

**” ...economically, socially. And confidence and decision-making. Everything that we could not do before.”**

**A Minor Field Study on Fair Trade in  
India and Sri Lanka**

*Julia Bardh and Emma Carlsson*

Bachelor of Science Thesis, Environmental Science Programme, 2015

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"...ekonomiskt och socialt. Och självförtroende och beslutsfattande. Allt som vi inte kunde göra förut."  
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**Title**

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**Sammanfattning**

Fair Trade är en internationell rörelse som fokuserar på att förbättra livssituationen för producenter i Syd, och att ge medvetna konsumenterna i Nord möjligheten att köpa produkter med miljöhänsyn och socialt ansvar. Det konventionella handelssystemet kritiserar, såväl som effektiviteten för bistånd att stödja utvecklingsländer. Grundtanken med Fair Trade är därmed "Trade not Aid", då marginaliserade producenter får möjligheten att förbättra sina livssituationer genom rättvisa löner, tillgång till en marknad och förbättrade arbetsförhållanden.

Syftet med den här studien är att undersöka Fair Trades potential att bidra till hållbar utveckling och empowerment, vilket därmed är det teoretiska ramverket för den här studien. Hållbar utveckling undersöks även genom att dela upp det i ekonomisk, social och miljömässig hållbar utveckling. Fair Trade utreds även utifrån specifika indikatorer kopplade till dessa teorier, genom intervjuer med managers och producenter inom fem separata Fair Trade-organisationer i Indien och Sri Lanka.

De huvudsakliga upptäckterna inom denna studie visar hur Fair Trade har potentialen att bidra till hållbar utveckling och empowerment i viss utsträckning. Det är speciellt framträdande vad gäller social utveckling och empowerment, medan ekonomisk utveckling främst sker på individnivå. Det är även möjligt att observera hur rörelsen kan bidra till miljömässig utveckling, även om det är tydligt att initiativet till att göra så inte alltid är av en miljörelaterad anledning.

**Abstract**

Fair Trade is an international movement which aims to strengthen the livelihoods of producers in the South, and to give the opportunity for conscious customers in the North to buy socially and environmentally friendly products. The conventional trade system is criticised, as well as the efficiency of aid to support developing countries. The core idea of Fair Trade is therefore "Trade not Aid", where marginalised producers are given the chance to improve their living conditions by fair wages, market access and improved working conditions.

The aim of the thesis is to investigate the potential of Fair Trade to contribute to sustainable development and empowerment, which therefore also act as the theoretical frameworks for this thesis. Sustainable development is investigated by its division into economic, social and environmental sustainable development. Fair Trade is furthermore investigated through specific key elements connected to these theories, by performing interviews with managers and producers within five separate Fair Trade organisations in India and Sri Lanka.

The main findings within this study reveal how Fair Trade does have the potential to contribute to sustainable development and empowerment to a certain degree. It is specifically prominent regarding social development and empowerment, while economic development occurs mainly on an individual level. The contribution to environmental development is also possible to detect, even though it remains clear how the initiative to do so might not always be fully related to environmental causes.

**Nyckelord**

Fair Trade, Indien, Sri Lanka, empowerment, hållbar utveckling

**Keywords**

Fair Trade, India, Sri Lanka, empowerment, sustainable development

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*Julia Bardh and Emma Carlsson*  
Cochin, India  
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# Abstract

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# Sammanfattning

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De huvudsakliga upptäckterna inom denna studie visar hur Fair Trade har potentialen att bidra till hållbar utveckling och empowerment i viss utsträckning. Det är speciellt framträdande vad gäller social utveckling och empowerment, medan ekonomisk utveckling främst sker på individnivå. Det är även möjligt att observera hur rörelsen kan bidra till miljömässig utveckling, även om det är tydligt att initiativet till att göra så inte alltid är av en miljörelaterad anledning.

## Table of Contents

Acknowledgements .....	i
Abstract .....	ii
Sammanfattning .....	iii
1. Introduction.....	- 1 -
1.1 Aim .....	- 2 -
1.2 Research questions.....	- 2 -
1.3 Delimitations.....	- 2 -
1.4 Definitions.....	- 2 -
2. The Concept of Fair Trade .....	- 3 -
2.1 Fair Trade.....	- 3 -
2.2 World Fair Trade Organisation (WFTO).....	- 4 -
2.3 India, trade and Fair Trade.....	- 5 -
2.4 Sri Lanka, trade and Fair Trade .....	- 5 -
3. Theoretical framework.....	- 6 -
3.1 Sustainable Development.....	- 6 -
3.1.1 Economic development.....	- 6 -
3.1.2 Social development.....	- 7 -
3.1.3 Environmental development .....	- 7 -
3.2 Empowerment .....	- 7 -
4. Methodological framework.....	- 9 -
4.1 Qualitative study .....	- 9 -
4.2 Interview study.....	- 9 -
4.2.1 Semi-structured interviews .....	- 9 -
4.2.2 Interview guide .....	- 10 -
4.2.3 Ethical aspects.....	- 10 -
4.2.4 Performed interviews .....	- 10 -
4.2.5 Processing of material.....	- 11 -
4.3 Methodology discussion .....	- 12 -
5. Previous research .....	- 13 -
5.1 Economic development.....	- 13 -
5.2 Social development.....	- 13 -
5.3 Environmental development .....	- 14 -
5.4 Empowerment .....	- 15 -
6. Analysis .....	- 16 -
6.1 Sustainable development.....	- 16 -
6.1.1 Economic development.....	- 16 -

6.1.2 Social development .....	- 17 -
6.1.3 Environmental development .....	- 18 -
6.2 Empowerment .....	- 19 -
6.3 Fair Trade in India and Sri Lanka .....	- 20 -
7. Discussion .....	- 22 -
7.1 Economic development.....	- 22 -
7.2 Social development.....	- 23 -
7.3 Environmental development .....	- 23 -
7.4 Empowerment .....	- 24 -
7.5 Concluding discussion .....	- 25 -
8. Conclusion .....	- 26 -
9. References.....	- 27 -
Appendix A.....	1
Appendix B .....	3
Appendix C .....	5

# 1. Introduction

The aim of Fair Trade is to open up an alternative international trade, which criticizes the mainstream unequal counterpart (Raynolds, 2009). Further goals within the Fair Trade movement is to encourage development in some of the most impoverished areas (Doherty, Davies and Tranchell, 2013). It also strives to connect the marginalized producers in the South, with the customers in the North (Raynolds, 2012b). This results in a global network where the marginalized producer receives the opportunity to get a fair price and tools for development, and the conscious customer receives the possibility for responsible consumption of products, which are both socially and environmentally friendly.

It is mostly food items and handicrafts that are promoted through the Fair Trade movement, where much effort is aimed towards tackling unequal trade and poor production conditions. The movement of Fair Trade could therefore be perceived as an important opponent to the conventional global food and trading systems, which today are recognised as destructive, both environmentally as well as socially, due to high production targets to a minimum cost. (Raynolds, 2009)

The history of Fair Trade begins after World War II, when church organisations sold handicrafts from countries recovering after the war (Stenzel, 2012). The original commitment of helping people recovering from war was soon shifted to include a broader mission of helping people from poverty. The movement wanted to demonstrate how economic independence and development for small-scale producers was possible if the conditions and terms of international trade changed to become more fair (Hutchens, 2010).

Some key policies within Fair Trade was therefore established: “*Working themselves out of poverty*”, as well as “*Trade not Aid*” (Doherty, Davies and Tranchell, 2013). These guidelines have continued to be the core of the movement, since it has been discovered how involvement in the market mechanism is one effective approach to achieve development and social change. It has also been questioned whether aid is the proper way to reduce poverty and underdevelopment, since it has been discovered how many countries remain poor due to misused or wasted aid money (Morrissey, 2006). Some of the main focus areas of Fair Trade is therefore to make the producers achieve empowerment (Le Mare, 2012), as well as to strengthen the livelihoods of the producers by sustainable development (Fairtrade International, 2010).

