code contained. As one worker noted, ‘if you had not come with this code, we would have continued without knowing of it’. When the code was first explained to the women there was some disquiet. They were amazed at how different their working conditions were from those described in the code. Thereafter, some of them were very sceptical of Chiquita’s intentions. However, after further discussion some workers began to consider how the code might help to improve their situation and how they themselves might use the code to further their interests. As one worker said, ‘Chiquita’s code could improve our situation’. The women also suggested that the most important step would be to raise awareness of Chiquita’s code among workers and their organisations. As one worker claimed, ‘We don’t know our rights’. They suggested that training be provided on the code and on aspects of particular concern to them, such as health and safety, as well as assertiveness training to confront discrimination and harassment.

Women felt that it was necessary to put pressure on managers to acknowledge the code and their obligations to comply with it. One woman said that when she raised the issue of Chiquita’s code, the plantation manager claimed that they were not working with Chiquita despite the fact that all Nicaraguan exported bananas were supplied to Chiquita at the time. In general, there was a widespread perception among workers that Chiquita could influence the behaviour of its suppliers. As one woman said, ‘Chiquita has influence in order to demand quality from the suppliers, but they also have influence so the suppliers can have quality towards the worker’. Women felt that Chiquita and the management of the independent plantations should engage with workers to define what the code meant in specific circumstances. A number suggested that the local unions should take the lead in these discussions.

The issue of monitoring was particularly important to workers. While Chiquita commits itself to monitoring in the code of conduct, Nicaraguan women had little to no direct engagement with monitors. Women described their experience of government labour inspectors as poor, recounting stories of inspectors coming to have lunch with management and leaving without speaking to the workers, or foreigners who ‘just take our photos while we work’. They also recounted their experiences of quality audits performed by Chiquita corporate staff where everything is carefully organised prior to the inspection. Given these experiences, workers recommended that monitoring of the code take place without prior warning or co-ordination with plantation managers and that monitors speak directly to workers. They also believed that monitors should approach the workers off-site, perhaps via the trade union.

Chiquita speaks about its challenges

Nicaraguan women workers tell us that conditions have not improved and give recommendations to Chiquita about its practices. A large banana multinational such as Chiquita has its own perspective on this. George Jaksch describes the three following challenges to improving labour conditions in banana plantations in Latin America.
Organisational challenge

A large multinational such as Chiquita must institute a number of organisational changes to effectively implement a CSR strategy. According to Jaksch, this shift in organisational philosophy has increased internal motivation and imparted a ‘conscience’ to the company, thereby fostering improved communication, participation and greater respect for people. This is evident in the number of organisational changes the company has made including: the creation of staff posts for CSR activities; staff training at all levels; and the integration of CSR into core business strategy (Werre 2003).

Jaksch recognises that financial resources are required to support these internal efforts. However, Chiquita operates in more than 40 countries with 20,500 banana division employees and many more in the subcontracted divisions, and resources are limited. The breadth of Chiquita’s operations explains in part why some policies Chiquita claims to have put in place in Costa Rica on their owned plantations are not implemented across second tier suppliers such as Nicaraguan producers.

Independent producers

Chiquita insists that CSR objectives be applied equally in every ‘corner’ of the company, including among independent producers. Yet according to Jaksch the company faces difficulties in ensuring compliance among independent producers. These difficulties often extend beyond corporate policies to the cultural context in which Chiquita operates. For example, in many Latin American countries freedom of association is considered a revolutionary act. However, Chiquita intends to combine supervision (obligation) with information (communication) in a co-operative way with independent producers, making it known that social and environmental standards are very important for customers and hence for continued business.

The industry

George Jaksch contends that supermarkets also have a responsibility to foster decent working conditions on the plantations and packing-houses from which they source. He calls for the large supermarket chains ‘to demand to their suppliers as a pre-condition, compliance with CSR’. Jaksch maintains that a single company such as Chiquita cannot institute major changes on its own but needs to work together with a range of stakeholders. For Chiquita, this includes retailers who are proactive in their CSR strategies (e.g. Migros in Switzerland) and are of great assistance to suppliers such as Chiquita. It also includes the development of alliances with other companies, both within and outside the sector, local authorities, government, trade unions and international organisations. And George Jaksch maintains that co-operation is not only more effective at achieving ethical production but can also encourage the sharing of resources, which is significant in a competitive business climate.

An examination of the broader structural context

Analysis of the broad structures in the CSR context is very important and it is not often done. One reason is that it is difficult to make direct linkages and locate different perspectives and realities in the broader structural patterns that operate. Most writing around CSR is business friendly, of a practical nature and takes too much for granted (Coleman 2002; Blowfield and Frynas 2005). In this section, there are some ideas about the political economy and its gendered nature that influence this CSR context.
The political economy of the banana sector

The worsening of labour conditions in the Nicaraguan banana plantations is fostered by a whole set of interconnected and mutually reinforcing factors. I mention some of these factors below. A quick look at the structure of production in Nicaragua would indicate that Chiquita has considerable power over the entire supply chain as the only company purchasing the whole production. Chiquita provides technical assistance to and ensures quality control from independent producers with the result that Chiquita essentially controls their independence. At the same time the local producers use an intermediary company, which employs workers on their behalf, allowing them to skirt social security benefits and other obligations.

