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**Chiquita Brands and the banana business: brands and labour relations
transformations**

Maria-Alejandra Gonzalez-Perez¹

Terrence McDonough²

¹ Centre for Innovation & Structural Change, National University of Ireland, Galway, Ireland. magonzalez@nuigalway.ie

² Centre for Innovation & Structural Change, National University of Ireland, Galway, Ireland. Terrence.mcdonough@nuigalway.ie

ABSTRACT

This paper reports the results of research investigating the evolution of environmentally and socially responsible strategies and practices within the banana industry. An historical overview of a major multinational banana company, Chiquita Brands Int., provides context for the research. Chiquita Brands has been involved in political, environmental, legal and labor controversies in many parts of the world. In Latin America, Chiquita Brands has attracted more attention than any other foreign company and is seen by many as the archetypical representative of United States imperialism.

Over a considerable period of time, Chiquita Brands has adopted a succession of structural changes aiming to “clean the past” including innovative corporate social behaviours and building alliances with NGOs such as trade unions and community organizations. Since its bankruptcy in 2001, Chiquita Brands International has adopted a strategy of environmental and social responsibility, has been certified internationally by the Rainforest Alliance and has met Social Accountability International SA 8000 labour standards.

The length of time and geographical scale over which the various structural changes have taken place and the high public profile of Chiquita Brands make the results of this case study of general significance.

KEYWORDS:

Banana Industry, Chiquita Brands, Corporate Social Responsibility.

1. Introduction

Chiquita Brands International, based in Cincinnati, Ohio, United States, operates in more than 40 countries and has sales in 60 nations. Chiquita is the second largest producer/marketer of bananas in the world and the largest distributor of fresh fruit. It is one of the four colossal agribusinesses (the others being Dole, Del Monte and Fyffes) that control two-thirds of the banana market. Formerly known as the United Fruit Company, Chiquita has been involved in political, environmental, legal and labor controversies in many parts of the world and has attracted more attention than any other foreign company in Latin America as the archetypical representative of United States imperialism in Latin America.

Chiquita Brands has been accused of wielding inappropriate political power in the countries in which it operates, and it is said to have local governments operating for its benefit (Bucheli, 2001). In 1931, the company was involved in a military coup in Honduras when its interests in this country were threatened. Again in 1954, the company was about to lose a large amount of its land in Guatemala as President Jacobo Arbenz attempted to expropriate Chiquita's holdings for his agrarian reform projects. However, Arbenz was eventually overthrown by a CIA-backed military coup, and the company kept its lands (Bucheli, 2001; Fonnegra, 1980; White, 1978). In 1929, workers on a banana plantation in Colombia went on strike, which turned into the largest labour movement ever witnessed in the country. During a demonstration in the main plaza of the city of Cienaga, the Army fired on the strikers and left an undetermined number of them dead (Bucheli et al., 2001; Fonnegra, Legrand, 1998; White, 1978).

The company has been accused of bribery, armed assault, abduction, stealing documents, destroying banana shipments, sponsoring murder-for-hire contracts, participating in the disappearance of a corrupt judge in Honduras (Mangold, Halpern & Berman 1996), the poisoning and sterilization of 13,000 workers due to agrochemical and illegal pesticide use in Costa Rica, arbitrarily laying off workers in Costa Rica for joining trade unions,

laying off without protection hundreds of workers in Guatemala and Honduras after Hurricane Mitch, causing deforestation in the Sarapiquí region in Costa Rica and working to eliminate labour unions (Bucheli, 2001; Bucheli et al, 2001). In 1998, a series of articles by Mike Gallagher and Cameron McWhirter was published in the Cincinnati Enquirer under the name “Chiquita: An empire built on controversy”. This series covered a year of research among different stakeholders of the company in different countries and subsidiaries, which found questionable business practices, dangerous use of pesticides and fear among plantation workers in Central American countries and Colombia.