The success story of Fair Trade has also included a certain amount of critiques, for example regarding the actual economic benefits of being connected to Fair Trade (Beuchelt and Zeller, 2011). Another common critique is regarding the imbalance between demand and supply, where the demand is lower than the supply of Fair Trade products, which results in the surplus products getting sold on the conventional market (Johansson, 2009). In addition, Johansson presents critique regarding the ineffective approach of promoting Fair Trade as a tool to achieve socio-economic development, since aid would be more effective when the full amount of money is received when the supply chain is avoided. Fair Trade can therefore be perceived as a movement which is equally praised and criticised.

## 1.1 Aim

The aim of this thesis is to investigate the potential of Fair Trade to contribute to the theories of sustainable development and empowerment, specifically in the countries India and Sri Lanka, by comparing defined key elements for these theories with statements from Fair Trade organisations in these countries.

## 1.2 Research questions

1. Does Fair Trade have the potential to contribute to economic, social and environmental sustainable development?
2. Does Fair Trade have the potential to contribute to empowerment?

## 1.3 Delimitations

The decision to perform a Minor Field Study in India and Sri Lanka, was due to the significant amount of Fair Trade organisations found in these countries, which indicates that the Fair Trade movement is well-established. The geographical area of the study is therefore limited to India and Sri Lanka but it will, nevertheless, not aim to compare Fair Trade between the two countries. This since no major differences was expected between these countries.

The subject of research for this thesis is to investigate Fair Trade's possibilities to generate sustainable development as well as empowerment in India and Sri Lanka. All the organisations participating in this study are directly or indirectly members of the World Fair Trade Organisation (WFTO), but the aim is not to analyse to what extent a membership within WFTO enables sustainable development or empowerment, nor will the other benefits of being a member of WFTO be investigated.

## 1.4 Definitions

When performing a broad study, some definitions are needed in order to avoid possible misconceptions. These definitions will be consistently used throughout the thesis, to define both the movement of Fair Trade, as well as cornerstones for the interview study. The most prominent term is *Fair Trade*, which has several meanings. For this thesis, a general definition outlined in section 2.1 *Fair Trade* will be used. The core of the methodological framework is to visit organisations that have committed to Fair Trade. Representatives from the management of these organisations will be referred to as *managers* throughout the thesis. Employees that manufacture the products within the organisations have different professions and work tasks. They can be farmers, workers or artisans. In this thesis the uniting term *producers* will be used for all these occupations, inspired by WFTO and FLO International (2009). During the interviews, both managers and producers will be considered as *participants*, and the people behind this study will be named *authors*. In coming sections, further definitions regarding the theoretical and methodological framework will be outlined.

## 2. The Concept of Fair Trade

### 2.1 Fair Trade

Fair Trade is an alternative to the conventional trading partnership, in the way that it attempts to take human needs and the environment into consideration, by integrating an actual cost for production and ecological implications into the market price (Williams, 2013). It is a global movement of different varieties that can be traced many decades back (Fairtrade Foundation, 2014), but with common features such as market access for marginalised producers, promotion of equitable trading relationships, capacity building, empowerment, as well as consumer awareness and advocacy (WFTO and FLO International, 2009). Cooperatives is also a common business model among Fair Trade producers, since it easier allows principles of collective ownership, democratic decision-making and self-management to be integrated (Williams, 2013).

It is described by Williams (2013) as a balanced relationship between Northern and Southern partners, where each partner has committed to its own specific part of the Fair Trade agreement. The Southern partner promise quality labour standards, fair distribution of resources and environmentally friendly production. The Northern partner on the other hand, promise a pre-set price which is not affected by the fluctuation on the world market. Hence, this “*social contract*”, as expressed by WFTO and FLO International (2009), builds upon a shared social and ethical commitment among all involved parts, and works as a partnership for development through trade.

Fair Trade products are traded in accordance with a common definition set by the two main establishment that together constitute what most often is called *Fair Trade* (WFTO and FLO International, 2009). Even though they are using different methods to promote the products, they share a common vision and have established and agreed upon the following definition:

*“Fair Trade is a trading partnership, based on dialogue, transparency and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South. Fair Trade Organisations, backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade.”* (WFTO and FLO International, 2009).

The two main establishments differ in the way they perform the trading and marketing. The first establishment is *Fairtrade International*, which certifies ethical products with a specific label as an attempt to make them more easily available on markets mainly in the North (Doherty, Davis and Tranchell, 2013). The often seen Fairtrade label on a product indicates compliance with Fair Trade standards during production, processing and packaging (WFTO and FLO International, 2009). Products with the Fairtrade label are generally refined raw materials such as coffee or chocolate, consumed in peoples’ daily lives which enables production in large quantities. These products are also easier to certificate, since the production chain becomes less complicated (Rignell, 2002). In general, this makes it easier to put a Fairtrade label on coffee compared to a children’s toy.

The second main establishment, *WFTO*, does as a contrast to Fairtrade International integrate the entire supply chain from producer to consumer. Products are imported/exported and eventually sold by specific retailers, which all has Fair Trade as its core value (WFTO and FLO International, 2009). All of the organisations that are subject to this study are direct or indirect members of WFTO and therefore will this particular movement be further explained in the following part.

## 2.2 World Fair Trade Organisation (WFTO)

The WFTO is a global network consisting of producers, suppliers and retailers of Fair Trade products, whom all together work in order to create a world where trade structures and practices are in favour of the poor, and where sustainable development and justice is promoted (WFTO, 2015a). Members of the WFTO are often small scale cooperatives manufacturing different types of handicraft, and this complex crafting process makes it more complicated to certify a specific product (Rignell, 2002). The idea of WFTO is instead to certify the whole production and trade chain as Fair Trade. Policies, governance, practices and decision making within the production chain are all supervised (WFTO, 2015a), and crosschecked to follow ten principles outlined by WFTO (2015b):

### The 10 Principles of Fair Trade

- 1 *Creating Opportunities for Economically Disadvantaged Producers*
- 2 *Transparency and Accountability*
- 3 *Fair Trading Practices*
- 4 *Payment of a Fair Price*
- 5 *Ensuring no Child Labour and Forced Labour*
- 6 *Commitment to Non Discrimination, Gender Equity and Women's Economic Empowerment, and Freedom of Association*
- 7 *Ensuring Good Working Conditions*
- 8 *Providing Capacity Building*
- 9 *Promoting Fair Trade*
- 10 *Respect for the Environment*

The members have to show continuous improvements with regards to the principles (WFTO, 2015a). Both internal and external audits are performed regularly to ensure compliance and improvements according to the criteria (WFTO, 2015c). Members that successfully implement Fair Trade in all practises of the organisation reach the *Guaranteed Fair Trade Organisation* status and are allowed to use a *WFTO Label* on their products (WFTO, 2015c).

The aim of current study is not to investigate possibilities that comes along a membership of WFTO, but rather the commitment to support small scale producers by covering the whole trade chain. This is very appealing in order to detect its compliance with empowerment and sustainable development.

## **2.3 India, trade and Fair Trade**

India is almost like a continent in itself, being the second most populated country in the world with over a billion people. The contradictions are massive; deeply rooted traditions, religions and cultures are mixed with a growing economy and an IT-sector at the forefront (Daleke, 2014a). Even though India is developing quickly, there are still serious problems regarding overpopulation, corruption, pollution and poverty. The majority of the population does not thrive from the economic development, and many people on the countryside are still living below the poverty line (Serrv, 2015).

The foreign trade is relatively limited due to the country's own vast manufacturing capacity (Daleke, 2014b), but exports of textiles and handicrafts are a major source of income for people, especially women, in rural areas (Serrv, 2015). A large number of Fair Trade Organisations are operating in these areas, creating opportunities to improve livelihoods. Overall in India, the Fair Trade movement has a long history. At present date, WFTO has 38 member organisations and networks all over the country (WFTO, 2015d).

## **2.4 Sri Lanka, trade and Fair Trade**

Sri Lanka is an island nation situated in the Indian Ocean south east of India. The population is about 20 million people, and the country has fought a long civil war that ended in 2009. Since then, Sri Lanka has experienced a rapid growth in the economy (Serrv, 2015). Sri Lanka has also received the highest rating of all countries in South Asia by the United Nations Development Programme (UNDP), when it comes to matters regarding development of income, literacy, life expectancy and infant mortality (Daleke, 2014c).