Looking at these relationships, it might be reasonable to infer that companies such as Chiquita have considerable scope to improve working conditions in the industry or similarly to view the poor conditions of women workers as a result of the abuse of power by largely dominant producer companies. However, looking at the wider political economy and environmental context of the banana sector complicates this view considerably.

At a very broad environmental level, the consequences of climatic problems (such as Hurricane Mitch in 1998 and other natural phenomena during 1999–2001) cause the fluctuations in supply that are characteristic of agricultural production. The impacts of such events on the banana trade are exacerbated by political disputes. The confederation of Latin American banana unions (COSILBA) has reported that years of legal wrangling, for example at the World Trade Organisation (WTO), and increasing over-production have negatively affected the pay, working conditions and security of banana workers, and created mass unemployment in traditional banana-producing regions. The new European tariff banana import system (post-quotas) for January 2006 is suggested to be ‘the worse thing that could ever happen to banana producing regions in Latin America’ (Zepeda 2005: 39). These conditions must be seen within the wider socioeconomic context of privatisation, and liberalisation that as many have argued have led to unemployment, low wages, labour rights violations, retrenchment and flexibility.

The current structure of the industry has exacerbated these conditions. Exports from Latin America and the Caribbean to the UK have been described as follows: there are 60 million consumers, five retailers with 70% of the market, five companies or alliances of distributors with 88% of the market, five transnational banana companies that control 80% of the world market and 2,500 plantations, 15,000 small-medium scale farmers and 400,000 plantation workers (Vorley 2003: 51). Despite their market share, banana multinationals are under increasing pressure from supermarkets and retail chains in the US and Europe. These supermarkets have consolidated, and assumed greater control over production and distribution. They have also established long-term relationships with preferred suppliers and thus are able to reap higher profits without taking direct ownership over production. In the UK, Wal-Mart-owned Asda has provided an exclusive contract to Del Monte, lowering the price from £1.08 to 85p per kilo in 2003 while other supermarkets followed suit (Ryle 2003; Banana Link 2003).

The buying policies of these retailers have forced suppliers such as Chiquita to seek ever-cheaper sources of supply, creating competition between Latin American countries to offer lower prices. Yet the costs of banana production are contingent on the minimum prices set by governments, as well as prevailing labour costs. For example, in the Windward Islands banana prices are generally higher due to higher labour costs and better labour conditions (UNCTAD undated). In contrast, Ecuador, Latin America’s largest producer, is able to supply bananas at comparatively low prices due to over-production and poor labour conditions. Multinationals argue that they can only survive with low cost production and that high costs in other countries create market distortions. In
the end, market saturation and lower costs create an unfavourable situation for producers and even more so for workers, who face periods of unemployment and/or a worsening of their labour conditions while ‘most benefits are captured by developed countries’ (UNCTAD undated).

As several studies have shown, the buying policies of global retailers often contradict their public commitment to ethical sourcing. The big companies pass the costs on to the primary producers and they in turn reduce costs in the only way that they can, by cutting the costs of social and environmental protection. Therefore, the ideology of free trade and the unequal relations between developed importing countries and developing exporter countries, underpins how the industry works against workers in Latin America.

The ‘gendered’ nature of the political economy of the banana sector

There are approximately 482,000 women working in the banana industry from seven Latin American countries (Guatemala, Honduras, Nicaragua, Costa Rica, Panama, Colombia and Ecuador) (COSILBA 2001) The majority of these women are involved in packing, a job for which women are seen as ideally suited, and face a similar set of working conditions (Naranjo 1999; Bendel 2001). In general the conditions faced by women are more insecure and taxing than those faced by men. Women work long hours for low wages. Typical daily wages in banana packing-houses are US$1.20–1.50 in Nicaragua, US$4.50–6.00 in Guatemala, and US$7.00–10.00 in Costa Rica (Banana Link 2004). Women also face a number of occupational health issues stemming from long hours in the packing-houses, including skin allergies and cancer from pesticide exposure, and injuries caused by long hours of fast-paced repetitive labour. These are compounded by the psychological effects of excessive control by management (including threats against organisation), isolation from family, poor or non-existent maternity benefits, and pervasive sexual harassment. According to Iris Munguía Figueroa, from the Latin American trade union federation COSILBA, sexual harassment is justified by some producers as ‘part of the culture’ (Banana Link 2004: 3-5).

