

# Fair trade: Study shows some companies are better at playing fair

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Companies using the Fairtrade Mark\* demonstrate different types of commitment to the fair trade movement and therefore their impact on producers in developing countries is not the same, according to a new review from the University of York.

The Fairtrade labelling system is generally known to signal a standard approach to supporting better terms of trade for the "producers" of [commodities](#) such as tea, coffee, cocoa and fruit.

But research from the York Management School (YMS) has highlighted that companies differ in their level of commitment to the Fairtrade system.

Professor of Marketing at YMS, Bob Doherty co-authored the report which is published in *Business History*. It identifies seven categories, or 'value chains' for Fairtrade, assessing products from production through to their sale to consumers.

They range from products that are 100 per cent Fairtrade that are produced, supplied and retailed by Fair Trade Organisations, to major brands converting products to be Fairtrade certified for general sale by [multinational corporations](#) such as Procter & Gamble and Cadburys.

The review, which was co-authored by Dr Iain Davies, from the University of Bath, and Sophi Tranchell MBE, Managing Director of Divine Chocolate Ltd, looked at fair trade research and practice from

1990 to present day, to examine the effects of the 'mainstreaming' of Fairtrade on the original nine Fairtrade principals, where large corporations have become involved in the Fairtrade system.

The study does not criticise multinational involvement but Professor Doherty says more research is needed to understand the differences in the levels of commitment to Fairtrade and how this impacts on producers in [developing countries](#).

The nine original principles encompass minimum pricing and the provision of a social premium as basic principles, through to consumer education, pre-financing, farmer training, gender equality, traceability and sustainable production. The study describes how some of the original nine fair trade principles have been eroded over the past 20 years. It appears that some corporations have negotiated a position where they are only following the basic two principles of minimum pricing and a social premium in practice, to the potential detriment of producers and a distinct cost advantage over the original pioneering Fair Trade Organisations.

Professor Doherty says: "Consumers are not aware of the different approaches to Fairtrade and therefore improved communication from the 100 per cent Fair Trade organisations on why they are different would help consumers make informed decisions."

He hopes the research will encourage consumers to buy more goods from the 100% Fair Trade organisations, to ensure their survival.

He says: "This research is not about criticising corporations but is about letting people know that buying Fairtrade Marked products from corporations is not always the same as buying from companies that are 100% committed such as Traidcraft, Divine or Cafédirect.

"There is a definite place for corporations being part of the Fairtrade system but there should still be room for these independent Fair Trade Organisations (FTOs). There are very few national, branded fair trade organisations left in the United States and it would be a very sad thing if that happened here. Fair Trade Organisations in the UK have been heavily socially led and they've led to innovative impacts on producer organisations such as joint ownership in Fairtrade brands."

The study describes how some of the original nine Fairtrade principles have been diluted over the past 20 years, but he maintains that this does not diminish the overall value of fair trade.

Professor Doherty adds: "Fair trade is still what it says it is because most people only know it for two of the nine principles, minimum pricing and a social premium, which are still in place. What is not yet clear is whether selling higher volumes with fewer core standards as we are seeing today, counterbalances the loss of many of the original social movement's principles."

**More information:** [www.tandfonline.com/doi/abs/10 ...  
00076791.2012.692083](http://www.tandfonline.com/doi/abs/10.1080/00076791.2012.692083)

Provided by University of York

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