It is an export oriented country, and the main products that are exported are textiles, tea, rubber and coconuts (Daleke, 2014d). However, the import of goods such as fuel, consumer goods, food and building material brings more expenses than the income of the export, which makes the country struggling with its economy (Daleke, 2014e). Especially in rural areas are things undeveloped, with limited access to foreign trading markets, but several small scale Fair Trade Organisations have established their businesses since the 1970s, in order to supply the marginalized people with work and livelihood (Serrv, 2015).

## 3. Theoretical framework

In the following section, the chosen theories and their key elements that form the basis for the analysis, are presented.

### 3.1 Sustainable Development

The World Commission on Environment and Development published the report *Our Common Future* in April 1987, which was the first report to include the concept of *Sustainable Development* (United Nations Economic Commission for Europe, 2014). It is further presented how this new concept of sustainable development helped the international agenda by defining a common word for economic, social and environmental sustainable development. Furthermore, it includes the idea that economic and social improvements are not possible when it is performed with consequences that would harm the environment (United Nations, 1987). The concept of sustainable development is described as following in the report *Our Common Future*:

“Sustainable development seeks to meet the needs and aspirations of the present without compromising the ability to meet those of the future” (United Nations, 1987, p.25).

The general concept of sustainable development is focused particularly on the needs of the poor, but also on the needs of the present and the future generations (Rudawska, 2013). The concept is therefore according to Rudawska a key goal for most people and institutions in society, such as individuals, businesses, governments and organisations, and specifically a key goal for businesses, which is defined as finding a balance between social responsibility and profitability.

One of the main focuses within the Fair Trade movement, is for the respective organisations to promote improvements for the producers regarding their economic and social possibilities, as well as improvements regarding their environmental practises (Stenzel, 2012). This dedication is also evident by the 10 principles of Fair Trade that was presented in section 2.2 *World Fair Trade Organisation*. It can therefore be contemplated as a suitable approach to investigate sustainable development in relation to Fair Trade. As already mentioned, sustainable development is divided to include economic, social and environmental sustainable development, and their definitions for this thesis are inspired by Soubotina (2004), who points out several key elements (seen as *cursive*) related respectively to what henceforth will be called economic, social and environmental development. The concept of sustainable development and its key elements has several interpretations, and it is therefore necessary to determine the specific definition of sustainable development and its key elements used in this thesis.

#### 3.1.1 Economic development

Economic *growth* can be perceived as a potential way to reduce poverty and solve other social problems (Ekins, 2000), which in this study will be related to the possibility for Fair Trade to contribute to economic growth on a national as well as on a local organisational level. An underlying assumption, according to Ekins, is that economic growth is compatible with environmental sustainability. Economic development is also sustainable when resources are used with proper *efficiency* (Soubotina, 2004). Natural resources are possible to investigate as well, but this study will specifically focus on efficiency related human resources in general and working hours in particular (since natural resources are analysed within the theme environmental development). Ijigu (2015) highlights the importance of maintaining human resources, and to prevent abuse of these. The impact of a proper human resource management in employment relationships is also noted by Spooner and Kaine (2010), who identifies this as key for the individual worker.

Finally, economic development is also sustainable when it occurs with *stability* (Bennett, 2013), which in this thesis is related to the economic stability of the producers generated by an employment within Fair Trade. Economic development will therefore be investigated on a national and organisational level regarding growth, but on an individual level regarding stability and efficiency, which enables structure during the analysis.

### 3.1.2 Social development

Sustainable social development have several indicators, among which a central one is to get more people into *employment* (Terstappen, Hanson and McLaughlin, 2013). *Equity* measures, such as gender equity, are also prominent according to several development frameworks (Porio, 2015). The importance of *education* is also widely recognised, both concerning children and adult education. A final matter is *health*, involving concerns like nutrition, sanitation, drinking water and access to medical supplies, but also mental health and wellbeing (Porio, 2015).

### 3.1.3 Environmental development

Environmental development is sustainable when life-supporting natural systems and resources are not endangered, which includes water, soil, the atmosphere and ecosystems (United Nations, 1987). It is therefore important to maintain *rational use of resources*, which is sustainable also when the use does not impact the regrowth of the resource (Reilly, 2012). Another area of importance is to retain proper *conservation of non-renewable resources*, since these sources are finite and cause large emissions of greenhouse gases (Nyambuu and Semmler, 2014). Finally, healthy environment for humans is, in this thesis, related to a good *work environment* that does not harm either humans (Ekbladh et al., 2014) or the environment.

## 3.2 Empowerment

Empowerment has been described as an essential starting point to achieve international development (Mosedale, 2014), and it has further been defined as an important shift of power in the social world (Bennett Cattaneo, 2014). To give the possibility for the producers to achieve empowerment is one of the fundamental goals within the Fair Trade movement (Le Mare, 2012), which makes empowerment an interesting theory to include in this study. Empowerment does, likewise with sustainable development, hold several interpretations and definitions, but it is mainly characterized by the individual's ability of influencing decisions regarding their own life (Le Mare, 2012).

Some key elements that are required for empowering people have been established in this study, which have been identified by literature review of various sources covering the topic in order to reach as broad picture as possible. The key elements have also been chosen according to the scope of the study. There is no single model for empowerment, but the following key elements are almost always present, in various shapes, in cases where empowerment has been discussed:

An important component of empowerment is the *access to*, as well as the effective use of, *information*, which gives individuals the chance to take more informed decisions in their lives (Shukla, 2014). Access to information has also been described as an essential tool to reduce differences regarding access to resources, to allow equal distribution of resources and opportunities, and to build trust between governments and citizens. Le Mare (2012), does also point out how informed individuals are better equipped to establish and know their rights.

*Participation* means involvement in decision making, and being a member of a group (Le Mare, 2012). It requires an open and participatory culture within the organisation, enabling people, both men and women, as well as poor and non-poor to debate issues and participate in local priority setting (Laberge, 2008). Participation, in relation to empowerment, is also defined as the possibility

for the individual to participate in meetings, as well as the opportunity to share personal views and ideas, and to have these heard and fully acknowledged, during the decision-making process (Lyndon et al., 2012).

There is a wide range of interpretations, but *accountability* is most often explained as when an organisation hold itself responsible of actions, decisions, implementations and policies within the organisation (Williams and Taylor, 2013; Davenport and Low, 2013). This can be performed through openness and transparency in the process of empowering and supporting disadvantaged groups, such as poor and marginalised people, who are in need of accountability the most (Gaventa and McGee, 2013; Laberge, 2008). Another aspect of accountability is the importance of it being horizontal, internal and shared, which enables inputs from individuals to be taken into account in the management procedures (Craig Wallace, 2011; Laberge, 2008).

The key elements within each of the specific theories, will function as indicators when investigating the possibility of Fair Trade to contribute to sustainable development and empowerment. The interviews, and specifically the interview guides, will therefore be based upon these key elements, in order to identify to which degree they are present in organisations working for Fair Trade.

## 4. Methodological framework

This section includes an over-view of the methodological framework used for this thesis. The specific procedures will be presented to show how this study was performed, but also several aspects that was kept in mind during the work of this thesis.

### 4.1 Qualitative study

To perform qualitative methodologies implies the possibility to receive a philosophical perspective and approach of the analysis, as well as for the adaptation of the chosen research method (Given, 2008). The research method refers to the kind of tool which researchers use to plan the study, as well as collecting and analysing the data. The goal of each qualitative approach is to receive understanding of a specific phenomenon out of the perspective of those who experience it, which is one of the benefits of a qualitative study compared to a quantitative study (Streubert Speziale and Carpenter, 2007, see Vaismoradi, Turunen and Bondas, 2013, p.398).