Since its bankruptcy in 2001, Chiquita Brands has conducted an environmental and social responsibility strategy, and it has been certified internationally by the Rainforest Alliance and Social Accountability International SA 8000 labour standards. In early 2002, Chiquita filed for Chapter 11 protection to restructure \$940 million of public debt. Chiquita used its bankruptcy as an occasion to clean up its act. In June 2001, Juan Somavia, ILO Director General, recognized Chiquita Brands for being a pioneer in forging agreements between international union organizations and multinational companies. Its environmental practices are put forward as a model for other agro-industrial companies. Despite its financial restructuring, during 2001 it signed a historic labour rights framework agreement with regional and international unions (COLSIBA/IUF¹). Chiquita invited third-party experts in social issues such as nongovernmental organizations and union leaders to observe and verify the Chiquita assessment process to evaluate the company’s progress towards meeting the Social Accountability 8000 labour standard.

Two environmental organizations, Business for Social Responsibility (BSR) and Sustainability (2002), named Chiquita Brands Corporate Responsibility Report in environmental and ethical labour standards as number one in the food industry, number three among US companies and number eighteen worldwide. Currently, Chiquita holds to the following environmental standards: zero tolerance for deforestation, reduction of pesticide use,

¹IUF is the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers’ Associations and COLSIBA is the Coordinating Latin-American Banana Workers’ Unions, which is the federation that represents forty banana workers’ unions in eight countries of Latin America.

protection of wildlife, conservation of water and soils, better pay for workers, environmental education and housing and safety standards for workers. Chiquita spent \$20 million to make the required capital improvement, which over time reduced banana production costs by more than \$100 million, partially due to reduced agrochemical inputs and improved worker health and safety (Rainforest Alliance, 2003). Chiquita has received three corporate responsibility awards. In 2004, Chiquita received the Corporate Citizen of the Americas Award from The Trust for the Americas² for its employee home-ownership project in Honduras which provided 600 families with new homes in 2003. Chiquita also received the Corporate Conscience Award for Innovative Partnership from Social Accountability International for its work with Rainforest Alliance and its high standards of environmental and social stewardship. Chiquita has received the Award for Outstanding Sustainability Reporting from CERES-ACCA³, a coalition of more than 80 environmental groups (Chiquita Brands International, 2004).

This radical change in outlook and reputation deserves deeper scrutiny than it has received so far. It is closely related to a number of developing changes in the context of intensifying globalization of production and marketing. These include changes in the regulatory environment of companies, in the nature of consumer demand and in the marketing strategies of corporations. In assessing the importance of these changes, it is necessary to consider the corporate history of Chiquita Brands beginning with the founding of the United Fruit Company.

² The Trust for the Americas is the non-profit arm of the Organisation of American States.

³ The Ceres-ACCA Awards for Sustainability Reporting aim to encourage better reporting on sustainability, environmental and social issues by corporations and other organizations across North America, to reward best practice and to provide guidance to other entities that are publishing or intend to publish sustainability, environmental and/or social reports and increase accountability for impacts and responsiveness to stakeholders (Ceres-ACCA).

2. Looking at the past

The United Fruit Company was established in Boston in 1899 as a result of the merger of several banana production and transportation companies. This merger consolidated an impressive infrastructure in Central America and the Colombian Caribbean that included plantations, villages, road systems, telegraph lines, ports, hospitals and a steamship fleet (the Great White Fleet, the world's largest privately owned fleet for many decades in the twentieth century) with such innovations as the first refrigerated ships in 1903 (Bucheli, 2001; Pfeifer, 2004; Bucheli et al., 2001).

It was not until 1870 that bananas became known in the United States when Captain Dow Baker bought 160 bunches of bananas from Jamaica and sold them in Jersey City, New Jersey for US \$2 each. (Bucheli et al., 2001). After this success, Captain Baker and the entrepreneur Andrew Preston joined forces to develop a banana market in Boston, creating the Boston Fruit Company in 1885. Banana production was developed initially to supply cheap food for a railroad project in Costa Rica. Banana trees were planted adjacent to the railroad tracks as a source of cheap food for the workers on the railroad project, which was built under such extreme and difficult conditions in which nearly 5,000 men died including the director of the project, Henry Meiggs. Keith Cooper, the nephew of the railroad director, finished the railroad from San Jose to Puerto Limon in 1890 despite facing significant difficulties. However, because of the unprofitable nature of the railroad service due to the low number of passengers, Cooper decided to use it to export bananas from the plantations created in the early 1870s to supply food for the railroad workers. Starting with the first shipment, bananas were a great success in the United States (*ibid.*).