Work on banana plantations is also highly insecure as the seasonal nature of the industry means that for many women work is only available when there is fruit. Even during harvest many women do not have stable work hours; rather they work ‘on call’ depending on the work available. What is more, women packing-house workers are being replaced by men with the argument that women are more expensive to employ because of reproductive and maternity responsibilities (Zepeda 2005: 39). For example, in Honduras, in 1998 there were 2,500 women workers in the farms; there are now only 1,000 (Munguía Figueroa 2005: 87). It is also the case that a big proportion of women are single mothers and the main breadwinners as a result of irresponsible fatherhood (Dublin-Prince 2005: 92; Munguía Figueroa 2005: 88). Women do not have any skills when they are forced to leave the industry at ages 35–40. In many areas, the packing-house is the only alternative, so they are obliged to take on ‘casual’ income-generating activities such as domestic service and selling of food, or are forced to migrate, with all the personal and social costs this implies. These issues are often reinforced by the wider social context, where domestic violence is widespread and women are negatively perceived in the prevailing culture (COSILBA 2001: 36). Feminism has brought many of the reasons for this to light: the gendered segregation of work, women perceived as second earners and men as breadwinners, women as solely responsible for the household and children, and the invisibility of women’s work.

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3 For example, see an Oxfam study of the textile sector and women workers (Raworth 2004).
Preliminary assessment of Chiquita’s CSR policies

There is insufficient evidence to make very firm statements about Chiquita’s overall performance. What can be argued is that Chiquita is one of the most progressive companies on paper (see Smith and Feldman 2003) and that in practice Chiquita seems to be trying.

From the above testimonies of the women workers and Chiquita emerges a complicated picture of how CSR policies work on the ground. These empirical insights show how the women workers have very important knowledge about how to make Chiquita’s code of conduct work for them. One of the best things that companies and other actors involved in CSR can do is to listen to workers’ voices and those of the representatives of their own organisations, because this will tell them how things are on the ground. The other good practice is to be found outside the company itself: looking at how structural factors are affecting the work of the company and how managers and other actors are supporting and reproducing structural inequalities in the banana sector. Otherwise, the way the gendered political economy of the banana sector works makes it unlikely that voluntary standards will be able to reverse the current trend towards declining labour and environmental standards.

Chiquita is engaging with some of these complex social, political and economic issues of the wider environment. Chiquita is partly thinking about this political economy, for example, in terms of a local culture of discrimination against women, and the power that the supermarkets in the North exercise. There are many relationships between the structural factors and the policies and practices. So for example, it can be argued that Chiquita cannot completely eliminate discrimination in the workplace as female–male relationship dynamics are replicated and re-enacted all over the place. Another argument is that the conditions for discrimination are fostered by the economy of the banana industry itself and by the practices of banana companies such as Chiquita and something needs to be done about it. The company needs to engage fully in tackling these and other structural issues because they are the roots of the problems that workers face. CSR would never work on its own if left to market forces and the North–South and gender inequalities. The next section outlines some recommendations.

Recommendations

These empirical findings show the complexity of issues that are involved when a company is implementing a code of conduct in its supply chain but there are also important empirical insights from the case study for specific management practices that any company committed to CSR can put in place. From the women workers, we learned how to make codes of conduct work for them: training for raising awareness of workers and managers, better monitoring practices and increasing the commitment of Chiquita and the local managers. From Chiquita, we learned that CSR practices work better if the organisation is committed to them with internal resources, and if there is ongoing collaboration and work with different stakeholders, including local actors such as the monitoring groups. Some good practices are: training of workers, working with suppliers and making provisions for women workers.

More specific on women workers’ issues, this case study suggests the need for gender-sensitive practices to improve the conditions of women workers. For example, when looking at wages it is not only necessary to consider equal pay for equal work but also the gendered division of labour. For this the collection of gender-disaggregated data is crucial. Sexual harassment could be addressed by measures such as employing more women in supervisory and management roles, creating opportunities/spaces where
women can safely report incidents, and adopting a zero tolerance policy towards perpetrators. Another key issue is raising gender awareness by training male workers and supervisors, and developing policies to combat societal norms that contribute to ongoing sexual harassment. Domestic violence can be part of this training. Companies could also work creatively with women and men workers to find ways of providing convenient and affordable childcare facilities (and breastfeeding breaks). Ensuring that both female and male staff have access to appropriate information is the first step in ensuring that maternity rights are respected, that female staff are not questioned about or tested for pregnancy, that adequate provisions are made for pregnant workers to remain healthy and safe at work and receive their legal benefits. All these practical measures, together with others, would help to challenge gender structural inequalities and must be part of any CSR policy.

Companies that are serious about their CSR efforts must also engage on policy changes. One important recommendation that emerges from the research is to target policies to all the actors that have the responsibility to achieve changes such as international organisations, governments, the European Union, supermarkets, other banana trading companies and producers. Some recommendations are: more government intervention and mandatory standards; guaranteed minimum prices; and education of consumers and shareholders.

I conclude by stating that CSR programmes cannot resolve structural problems on their own but should not take them for granted. Otherwise, their impact (if any) is only superficial. To listen to female and male workers on the ground and to begin to understand what influence structures have and how you could work to change the effect that they have on the workers is an important step that you all can take.
References