For this specific study, that means to receive understanding of Fair Trade from the perspective of people who are directly influenced by this specific movement. This took place by using the method of Andersen (1994), which is divided into three parts; *interview study*, *literature study* and *observation study*, which resulted in the possibility to broaden and deepen the study since information is collected from a variety of perspectives. The interview study made up the core of the thesis while the literature study took place by a review of previous research in the field. The results of these studies were compared and are shown in the discussion section of this thesis. The observations collected during the visits at the organisations were added to the analysis, and they also influenced the way the data from the interviews were interpreted.

### 4.2 Interview study

#### 4.2.1 Semi-structured interviews

The interview method used for this study was a semi-structured interview which is the most common type of interview in qualitative research (Doody and Noonan, 2013). This included the use of an interview guide to create order before and during the interviews. It also involved the use of predetermined questions, but they remained flexible with open-ended questions which gave the opportunity to explore issues that came up spontaneously. Another benefit was the possibility to change the order of the questions depending on the direction of the interview, but also the possibility to ask further questions (Doody and Noonan, 2013). During the interviews, one of the authors acted as the interviewer while the other author took notes of what was said. Other occurrences was also noted, such as body language and other observations.

Five Fair Trade organisations was visited in India and Sri Lanka to perform the field study. They differ regarding size, production, structure and management, which created the opportunity to investigate Fair Trade from different perspectives. Semi-structured interviews can be performed with one individual person, or together with a group of people (DiCicco-Bloom and Crabtree, 2006). The individual interview gives the possibility to go deeply into topics (Ritchie, 1997), and was in this study performed by interviewing a manager at each organisation. These interviews resulted in the opportunity to receive an overview of Fair Trade, both within the respective organisations and within the respective countries. A group interview does not go as deeply into the topics, but it does instead allow a wider range of information to arise due to the increased amount of participants (Ritchie, 1997). In this study, a group interview was performed producers and these interviews implied the possibility to receive information regarding the direct impacts of Fair Trade, which took place by the help of an interpreter.

### 4.2.2 Interview guide

Interview guides were created beforehand respectively for the participants from the Fair Trade organisations (see *Appendix A* and *B*). These included questions to be asked for each participant, and the questions were formed, as suggested by Esaiasson et al (2012), to be easy to understand and to make the participants inspired to share their experiences. Themes were also created in the interview guides, which follows the aim as well as the theories for this thesis, i.e. *economic, social and environmental development*, as well as *empowerment*. These themes were chosen to receive structure during the interviews, as suggested by Bryman (2012, see Doody and Noonan, 2013, p.30), which also enables a more systematic approach to answer the research questions.

It is, according to Smith, Flowers and Larkin (2009, see Doody and Noonan, 2013, p.30), important to establish an appropriate and structured interview guide, which assists the interaction with the participant, as well as the opportunity to collect data, which will act as answers of the research questions within the thesis. The interview guides contained a certain amount of questions, but a few key questions were selected in advance for all of the interviews, leaving the remaining as follow-up questions.

The interview guides were sent to the organisations in advance, which was requested by the organisations to avoid any sensitive questions and to give them the opportunity to prepare themselves and the interpreter. There are possible risks connected to this since the answers of the questions might take another form compared to if they did not receive the questions beforehand. This was taken into account during the analysis and was not perceived as a critical matter.

### 4.2.3 Ethical aspects

There are several ethical aspects to be concerned about when a field study is conducted in a foreign country. To avoid faults or cultural misunderstandings, further research about the culture and the traditions of the countries was therefore performed before and during arrival within respective country. This gave the opportunity to prepare for the possible misunderstandings and culturally different situations during the interviews and visits at the organisations.

Ethical aspects were also considered during the interviews, as presented by Esaiasson et al (2012), and informed to the participants before the interviews started. One important matter was to make the participants and the interpreter fully informed about the interview and the aim of the thesis. Other aspects was to inform about the interview being audio-recorded and how complementary notes would be taken, but only if the participant approved. It was also presented how participation in the interview was fully voluntary, refusal of answering specific questions was possible, and the interview could come to an end whenever the participant wished to. Finally, the participants were also informed about the possibility to be anonymous, which none of them decided to be.

### 4.2.4 Performed interviews

Interviews were performed at a total of five Fair Trade organisations, two in India and three in Sri Lanka. These organisations were identified on WFTO's membership list in the respective countries, even though the membership of WFTO was not investigated in this study. Each organisation contributed with two separate interviews; one one-person interview with a manager, as well as one group-interview with 2-5 producers (see *Appendix C*). Following is a list of the organisations who participated in this study:

#### Gospel House Handicrafts - Sri Lanka

This organisation is specialized in the production of wooden educational toys, puzzles, games and children's furniture, and they the leading Fair Trade Manufacturer of crafted wooden toys in Sri Lanka. The wood is from a sustainable tree called Albesiya, grown in the tea plantations of Sri

Lanka. Gospel House was established 1977 in Madampe, with the goal to give employment and training to semi-educated and marginalized youths. (Gospel House Handicraft, 2014)

#### People's Organisation for Development Import and Export (PODIE) - Sri Lanka

PODIE produces organic spices, mainly from small scale organic farmers in six out of nine districts of Sri Lanka. The producers form the main stakeholders in the organisation, and are organised into co-operatives connected to PODIE. The organisation buys the spices directly from the farmers, which eventually get processed and packaged in their unit in Negombo. The organisation is one of the pioneers concerning Fair Trade activities in Sri Lanka. (PODIE, 2010)

#### Program for Women's Empowerment and Self Sustenance (Prowess) - India

This organisation aims to empower women and provide them with the opportunity to receive their own income, by the production of toys, furnishings and home accessories, mostly made with cotton (Prowess, 2015). Prowess is furthermore a producer group connected to the umbrella organisation MESH, which has a membership within WFTO (MESH, 2015). Prowess is therefore not member of WFTO themselves, but indirectly through their membership of MESH.

#### Self Help Association for Rural Education and Employment (SHARE) - India

SHARE, established in the 1970's, combines as an organisation of traditional handicraft producer cooperative, (Fair Trade Forum India, 2015), as well as a community based organisation focusing on women and child development, and especially their possibilities to receive education and employment (SHARE, 2015). SHARE is situated in Vellore and Dindigul District Village, and the organisation is run by women in an executive committee.

#### Selyn - Sri Lanka

Selyn creates products of 100 % cotton, such as scarfs, children's toys and interior design products. Nine handloom workshops and five sewing/handwork workshops are situated in different villages around Kurunegala, which enables more people to be engaged in their production. Selyn, established since 1991, strives to empower the traditional Sri Lankan community of handloom weavers. (Selyn, 2011)

### 4.2.5 Processing of material

All interviews in this study was audio-recorded and thereafter transcribed, which enabled spoken words to be translated into written words (Regmi, Naidoo and Pilkington, 2010). To ensure accuracy, the transcription was initially performed by one of the author in the study and thereafter crosschecked by the other author. The notes taken during the interviews also helped in the transcription process. The transcriptions were thereafter sent to the respective manager in the organisations, which gave them the opportunity to add comments or make changes due to possible misconceptions. The reason for not sending the transcriptions from the interviews of the producers was due to language and time barriers, since an interpreter had been necessary to translate the transcription.

A *thematic analysis* was thereafter performed to analyse the transcriptions, which can be defined as a tool to identify the underlying comprehensions and opinions (Gomm, 2008). It has further been described as a qualitative method, which can be applied for identification, analysis and reporting of themes within a data collection (Vaismoradi, Turunen and Bondas, 2013). As mentioned in 4.2.2 *Interview guide*, the theories of this study was chosen as themes in the interview guides. These themes were also chosen as themes for the analysis of the collected data. Thematic analysis does most often take place by identifying the themes during the analysis (Gomm, 2008; Vaismoradi, Turunen and Bondas, 2013), but it was of special interest for this study to investigate Fair Trade in relation to the specific themes, which is the reason why the themes were identified at an early stage.

The thematic analysis took place by both authors reading all the transcriptions and making notes of where the key elements were found. These notes were thereafter crosschecked as to see whether both authors had interpreted the findings of the key elements in the same way. A colour-coding of the key elements was thereafter performed in the transcriptions when both authors had agreed on the key elements, which gave structure for the following step of performing the analysis.