Europe's supply of bananas has been controlled for decades by US multinational corporations led by United Fruit (now Chiquita), putting it in a monopoly position. In fact, the banana operations of Dole and Del Monte were created as a result of an anti-trust action taken in 1908 by the US Department of Justice in order to break up the Chiquita monopoly at the time (Mangold, Halpern & Berman 1996). However, in 1888 the first

commercial delivery of bananas arrived in London from the Canary Islands brought by the British company Elders and Fyffe Son & Co. In 1902, Charles McCann became the first agent for Fyffes in Ireland. It was 1903 when the United Fruit Co. acquired 50% of the stock of Elder & Fyffe Son & Co, opening a door to the European Market. In 1910, United Fruit Company bought the remaining stock of Elders & Fyffe Son & Co, and in that same year, Elders & Fyffe bought 8,000 acres of banana land in the Canary Islands (Bucheli et al., 2001).

During the first years of the Great Depression in the United States in the 1930s, the share price of United Fruit dropped dramatically and its profits decreased from \$44.6 million in 1932 to \$6.2 million in 1933 (ibid.). To respond to this drastic change in profits, the members of United Fruit's Board of Directors voted to name Samuel Zemurray as the new General Director of the company. Zemurray, who had immigrated to the USA from Russia, was the company's biggest shareholder. His first move was to replace the existing tropical managers with experienced managers and employees from his own company. He restructured the company with a hierarchy of employee specialization and also improved transportation and intra-company communication. Two weeks after his appointment in 1933, the price of the company's stock doubled.

Bucheli et al. (2001) document several philanthropic acts under Zemurray, such as a large donation to the New Orleans Child Guidance Clinic and financial backing of *The Nation* magazine. Also in 1942, Zemurray established the Escuela Agricola Panamericana in Honduras, an institution financed by the company which was intended to provide free higher education for Central American students specializing in agricultural research. Zemurray let one of the company's ships participate in the post-war settlement of Jews in Palestine. The ship carried the first wave of Jewish immigrants to the Middle East in 1948.

United Fruit in 1944 contracted Dik Browne, the cartoonist and creator of "Hagar the Horrible", to create a brand based on the Brazilian singer and movie star Carmen

Miranda. The new cartoon character was baptized “Miss Chiquita Banana” and was part of the company’s preparation for advertising when the war was over.

In March 1951, Jacobo Arbenz won the Presidential elections in Guatemala with an ambitious development and economic platform emphasising agrarian reform in Guatemala. Arbenz’s Agrarian Reform empowered the Guatemalan government to expropriate uncultivated portions of large plantations to give the land to peasants in order to create an internal market favorable to the development of the domestic industry (Bucheli et al., 2001). The biggest opposition for Arbenz’s Agrarian Reform came from the United Fruit Company, one of the largest owners of land in Guatemala, to which the government declared the expropriation of 209,842 uncultivated acres which were to be compensated for based on the company’s declared tax value of the land (Idem, 2001). Samuel Zemurray, being the main United Fruit’s shareholder, endorsed an aggressive campaign in the U.S. media and U.S. congress against Arbenz. In 1954, the army officer Carlos Castillo Armas, who disagreed with President Arbenz's social reforms that included an agrarian reform and an official support to labor unionism, established his rebel army in Honduras and received financial and logistic support of the U.S. Central Intelligency Agency (CIA). Colonel Carlos Castillo Armas became President of Guatemala after leading a military coup in 1954 (Idem, 2001).

Between 1955 and 1962, United Fruit Co. published around 15 million pieces of literature for primary and secondary students to promote bananas and the health benefits associated with their consumption (Bucheli et al., 2001). The first individual banana sticker label was created in 1962, and the company carried out a strong advertising campaign to promote the consumption of its branded banana. In the same year, United Fruit provided US school teachers with a kit that included a student lesson sheet on bananas and the Central American countries, a folder of banana recipes, a wall chart, a sound and motion picture, a film-strip and an eight-page teacher’s manual on how to use these aids. This material was recommended for use in geography, history, social studies, health and nutrition, elementary science and biology lessons (Bucheli et al., 2001).

