

The regulatory role of ethical labelling

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Credit: Victoria University of Wellington

A Victoria University of Wellington study has found ethical certification has become a 'tick in the box' exercise in some industries, and fails to address underlying sustainability and equality injustices.

Research by Kelle Howson, who graduates next week with a PhD in Development Studies, focused on the South African [wine](#) industry, which is experiencing ongoing challenges.

"Many South African wine workers have experienced poor working conditions and housing, insecurity, and isolation," says Kelle.

"However, to help sell their product in Europe, their biggest market, South African wine producers have come under pressure to reassure customers that it's ethical and there's been widespread growth in ethical [certification](#) labelling. I wanted to find out whether this growth in ethical labelling had addressed any unfairness or unethical practices in the industry."

Kelle spent nine months in South Africa carrying out her research, including interviews with wine industry stakeholders in the main wine producing area in the Western Cape Province, as well as analysing quantitative data.

"I found some positives—for example, ethical certification has performed a regulatory role by enforcing basic labour standards throughout the industry. Some people I spoke to felt that even though labour laws had been strengthened, not everybody was playing by the new rules, and ethical certifications have helped to address that," says Kelle.

"Ethical certifications have also given workers a seat at the table in some cases. They provide a platform for dialogue between employers and employees. Certifications like Fairtrade have also contributed to building some social services in wine growing areas, like clinics and crèches."

However, the ability of ethical certification to address issues in the South African wine industry is limited, says Kelle.

"Because of the entrenched networks of power, workers have not been able to take advantage of their rights to a meaningful degree. The most powerful voices still dominate the process of setting standards, as well as

controlling access to training and education on certification.

"Also, ethical certifications imposed a significant cost on wine producers. This has gradually contributed to the erosion of profit margins for producers, allowing the big European supermarkets to benefit disproportionately. Ethical certifications generally didn't mean that more value was retained at the supply end of the chain, they actually helped the powerful retailers gain more."

Kelle says she is sceptical of how much ethical certification can influence global capitalism.

"Global production networks won't truly deliver fairness and sustainability by relying on consumer incentives. I would love to see a model in which workers can initiate the process of certification, cutting out the fundamental issue of the boss as the gatekeeper to ethical certification. However, this would be tricky from a financial and regulatory perspective.

"Consumers still need to do their homework. We shouldn't rely on an ethical label without knowing what that label means and whether it is independent and trustworthy. Unfortunately there's no easy way to do that, it means taking the time to read up on products, and not everyone has that luxury. In New Zealand, buying local products where possible is another way of reducing your contribution to trade injustice and environmental harm."

Kelle's thesis was supervised by Professors Warwick Murray and John Overton from the University's School of Geography, Environment and Earth Sciences.

Since completing her studies, Kelle has moved into a role in Jacinda Ardern's office at Parliament. Her thesis, however, represents her own

research findings only, and doesn't necessarily represent the views of the Prime Minister or the government.

Provided by Victoria University of Wellington

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