### 4.3 Methodology discussion

*Validity* and *reliability* of a study is of great importance, since they measure and verify the collected and processed data, and therefore also the quality of the study (Kuzmanic, 2009). Validity is traditionally referred to as the extent to which the used methods of the study measure what it intends to measure. This can, according to Kuzmanic, by other words be described as to add a more reflexive and transparent layer to it, which includes the consciousness of the authors, that taken considerations and actions influence the outcome of the study, but also the awareness of what might frame and steer it in different directions. It is further presented by Kuzmanic, how the aim, along with the research questions, should be central throughout the process. Bearing this in mind is acknowledged as a way to increase the validity of the study, in order to answer the research questions.

When performing a semi-structured interview, it is also crucial to make sure its reliability is sufficient. Reliability is the grade of trustworthiness, and can according to Campbell et al. (2013) be monitored in three types. One is *stability*, which means that the content of the data does not change over time. The data available in this study consisted of transcriptions from in total ten interviews. That is a fairly vast amount, considering the limited time span. It should also be noticed that the participants for the interviews were randomly selected, and the findings could possibly be different if other people were interviewed. This lower the reliability. Secondly, the *accuracy* of the data reassures that the material have been processed similarly, which is the case for this study. The final type of reliability is *reproducibility*, which in this case means that a similar result would have been achieved even though another person had conducted the interviews. Since there are two authors to this thesis, the audio recordings were listened to twice and crosschecked against the transcriptions.

The fact that the study to a considerate extent relied on interpreters reduced the reliability though, in the sense that different persons perceive things differently. An interpreter was involved in four out of five interviews with the producers, and it was in all cases one of the managers within the organisations which acted the interpreter. The time limitation of the field study prevented the possibility to involve an external interpreter, which would have enabled higher accuracy in the study. It is therefore important to recognise that the producers were in a position where they possibly, due to the presence of the manager, could not be fully honest with their answers. There is also a risk that the managers excluded or added some of the information from the producers when they translated their answers. This was all taken into account during the analysis of the interviews, as well as the fact that interpretation between two languages might result in losses of words or meanings. The fact that the amount of participants during the interviews with participant varied, was also something taken into account during the analysis, but it was not perceived as a critical matter.

## 5. Previous research

As Fair Trade receives increased attention for improving the lives of marginalised producers around the world, it does also create debate regarding its effectiveness of doing so (Naylor, 2014). A wide range of critics has arisen regarding Fair Trade, and it is therefore of great importance to critically investigate how this movement is operating within various contexts (Terstappen, Hanson and McLaughlin, 2013). Presented in the following section is the result of the conducted literature study; a brief summary of the scientific field concerning the Fair Trade in relation to the theories chosen for this thesis.

### 5.1 Economic development

According to Ekins (2000), economic *growth* does not contradict environmental sustainability. This perception is challenged with a growing number of opposers, characterized by a misbelief of growth as a poverty reducer (Giddings, Hopwood and O'Brien, 2002). A more integrated view upon sustainable development is requested, and the classic work by Meadows, Randers and Meadows (2005) is fundamental in this new way of thinking. As a contrast, Brown (2007) concludes that Fair Trade, as an alternative participator on the export market, has the possibility to play a significant role in empowering developing countries by taking part of the international trade market, since all economies worldwide have developed with regards of foreign trade. Fair Trade is therefore, according to Brown, an attempt to let developing countries manufacture their own goods for export and as a result, achieve economic growth. This is a way to reduce the often criticised imbalance between demand and supply, where it is noticed how the supply of Fair Trade products sometimes is higher than the demand (LeClair, 2002, see Smith, 2013, p. 115).

*Efficiency* is related to the handling of human resources (Ijigu, 2015; Spooner and Kaine, 2010), and in this study specifically the working hours of the producers. A previous study, where the working hours of conventional producers and Fair Trade producers were compared, showed how conventional producers worked more hours compared to the Fair Trade producers (Ruben and van Schendel, 2009). It was also noted how the conventional producers did not have as flexible working hours as the Fair Trade producers. The possibility for Fair Trade producers to work from home (Bonnan-White, Hightower and Issa, 2013), also enables them to choose working hours themselves.

The economic advantages of Fair Trade is often held as prominent features of the movement (Dragusanu, Giovannucci and Nunn, 2014). This is based on the fact that Fair Trade offers elements such as long-term trade agreements and minimum prices, which enables a greater economic *stability* for the individual person. A study performed by Arnould, Plastina and Ball (2009) shows how Fair Trade producers receive a higher income, but a common critique against Fair Trade is to what degree the economic benefits actually are received by the producers (Beuchelt and Zeller, 2011). One study has revealed how Fair Trade producers did not experience any economic benefits and even remained poorer than conventional producers (Johannessen and Wilhite, 2010).

### 5.2 Social development

Fair Trade has been announced as a dynamic social process, which aims to raise voices and put several social issues on the agenda (Terstappen, Hanson and McLaughlin, 2013). It has also been noted how Fair Trade has the potential to generate social development by increasing the *employment* rates (Terstappen, Hanson and McLaughlin, 2013). Being employed and actually deserving the payment does create the possibility to achieve higher self-confidence, when money is not given as aid (Brown, 2007; Bonnan-White, Hightower and Issa, 2013). However, some critique has been raised in the view of Fair Trade as exclusive, only by including a limited amount of producers, which results in a small amount of people who can achieve the social and economic benefits of being a Fair Trade producer (Johansson, 2009; Smith, 2013).

Another important area for Fair Trade is to promote *equity*, and especially regarding gender equity (Hutchens, 2010). The movement seek to protect women from discrimination, and to promote their participation in producer communities, but Hutchens notes how Fair Trade might not contribute to gender equity as much as they aim to. It has, for example, been discovered that some producer organisations lack specific policies or initiatives to empower women, and women are often underrepresented in meetings and during decision-making processes. Hutchens therefore question this event, since women represent the majority of the producers within Fair Trade, which is estimated to be as high as 70 %. Terstappen, Hanson and McLaughlin (2013) are also questioning Fair Trade's contribution to gender equity, but they also raise the issue how this area lacks thorough attention within the research literature.

The scientific literature regarding possible ways for Fair Trade to promote *education* is almost exclusively concentrated on its impact on children schooling. A study by Gitter et al. (2012) found that participation within a Fair Trade-organisation increase schooling of girls and women between the ages of 16 to 25 with a modest 0.7 percent. Other results state that Fair Trade does not have any direct effect on children attaining education compared to producer families not connected to Fair Trade (Arnould, Plastina and Ball, 2009). It should be noted though, that it has been proven how income level affects the number of schooling years, which indicates that Fair Trade might increase the amount of schooling years indirectly, since it opens up the opportunity to achieve a higher income, and thus enable children to receive higher and longer education (Arnould, Plastina and Ball, 2009; Bonnan-White, Hightower and Issa, 2013).

Studies performed to investigate Fair Trade's impact on *health* care has shown positive results due to safety guidelines within the organisations (Terstappen, Hanson and McLaughlin, 2013). High health and safety standards is further noticed by Raynolds (2012a). It is also noted how the promotion of good health care and access to health services improve the overall health for producers connected to Fair Trade (Terstappen, Hanson and McLaughlin, 2013).

### **5.3 Environmental development**

The relation between Fair Trade and environmental matters, such as *rational use of resources* and *conservation of non-renewable resources*, has not received any comprehensive attention scientifically, but Raynolds (2012a) presents how Fair Trade requires far-reaching measurements when it comes to *work environment*. It is further acknowledged how the restrictions are minimum requirements and more comprehensive, compared to existing legal matters in most developing countries.

Terstappen, Hanson and McLaughlin (2013) also note how studies regarding Fair Trade and health impacts, often are related to the environmentally friendly conditions and productions, which are encouraged within the movement. It is therefore emphasised that good and healthy work environments occur since the productions often are more environmentally friendly, which results in a better work environment for the producers. A matter that also Raynolds (2012a) points out, by notifying how a healthy environment for the producers does also conserve soil, water and biodiversity.