On September 24, 1969, Eli Black bought 733,000 shares of the United Fruit Company in a single day, making this transaction the third largest up to that moment in Wall Street history. Black became the largest shareholder of the company. In 1970, United Fruit merged with AMK-John Morrell (originally a producer of milk-bottle caps and a meat processor whose President was Eli Black), and the company was renamed United Brands Company. In the same year, the company reported losses of two million dollars. In 1971, United Brands reported a loss of 24 million dollars. In 1973, United Brands, under Black's administration, managed \$16 million in profits after selling off several aggregate companies and tropical lands and assets to pay its debts.

The governments of Costa Rica, Colombia, Panama and Guatemala formed a union, the Union Países Exportadores de Banano (UPEB, the Banana Export Countries Organization), to defend the interests of its member countries, raise and maintain high prices and adopt common policies in September 1974. Ecuador, the world's larger banana producer, decided not to join the organization. United Brands lost \$70 million that year.

In the following year, Black committed suicide. In April of that year, United Brands was accused of bribing the President of Honduras, Osvaldo Lopez Arellano, in exchange for a reduction in export taxes Honduras committed to under the UPEB rules. The Honduran Army removed the president on suspicion of accepting the bribe. The scandal forced the Costa Rican president to threaten United Brands with a cancellation of all contracts if the company did not reveal the names of all local officials involved in taking bribes.

Carl Lindner, one of the richest men in America (Taylor & Scharlin, 2004) and one of the biggest investors in the company, became president of United Brands in 1976. The company sold 190 miles of railroad track to the Honduran government. In 1978, United Brands admitted that it had paid a bribe of \$2.5 million to the former minister of the economy in Honduras, Abraham Bennaton Ramos. The case was closed the same year with a fine of \$15,000.

In 1979, the United States banned the use of dibromochloropropane (DBCP), a pesticide used to kill nematodes, because of its effects on human health. DBCP had been used widely in Central American plantations since the 1960s. More than two decades after DBCP was banned in the United States, the second International Tribunal on Water in Amsterdam in 1992 condemned Dole (Standard Fruit Company) for seriously polluting the Atlantic region of Costa Rica through its banana operations in the Valle de la Estrella which were made public through legal proceedings, during the period 1965 to 1990, initiated by former workers of Del Monte, Dole, Chiquita and agrochemical for injuries sustained from direct exposure to 'Nemagon', another nematicide (Chambrom, 2005).

United Brands lost ground in the market in 1984, controlling only a third of the banana market. The other two thirds were controlled by Del Monte and Standard Fruit (now Dole). In 1985, Lindner sold some of the company operations, moved the headquarters from New York to Cincinnati and widened the use of the name "Chiquita" to other fruits such as pineapple and grapefruits. Lindner changed the name of the company from United Brands Company to Chiquita Brands International Incorporated in 1989.

The collapse of the Communist regime in Eastern Europe in 1990 brought the expectation of a larger market for banana companies, and Chiquita began to invest in buying land in Latin America. Chiquita occupied the number one position among the banana companies, with a 33% share of the world market, followed by Dole with 22%.

Following the formation of the Single European Market in 1992, the European Union became the world's largest market for bananas (35 – 40 percent), and the dismantling of various countries' preferential regimes for bananas has become one of the most controversial trade issues (Sheller, 2005). From July 1993 until February 2000, twelve protected ACP countries which traditionally exported bananas to the EU market had gained duty-free access to the EU market under the "Banana Protocol" of the Lomé Convention. Protected markets for former colonies and overseas territories existed in France, Greece, Italy, Portugal, Spain and the United Kingdom (Bananalink).

Since 1995, the United States has sought the abolition of the special terms of access provided by the European Union to the ACP countries (Da-amas, 2002). Chiquita Brands, together with the governments of Ecuador, Guatemala, Honduras and Mexico, challenged the policy in the World Trade Organisation (WTO). The WTO's General Agreement on Tariff and Trade (GATT) dispute mechanisms found that the EU protocol contravened GATT rules. In 1997, the WTO dispute panel found the EU's tariff quota regime acted in a discriminatory way.

In 1998, the United States protested at the World Trade Organization (WTO) against the EU's preferential treatment policy relating to bananas and threatened to impose a 100% tariff on several European products unless the EU stopped its preferential treatment of its former colonies. The EU claimed that the US demand was senseless since the EU policies did not affect the US labour market.

In April, the WTO determined that US commercial interests had lost \$191.4 million for each year the EU scheme existed, making a total of \$1 billion in harm. The EU refused to change the quota system, so the US retaliated in the form of sanctions against European businesses directly involved in the banana conflict. A WTO ruling allowed the United States to impose \$191.4 million in trade sanctions against EU goods which led to the 'banana war'. In 2000, the US imposed heavy tariffs on luxury goods from Europe at a cost of \$191.4 million.

In April 2001, the EU and the US negotiated their differences and "ended" the banana war. The US dropped the economic sanctions, and the EU dropped the first-come, first-served import system and replaced it with a transitional system that would lead to a tariff-only system in 2006. In 2001, Chiquita sued the EC for \$525 million in damages it said it had suffered due to EU banana restrictions. Also in 2001, the European Commission (EC) initiated procedures to propose to the EU Council of Ministers an adjustment to expand access for Latin American bananas and to secure a market share for a specific quantity of bananas of ACP (African, Caribbean, and Pacific) origin.

In 1992, the US-based NGO Rainforest Alliance first contacted Chiquita Brands proposing the Better Banana Project (BBP) standards, hoping to sell the idea of an innovative environmental “seal of approval” (Taylor & Scharlin, 2004). Chiquita corporate executives, representatives of NGOs, banana workers, local leaders and conservation advocates signed an agreement to begin to work together (Taylor & Scharlin, 2004). This alliance eventually made a public commitment to the integration of a corporate responsibility culture across the company structure. Also, the BBP exposed Chiquita to new concepts of corporate responsibility and sustainability, openness and transparency in a company which the main managerial emphasis had been based on profit, cost and quality.

In 1993, a Texas court settled a multimillion-dollar lawsuit against several US companies by thousands of Costa Rican banana workers in the 1980s who claimed that they had been sterilized by exposure to DBCP. As a consequence of this and facing the possibility of an international boycott on bananas because of the damage caused to workers by certain pesticides, the Costa Rican government and the multinational corporations began to research pest-resistant and more environmentally-friendly banana varieties. This initiative was promoted by the Banana Amigo Project and sponsored by the Rainforest Alliance, the Costa Rican Fundacion Ambio and Tsuli Tsuli/Adubon (Bucheli & Read, 2001)

In November of 1998, when Honduras was the fourth largest producer country of bananas in the world, Hurricane Mitch destroyed 90% of the entire banana industry in Honduras. Chiquita laid off 7,400 of its workers and promised to continue providing them with medical insurance, housing, utility service, two months of financial assistance and interest-free loans. Adding to the scenario, also in 1998, the Cincinnati Enquirer published the series of damaging articles written by Mike Gallagher and Cameron McWhirter as a product of a year’s research in North America, Central America, Caribbean and Europe. Werre (2003) asserts that this damaging media coverage and the lack of a uniform information management strategy to respond to allegation in the media,

at a time when Corporate Responsibility was part of Chiquita policy, led senior management to redefine the “personality” of the company.

At the end of 1998, Chiquita began to investigate external measurement standards in the area of social accountability and started to determine if any of them would be suitable or if they should develop their own standards. After analyzing the very few alternatives, Chiquita opted for the SA8000 based on its credibility, its verifiable standards for labour rights and guidelines for a management system of implementation. Between September 1998 and February 2000, sample social accountability audits were performed across Chiquita’s operations.

In August 1999, Chiquita adopted a set of core values (integrity, respect, opportunity and responsibility), formulated in a process of consultation and participation in small groups involving almost 1,000 employees throughout the organization (Werre, 2003). In 2000, Chiquita adopted SA8000 as the labour standards in their Code of Conduct (Chiquita Brands International, 2004). The Code of Conduct translated Chiquita’s Core Values into everyday behaviours (Werre, 2003) and also included standards in the areas of food safety, labour standards, employee health and safety, community involvement, environmental protection, ethical behavior and legal compliance.