It is also presented how Fair Trade seeks to encourage a more sustainable approach of the production, and specifically regarding agriculture (Raynolds, 2000). Further notes regards how Fair Trade challenge the current exploitation of resources, such as in the global agro-food system, and even though the movement mainly focus on social issues, it does also search to develop less environmentally destructive practices which does not contribute to the degradation of environmental resources.

## 5.4 Empowerment

Empowerment is one of the fundamental goals within Fair Trade, which is meant to be achieved by the payment of a fair price as well as a general strengthening of the producer organisations (Phillips, 2014). The movement does therefore focus on people-centred development, with the aim of empowering the producers to develop their own businesses, and therefore also empower their whole communities. Regarding the key element *access to information*, a study by Raynolds (2009) shows that Fair Trade producers, as a contrast to conventional producers, perceive their buyers to share information about the market and other buyers, which all together empower the Fair Trade organisation. Other studies show that Fair Trade enabled the opportunity for more people to access information by being engaged within the board of the organisations and participating in its meetings (Elder, Zerriffi and Le Billon, 2012). It was also noted that this can be the case as long as some type of cooperative or organisation is established, and not specifically due to the commitment to Fair Trade. Another aspect to this is forwarded by Makita (2012), who in a study found out the invisibility of Fair Trade among workers in a tea plantations in India, who did not know about their involvement in Fair Trade. This maintains the traditional existing relations between management and producers, making organisations top-steered (Makita, 2012).

Previous research regarding *participation* within Fair Trade organisations, and especially regarding female participation, indicates that women do not take part to the same extent as men (Hutchens, 2010). It was also discovered by Hutchens how women do not feel accepted by male members within community boards, and that women do not find the time to participate outside their working hours and household tasks, which all together decrease the level of equal participation. Another study by Elder, Zerriffi and Le Billon (2012) does on the other hand show that women's participation in communities is promoted by Fair Trade, at the expense of men, which leave the scientific field scattered in this matter. Fair Trade does also promote the establishment of cooperatives as well as boards, as a part of participation, where issues can be discussed and where voices can be raised (Phillips, 2014). Studies show that the perception has been positive among producers, since participation within Fair Trade organisations has enabled democratic decision-making to occur, but Phillips (2014) points out the difficulty for Fair Trade to maintain empowerment for the individual producer, when most of them are treated as members of a wider producer community. The achievement within a community would therefore not automatically mean that empowerment is achieved for the individual person, according to Phillips.

A study have shown that organisations within the Fair Trade movement maintain *accountability* by promoting democracy and self-assessment (Davenport and Low, 2013). The study also showed that the organisations perceive that accountability arise since the Fair Trade movement encourage organisational self-learning and reflection on their own practises and policies. Davenport and Low therefore highlight the self-assessment within the Fair Trade organisations, and how this practice can contribute to democracy, transparency and finally also accountability, which is also pointed about in a study by Hutchens (2010).

## 6. Analysis

Following section presents the analysis which was performed to summarise the findings of the interviews as well as the observations generated by this study. The analysis is presented as a summary of the interviews from the managers and the producers, since no specific contradictions was discovered between them. The study does further not aim to compare the organisations, but rather achieve a general perception of Fair Trade, which is the reason for not dividing the analysis into the respective organisations. The following section is therefore presented accordingly to the theories and the key elements connected to them

### 6.1 Sustainable development

#### 6.1.1 Economic development

##### Growth

The majority of the managers agreed that Fair Trade is a small movement on an international level, and it was further noticed by some of them how Fair Trade therefore has a small impact on the economic growth within the respective countries. Nevertheless, the organisations contribute to the economic growth on a small scale, and it is therefore interesting to investigate the economic situation of the organisations. The manager of Gospel House mentioned how they have experienced a difficult financial situation ever since the recession in 2008, and SHARE also noticed a decrease of orders compared to earlier years. Remaining organisations did not express any economic difficulties.

##### Efficiency

Efficiency regarding the handling of human resources, i.e. working conditions in the sense of working hours, was also discussed among the organisations. Working hours differs between the organisations, but all producers work between 5-6 days a week with an average of 40-45 hours a week. However, producers within PODIE work different amount of hours depending on the harvest seasons. Selyn and SHARE offer flexible working hours, since many of the producers within Selyn are farmers, and the majority of the producers within SHARE work from home where they decide upon their working hours themselves. The manager of SHARE highlighted the freedom within the organisation to decide their own working hours, which the producers within both SHARE and Selyn also appreciated and highly valued.

##### Stability

Managers within all organisations highlighted the importance of creating opportunities to receive an income as one of the main focuses of their organisations. It was also presented how all organisations offer loan schemes with small interest rates. The manager of PODIE discussed the fact that they buy directly from their producers, which reduces the amount of middlemen, and how they maintain a minimum wage price. *“That’s our way to protect the farmers”*, and *“Fair Trade is very helpful to our small scale producers”*, he concluded. The producers of PODIE did also point out the positive financial difference compared to producers who are not involved in Fair Trade.

The manager of SHARE also highlighted how Fair Trade has increased the income for the producers, and how the price of the products are being discussed among them. The manager of Gospel House emphasised how the creation of employment makes the producers economically much stronger, but also the issues they experience economically of not receiving enough orders.

All producers within the organisations agreed that being part of Fair Trade and the respective organisations have created a sense of economic stability. Producers within SHARE pointed out how SHARE and Fair Trade “*creates low poverty in rural areas, and is a chance to social and economic development for women*”, meaning that men normally are the main wage earner in the families. Producers of Gospel House pointed out the stability of having a permanent job that results in an income, but they also stressed the need for more orders to create more work.

### 6.1.2 Social development

#### Full employment

All organisations noted the social impacts that an employment within the organisation bring, among which two pointed out this as particularly prominent. The manager of Gospel House concluded that “*We try to create as much employment as possible*”, even though they cannot offer full employment. The producers of both Gospel House and SHARE claimed the importance of having an employment at all, even though it might be limited. More orders might be the solution to this issue, according to the producers of Gospel House. The manager of SHARE also claimed that women that previously had been working for them now are employed in other places, thanks to their earlier work for SHARE.

#### Equity

There are some differences between the organisations when it comes to equity issues. PODIE, Gospel House and Selyn mentioned that even though these are issues in Sri Lanka, the problem is even larger in India. They therefore felt quite satisfied with the situation in Sri Lanka. In India, the manager of Prowess mentioned the happiness of the producers for not having any men in the organisation, and that it otherwise could occur “*problems*”. She referred to Prowess as a “*family*”, consisting of and owned by 16 sisters. In SHARE, women were encouraged to speak up and take the leading position within the family. The manager explained that it is a misperception that men are the decision makers within a family. Instead, she concluded that “*really, in reality it’s not. Reality is only women*”.

The equity work among the organisations in Sri Lanka did mainly consist of initiatives encouraging women to take place. For the coming three years, PODIE will work with the theme *Growing and strengthening with women’s power*. Their manager mentioned how this will be highlighted since women in village areas often get criticized by men for their ideas. Therefore, women within PODIE are offered places in their executive committee of farmers, and according to the manager of PODIE, they already have seen some results by this.

The manager of Gospel House explained that their external producers work in families, which creates a highly valued stability among them. The producers also agreed on that there were no hazards or discriminations within Gospel House. As a contrast to the other organisations in Sri Lanka, Selyn had no policy for equity issues according to the manager, but they employed mainly women and had several women in leading positions, including their chairperson.

#### Education

All organisations mentioned several educational programmes initiated by them, which were highly regarded by the producers. No qualifications were needed to start working for Gospel House according to their manager, which was confirmed by one of their producers who manage the accounts. She had no previous knowledge, and was now encouraged to go for account studies.

Prowess provided education for new-employees, and have participated in workshops concerning environment and other issues. Selyn provided educational programmes about money saving, family planning and technical trainings, and PODIE conducted organised trainings, depending on the different work tasks of the producers. These trainings were held in community development centres that had been set up in almost each farmer village.

The producers of SHARE forwarded that they got to understand English through the organisation, a fact that had opened up new doors. SHARE had also established several vocational training programmes for school children. They were finally planning to set up a training centre for the producers as well as the school children, in order to maintain a good educational quality. The producers of Selyn also appreciated the available nursery care, and the possibility to send their children to school through Selyn, and producers from PODIE and SHARE pointed out their possibilities to send their children to school due to increased income.

### Health

The organisations managed health care services in slightly different ways. Selyn has established a medical policy in cooperation with a local hospital. The manager explained that accidents involving producers were noted and reported to the Sri Lankan labour department through a factory book at the hospital. The producers were also covered by an insurance for compensation of income loss during in total four weeks of leave, which also was the case for PODIE. The manager at PODIE also pointed out regular meals for the producers as a prominent feature in maintaining good health. Breakfast and small meals around tea time were served every day, while lunch was offered once a week. He forwarded that a daily lunch would have been preferred, but that was not possible at the moment due to limited resources. SHARE also stressed the importance for their producers to eat healthy food, realised by common activities focusing on nutrition and healthy cooking.

The manager of Gospel House also pointed out limited resources, but they tried to help out as much as possible in case of sickness, and provided first aid trainings in order to prevent these kind of emergencies. Producers working within Gospel House said that they had established a connection to the government water supply, since they were not happy with the earlier water quality. Both SHARE and Prowess also covered eventual accidents through either an insurance or other compensation payment. Overall, both managers and producers felt confident and gave lots of examples regarding the security and support of various kinds generated through the organisations. A common mentioned feature was also that even though the producers had production targets, they felt relaxed and peaceful, compared to previous work experiences.

## 6.1.3 Environmental development

### Work environment

The importance of good work environment was also discussed among all organisations. The way these conditions are sustained differ between the organisations, due to the diversity of work which is performed. For example, Podie maintained good work environment by not using any chemicals in their production of spices, and managers at all organisations emphasised how the producers have all necessary facilities, such as good ventilation and equipment, to be able to perform the work in a safe way. The manager at SHARE did also mention how specific programmes and trainings are performed together with the producers to create awareness and to maintain a good work environment.

The interviews with the producers did all result in the consensus of experiencing appropriate work environment. Producers at Selyn mentioned how they valued work without any damage to humans and without any hard conditions. They also appreciated the green environment they work in, which

they pointed out to be valuable for any employment. The manager at Selyn did also emphasise how the work environment is one of the main areas they focus on, and the manager of PODIE mentioned how they hold regularly discussions with their producers to sustain their work environment. Many of the producers within the organisations had the possibility to work at home, which they highlighted as another good opportunity to maintain satisfying work environment.

### Rational use of resources

All organisations work with different raw material and perform different processes, which means that they differ regarding the used resources. PODIE is the only farmer group based organisation, producing organic and biodynamic spices. The manager gave information about the waste water systems they have, where the water is cleaned and used for irrigation, which also was the case for Selyn at their dyeing unit. PODIE does moreover collect rain water during the monsoon season to use for dry seasons.

Gospel House manufacture wooden toys made from the Albesiya tree, which the manager explained as a fast growing and sustainable tree found in Sri Lanka. They also use a certified environmentally friendly paint, and leftover wood is further used for cooking. Prowess creates cotton toys and home accessories made from leftover fabric, and they have recently performed a workshop which focused on sustainable use of water, electricity and other resources. SHARE works mainly with palm leaves bought from the neighbouring state Kerala. Using palm leaves mean that only the leaves of the trees are cut, and not the entire tree, which enables more rational use of the palm trees according to the producers and managers of SHARE.

### Conservation of non-renewable resources

The conservation of non-renewable resources was not discussed to a great extent by any of the organisations, but both Prowess and SHARE talked about the fact that they do mainly hand work without power machines. The manager of PODIE presented a future project of combining two separate units into one. The manager of Gospel House said how they purchase their material mainly from Sri Lankan manufacturers, where as much as 95% is claimed to be local products, and they use mainly sun and air to dry their products. Finally, Selyn has provided their producers with bicycles.

## 6.2 Empowerment

### Access to information

Information was spread in various ways throughout the organisations. Information from the management to the producers of Podie, and vice versa, were shared via meetings within the board of directors as well as within each farmer group. The producers explained that every farmer group has its own committee, with selected representatives accounting for their issues. At Gospel House, information spread to external workers came directly from the management, since they lived in large geographical areas and only had limited work within the organisation.

In Prowess, information from the umbrella organisation MESH that they are part of, was spread to the producers through their manager. They also had monthly meetings, but the producers expressed that they could raise issues anytime. SHARE was using technical tools such as computer and mobile phones to spread information. The producers also mentioned regular visits to the villages by the management of SHARE. The information spread within Selyn was according to both manager and producer mostly carried out through staff members, positioned in different units. It was however observed that the participating producers working within Selyn seemed unaware of the Fair Trade concept that they were part of, which questions the efficiency of the spreading of information.

### Participation

In all of the organisations, there was some sort of group or committee where the producers could take part and raise issues, but the extent to this varied. All women had their say in discussions and decision making in Prowess, whereas that only was limited to three committee members within Gospel House. On the other hand, the manager of Gospel House claimed that they prefer collective decisions and solve problems as soon as possible. The manager of PODIE explained that seven out of ten members of their board of directors were producers, selected by the rest of the producers. Decisions were taken collectively in the board, according to both manager and producers.

All interviewed representatives within SHARE stated that the producers were involved during decision making regarding matters such as production and quality. Both manager and producers also forwarded the importance of compromising in these matters. One woman said that she, as a member of the committee, had been given the opportunity to travel abroad and attend international meetings within the WFTO. A characteristic feature of Selyn was, according to their manager, that one of their producers was part of a think tank, which moreover consisted of the financial manager, the production manager and the procurement manager. There, discussions about the future of Selyn were held, which resulted in collectively agreed suggestions regarding the organisation that were put forward to the management.

### Accountability

All organisations displayed features of accountability to some extent. The manager of PODIE regarded expectations from the buyers, PODIE and the producers as crucial topics for the held meetings. The producers within PODIE also valued discussions with the management regarding price setting, as well as receiving the agreed money for the products. This idea was also shared by the producers within Gospel House, saying that they during committee meetings talk about *”issues related to things that the organisation should do for the workers, as well as issues related to things that the workers should do for the organisation”*. A similar thought was recognised by Selyn, where they had established the term *”members”* for all of the producers. This as a way to strengthen the loyalty towards Selyn, the perception of it as a society and shed light on to their common vision.

Both of the managers of Podie and SHARE mentioned presence of transparency in their organisations, as a result of inclusiveness and collective agreements. The manager and producers within Prowess stated that even if the final decisions are made by their manager, she always ask the producers for advice before a decision is taken. During their monthly meeting, they also go through notes from the previous meeting, evaluating improvements and possible matters that can get better, according to the manager. The manager of SHARE did also express how they discuss the expectations from the buyers among the producers.

## 6.3 Fair Trade in India and Sri Lanka

The final question of the interviews aimed towards how the participants perceive Fair Trade as a tool to achieve sustainable development and empowerment on a national level. The majority of the managers agreed that Fair Trade could improve the lives of more people in their respective countries, and that they looked positive for the future of Fair Trade. The manager of Prowess noted how Fair Trade improves the life of many people and empower them by offering work opportunities, but also how Fair Trade has the possibility to involve more people in India. The same perception was noted from the manager of Selyn, whom perceived Fair Trade as a way to empower people, not only individuals but also whole villages. It is further noted by the producers of SHARE how Fair Trade contributes to raise awareness in India regarding the environment and women’s issues, as well as to increase work opportunities.

The manager of SHARE notified how a lot of women are empowered due to Fair Trade, and how she herself is one empowered woman. As she pointed out, “...in family and here, we have a lot of confidence. That is empowerment. You know before, women only cooking, sleeping and giving baby”. It was further mentioned how Fair Trade has assisted to achieve empowerment and increased income, and how the membership has contributed “...economically, socially. And confidence, and decision-making. Everything that we could not do before”. The producers of SHARE did also highlight the various types of support Fair Trade has contributed with, but they also pointed out that it depends on the demand from the buyers.