In 2001, Chiquita Brands signed an important labour agreement with the International Union of Food Workers (IUF) and the Coalition of Latin America Banana Workers’ Unions (COLSIBA) in June 2001 entitled “Freedom of Association, Minimum Labour Standards and Employment in Latin America Banana Operations” (Kasteele & Stichele, 2005). From the point of view of the IUF, the COLSIBA involvement was crucial. It provided the agreement with credibility on the ground and also guaranteed a Review Committee meeting at least twice a year (Revell, 2002). The agreement resulted in a dramatic improvement in recognition from outside stakeholders of the change from antagonistic to cooperative relationships with unions, improving Chiquita’s position in the banana industry (Werre, 2003).

In September 2001, Chiquita Brands published its first corporate responsibility report in which it described the factors that led to the company's poor financial performance over the 1990s. Between the second half of 2001 into 2002, the Core Values and Code of Conduct were disseminated to all Chiquita employees and a "training kit" was developed and translated into Spanish in order to make it easier to assimilate the key messages. Workers participated in half-day workshop training sessions on the Core Values as well as worker rights and responsibilities.

In March 2002, a Chapter 11 debt-restructuring plan became effective after court approval.

3. Transforming Brands and Labour Relations through Green Social Responsibility

Werre (2003) asserts that the implementation of Corporate Responsibility can be seen as an organizational change process which often is triggered by a shift in awareness within top-management concerning developments in the environment and their impact on the organization. Werre (2003) adds that this change in awareness can either be reactive (in response to negative media coverage, pressure by NGOs, boycott) or be proactively influenced. Therefore, when implementing CSR, several factors should be considered: (a) sensitivity to the organizational environment (external driving-force), (b) awareness of values (internal driving force) and (c) clear leadership.

In the case of Chiquita, the first steps towards introducing CSR occurred when the company assumed partnership with the Rainforest Alliance in 1992. As the project headed towards full implementation of CSR, skepticism and anticipation of a "window dressing operation" abounded (Werre, 2003). Yet, today CSR implementation in Chiquita can be considered a consistent attempt at structural change, and it has been positively recognized even by critics from the past (Werre, 2003).

It was through dialogue with the Rainforest Alliance that we got started with Corporate Social Responsibility, leading back to the programme in 1992 [...] We're learning to hear the other sides of the issues. This [programme] led later on to our framework agreement with the IUF and with COLSIBA. The same approach to labour issues, sitting down face-to-face and just talking with every stakeholder. I think it has probably been the most valuable piece of our whole CSR experience it [multi-stakeholder dialogue] is a very valuable tool [...] you can't have a CSR programme without it. You really need to involve the others, all the other stakeholders, and really need to get the issues out on a table. (David McLaughlin: Senior Officer for Social and Environmental Affairs, Chiquita Brands Int.)

In Chiquita Brands, Steve Warshaw became the new Chief Executive Officer (CEO), and he personally led the Senior Management Group for CSR established in October 1998 consisting of eight top managers of Chiquita's worldwide business who were selected based on their experience and their personal motivations towards Corporate Responsibility. Warshaw's leadership was essential for creating the atmosphere of corporate social responsibility. Warshaw believed that Chiquita's economic future depended on a clean, "fun and healthy" brand and committed employees who needed to believe in the company (Taylor& Scharlin, 2004)

One of the drivers of CSR is the idea that there is a "business case" for social responsibility (Justice, 2003), implying that what is good for the environment and for the society can also be good for the financial performance of a company.

The agreement with the IUF was one of the most important decisions that we made, if the not the most important decision that we made. It is creating an on-going dialogue with trade unions and workers in Latin-America. It has become an instrument of cooperation and continuous improvement [...] We believe that doing this, looking at

this from a purely Chiquita [corporation] prospective, this was a very important step [...] not only establishing ourselves in the eyes of our consumers as a corporately responsible company, because we realised we have much to do in that respect. We have seen great benefits in our own company. One of the consequences, which is visible to everyone, is that we have changed the way that we conduct our labour relations. From very difficult conflictive relations often leadings to strikes and work stoppages to a situation were problems are solved through a structured process of dialogue and cooperation, this was very important to us. It is very important financially and very important within the atmosphere within the company (George Jaksch: Chiquita Brands Int. Corporate Responsibility Director and Corporate Affairs in Europe).

Jenkins et al. (2002) assert that the emergence of voluntary corporate codes of conduct since the early 1990s is both a manifestation of and a response to the process of globalization. The proliferation of such codes indicates a widespread retreat from state regulation of transnational corporations and a consequent emphasis on corporate self-regulation in a wide variety of important areas such as basic working conditions, environmental standards and human rights.

The growth and role of CSR can be understood as a consequence of liberalization, deregulation and privatization government policies in the last two decades (Justice, 2003). CSR takes the form of a private-public partnership with NGOs take on a monitoring tasks which have been traditionally governmental responsibilities.

Peter Waring (2004) observes how organised labour has adopted a sophisticated management system by forming global trade unions and alliances with community based organisations, using both established structures and institutions along with the rhetoric of

Corporate Social Responsibility to alter corporate industrial relations to their advantage. Alternatively, Dwight W. Justice (2003) presents a “flexible” role for the CSR agenda that potentially strengthens the influence of trade unions but on the other hand is a dangerous attempt to create a substitute for the traditional roles of both governments and trade unions. Jenkins (2004) notes how trade unions see codes as a way of preventing transnational corporations (TNC) from undermining labour standards by taking advantage of international differences in working conditions and levels of organisation but also affirms Justice’s (2003) point that voluntary codes operate as quid pro quo mechanisms that jeopardise national labour legislation and international labour standards. Furthermore, Bredgaard (2004) calls attention to the two major motivations to support CSR identified by the European Trade Union Confederation (ETUC):. (a) the interest of certain transnational companies to improve corporate image in the face of trade union and NGO protests about restructuring, relocation or working conditions and (b) in relation to this, an attempt to develop ‘social capitalism’ by taking account of the interests of the company’s different stakeholders based on a voluntary method. The basic position of the European labour movement towards CSR argues that unless a regulatory framework is set up at a European level, a voluntary approach to CSR would only make it a public relations and marketing exercise for the enterprises, a viewpoint shared by Justice (2003) who emphasizes that “many trade unionists regards CSR as just PR”.

Once we have trade unions working, we think that is the best way to ensure that workers in the banana industry have the chance to negotiate decent wages and good living conditions and for us to ensure that right is there. There is a lot of discussion these days about Corporate Social Responsibility and Codes of Conduct, but our position is very clear: trade unions are the best way for workers to win their rights and to be sure that their rights are enforced and monitored because the trade unionists are in the plantations every day [...] The reality in the banana sector is that in many countries trade unions do not have the right to operate. There is a lot of trade union persecution of trade union leaders, black lists, and in fact in some countries, death threats and actually murders of union

leaders[...] One of the strategies that the IUF is trying to take is a more global approach to look for the major players in the industry and say, “We want you as a responsible company to agree to framework of rights in your company”[...] rights based on the convention of International Labour Organisation to ensure workers in that company have the right to join trade unions, and we use that to be sure that workers have the right to bargain for health and safety, decent wages, and increasingly issues concerned with women workers like maternity leave, child care, and education for children. (Sue Longley: IUF Agriculture Coordinator)

The last two decades have seen an increase in the number and diversity of social movements reflecting a range of different issues (Kelly & Breinlinger, 1996), and at the same time, some have argued that there has been a corresponding decline in class-based social movements and a fragmentation of identity in a post-modern society (Hall, 1992 quoted in Kelly & Breinlinger, 1996). Kelly & Breinlinger (1996) state that instead of building on the common interests of large categories on the basis of class, community or union, there has been an emphasis on creating smaller-scale, local interest groups reflecting particular needs and identities. An individual may belong to several different groups, each meeting different and specific needs. This social fragmentation along with the increasing ability of both production systems and sales efforts to target niche markets has opened up opportunities both for corporations to target their branding to social concerns and for activists to target brands to pressure them to change. Currently, the all-observing digital world gives an incentive to companies to behave well since anti-brand websites and e-mail campaigns can have dramatic impact within a few days (Barwise, 2003). Global brands are now supervulnerable to “internetworked” protests around the world (Taylor & Scharlin, 2004).

Marketers suggest that emotion can guide choices, stimulate buying interest, arouse buying intentions and influence future buying decisions. O’Shaughnessy and

O'Shaughnessy (2003) defined categories of emotion-related consumer choice criteria. These prominently included:

- Economic/sacrifice criteria, in which benefits are set against price paid and effort expended. Brittan (1997), quoted by O'Shaughnessy and O'Shaughnessy (2003), states that when a good is purchased the enjoyment is reduced by the psychological cost paid for it. In that scenario, a banana would be better enjoyed when it is guilt-free, when the perception of the bought banana is not associated with perpetuating a system of environmental dumping and unacceptable working conditions.
- Integrative criteria, which refer to the desire for the integration of self-identity with social acceptance, including a desire for justice and morality. As O'Shaughnessy and O'Shaughnessy (2003) based on Kagan (1999) suggest, adherence to ethics or moral norms is tied to self-respect while the violation of social norms gives rise to the emotion of shame.
- Adaptive criteria, which reflect the desire to minimize risk. In order to reduce the anxiety of uncertainty, consumers adopt several heuristics for dealing with uncertainty. Consumers are conditioned to some extent to rely on "expert" advice. In the case of bananas, this might involve buying on brand-image or buying on a newly-built reputation based on corporate social responsibility reviews or media coverage on environmental and social issues.

Waring (2004) points out how the decade of 1990s experienced a substantial rise in both interest and activity associated with CSR, expressed in the form of substantial growth in the size of socially responsible investment funds, as well as the creation of global structures such as the United Nation's Global Compact (GC) and its Global Reporting Initiative (GRI).

In the last decade several NGOs dealing with the banana industry have been created in banana consumer countries to challenge practices in the producing countries. These include BananaLink⁴ in Great Britain, BanaFair⁵ in Germany and Euroban.⁶

The role of EUROBAN and its members, though, is to open the space, so that dialogue can actually take place, to enable the workers to join trade unions, to enable trade unions to engage in dialogue with the companies. As organisations in consumer countries, we can just put pressure on the companies and governments through consumer pressure, through different kinds of actions and campaigns to open up that space for the unions to be able to engage in that dialogue (EUROBAN Officer).

Waddock et al. (2002) have termed the integrated recognition and measurement of economic, social and environmental performance “total responsibility management” (TRM), making an analogy to the quality management movement in the 1970s and 1980s. The pressures on multinational corporations to develop TRM have been growing since the 1990s, through copious exposés of exploitative practices in global supply chains and through the pressuring of retailers and multinational brands and their suppliers to adopt codes of conduct and sets of values-based operating principles.

4 BananaLink is a British NGO founded in 1996 with the objective of mobilising the British public to take action via campaigns to increase awareness of the current social, environmental and economic conditions of banana production and trade, in close collaboration with NGOs and trade union movements. It seeks to support and influence the international fair trade labelling and 'ethical trade' movements through involvement in independent monitoring and verification of social and environmental standards.

⁵ BanaFair is a German NGO founded in 1987 to import, sell and distribute Fair Trade bananas, to support trade unions of banana workers, to promote social and political projects in co-operation with base organisations in banana producing countries, to develop and improve contacts with small producers in Central America and in the ACP countries and to examine the affects of European banana regulation.

⁶ EUROBAN (the European Banana Action Network) is a coalition of trade unions (including IUF), environment and development NGOs and fair trade organisations in 13 European countries, founded in 1994, which coordinates solidarity actions with plantation workers' unions and small farmers' organisations in banana exporting countries, makes analyses of and lobbies on issues related to the European Union's banana import regime, coordinates research and campaigning on labour rights and promotes a pan-European approach to fair trade in bananas as a strategic alternative to the conventional trade.

Consumers are not that stupid. We do care about who grew it and where it was growing, and we do make the difference in buying practices [...]

(Mika Eba, activist, Pesticides Action Network in Pacific Asia)

At the same time as pressure for responsible action by corporations is growing, the banana industry faces severe problems. These include the changing European Union regulations (i.e. the European Commission vs. World Trade Organisation and tariff dispute); the oversupply in the international market; the accelerated search for cheaper goods which shifts production to non-unionised areas of Africa, Asia and Latin-America; ongoing concentration in the retail chain; and finally, ongoing price wars. Banana businesses (mostly corporations) have frequently responded to these real threats to the banana trade by passing these difficulties on to the producing countries and the workers on the plantations who face serious consequences such as migration, subcontracting, increasing poverty in most banana exporting countries and the use of child labour. Widespread knowledge of impoverished workers, terrible working conditions and environmental damage could threaten the banana's happy market image as a tasty, nutritious, funny, sunny and sexy fruit.

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