The Fair Trade movement is very small at the moment in Sri Lanka according to the manager of PODIE, but he clarified how it is a growing, but not fast growing, movement. He is currently the president of WFTO Sri Lanka, which he explained consists of nine companies, and he has noticed how more companies wish to join the organisation. The manager of Gospel House criticised how there has not been any meetings with WFTO Sri Lanka during the last years, and that he wishes the Fair Trade movement in Sri Lanka to be stronger. He explained that the reason for this issue to arise, is due to everyone’s commitment to find orders, and can therefore not find the time to engage in WFTO Sri Lanka. The manager of Gospel House presented their losses of orders since the recession in Europe, and did point out that the whole Fair Trade movement is fading.

## 7. Discussion

This section presents a comparative discussion between previous research and the analysis of this study. It has to be clarified that the analysis of this study is based on a handful of interviews, and it is therefore not possible to carry out any general assumptions, but rather exemplify the situation of Fair Trade from those who are involved in the movement. It can also be useful to note that the words in *cursive* are the key elements for the theories, and are therefore central for the comparison.

### 7.1 Economic development

Fair Trade was perceived among all organisations as a small movement, and it was therefore noted by some of the managers how Fair Trade does not have a great impact on the economic *growth* on a national level, but Brown (2007) points out how all economies in the world, in both developed and developing countries, have developed on the basis of their foreign trade. It is further pointed out by Brown how Fair Trade encourages international trade and opened export markets, which enables economic growth in developing countries. It can therefore be concluded that Fair Trade could contribute to economic growth in developing countries to a certain degree, but it does also depend on the economic situation in the importing countries. This becomes problematic when situations such as the recession in 2008 occur, where one of the organisations have experienced financial difficulties ever since. Whether Fair Trade contributes to economic growth is therefore a matter that requires an international perspective, since trade involves several stakeholders regarding demand and supply. Hence, in the case of India and Sri Lanka, it is important to recognise how they are not isolated economies, but rather influenced from occurrences on an international level.

*Efficiency* is a part of economic development, and is in this study related to the efficiency of the handling of the human resources, i.e. the working conditions related to the amount of working hours. Earlier studies notify how the amount of working hours are fewer among Fair Trade producers, as well as how the working hours are more flexible (Ruben and van Schendel, 2009). These are matters that can be confirmed in this study, where the producers worked according to regular working hours, and also experienced the possibility to have flexible working hours. The result of this study does also show how some of the producers had the possibility to work from home, which also Bonnan-White, Hightower and Issa (2013) point out as one of the benefits within Fair Trade that creates flexibility and further freedom for the producers. The result of this study does therefore indicate how the producers within the organisations are not abused by working too many hours, and how it therefore can be interpreted as a sufficient handling of the human resources.

What all producers pointed out as beneficial of being a part of Fair Trade is the opportunity to receive an income, and especially a fair income, which creates a sense of economic *stability*. This is a matter that Dragusanu, Giovannucci and Nunn (2014) note as a prominent feature of the Fair Trade movement, and something that Arnould, Plastina and Ball (2009) find being the case compared to organisations not connected to Fair Trade. In this study, it was further noted how this especially was the case for women who normally do not have any access to their own money, since they by tradition are the main carers of the household and not the main wage earner. It is a common situation which also is noted by Bonnan-White, Hightower and Issa (2013), claiming that women experience economic benefits by being a part of Fair Trade.

A common critique of Fair Trade is whether the producers do receive a higher income compared to those connected to the conventional market, and studies performed by Beuchelt and Zeller (2011), and Johannessen and Wilhite (2010), reveal how this is not always the case. It was though pointed out in this study by one of the producers how they experience a positive financial difference from the neighbouring producers who are not connected to the same organisation. It can be questioned whether the experience of receiving a higher income is due to the connection to Fair

Trade, or whether this would be the case even though the work would not be connected to the movement. It could therefore be perceived that any kind of employment could improve the financial situation, compared to the case of when no employment is available at all.

## 7.2 Social development

The social benefits that Fair Trade might enable are present in the analysis. Several producers highlighted the importance of having an *employment*, which is in line with the findings of Terstappen, Hanson and McLaughlin (2013). The fact that an earned income does promote other social benefits such as self-confidence is evident, both by the results of the present study and in previous research (Brown, 2007; Bonnan-White, Hightower and Issa, 2013). It can also be noted that *equity* and gender issues are receiving much attention from Fair Trade organisations. Much effort is put on strengthening the position of women within the organisations, even though all of the organisations did not have a specific policy for implementing this. According to Hutchens (2010), this might decrease their ability to realise this, but any evidence of that was not observed in this study. Some of the organisations had specific programmes aiming for the promotion of women, and significant results had been achieved by several of them. This is also a contrast to the findings of Hutchens (2010). Some of the organisations are even focusing exclusively upon women, a strategy that is also mentioned by Elder, Zerriffi and Le Billon (2012), which is interpreted as a way to catalyse women's development.

*Educational* benefits through Fair Trade has been proofed in this thesis, though the scientific support to this is not clear. A study performed by Arnould, Plastina and Ball (2009) points out how increased income level affect the amount of schooling years for children, which indicates how Fair Trade may have the possibility to contribute to education indirectly, since it gives the producers the chance to receive a higher income. A scenario which was pointed out, and highly valued, by several of the producers within this study. It was furthermore noticed in this study how several of the producers have received education themselves since they became part of a Fair Trade organisation, but previous research regarding this is not currently available.

As Reynolds (2012a) states, Fair Trade practises high *health* and safety standards, which were noticed in various ways among the organisations. The content of this study seems to be that measures such as safety guidelines, policies, insurances, medical supplies and assurances, healthy food and other kind of support from the organisation are key factors to a safe and healthy social development. Some of these factors are also in line with Terstappen, Hanson and McLaughlin (2013), who concluded that these are motivating forces within Fair Trade organisations.

## 7.3 Environmental development

The overall perception from the interviews is how one of the important focuses within all organisations is to maintain satisfying *work environment*. This could be confirmed by the producers which all discussed the occurrence of safe and good work environments, which the managers presented to take place by the provision of necessary facilities, limitation of chemicals and specific trainings. The result of the interviews can therefore be verified by Reynolds (2012a), whom acknowledge that Fair Trade enables healthy work environment for the producers by specific restrictions, and how these often are more comprehensive than the national legal regulations within developing countries.

Terstappen, Hanson and McLaughlin (2013) present how studies, which focus on improved health impacts within the Fair Trade movement, often are related to the more environmentally friendly production found within these organisations. All organisations participating in this study, did point out how they use natural products and how the colour products have a lower health and environmental impact. This can therefore be interpreted as a way for the organisations to achieve two separate goals; to lower their environmental impact, and securing a healthy work environment.

The majority of the organisations showed awareness about environmental issues, and it was therefore also presented how they relate these issues to their own production. The type of material in the production differs between the organisations, and thus also their specific area to be concerned about regarding the environment and the resources they use or impact. It was though noted how the environment was not the main area of attention within the organisation, which confirms the study of Reynolds (2000), who points out how Fair Trade does contribute to environmental awareness, but how social issues are the main focus area within the movement.

It can therefore be concluded that *rational use of resources* and *conservation of non-renewable resources*, does occur within the organisations in this study, but the initiative to do so might not always be fully related to environmental causes. For example, producers within one of the organisations receive bicycles free of charge, which can be interpreted as a way to reduce the usage of non-renewable resources. However, it does also create a sense of freedom since they can move more freely, and does not depend on walking or of other relatives to get transported to the production unit. The initiative to provide the bicycles might therefore be of other reasons than conservation of non-renewable resources, even though this can be perceived as a result of the provision of bicycles. The same situation occurs at another organisation where they plan to combine two of their units into one unit. This was on the other hand mentioned as a way to reduce costs rather than lowering the environmental impact, due to the great amount of transportation. Two of the organisations did also mention how they have received specific trainings regarding the environment and environmental issues by initiative from Fair Trade, which can be perceived as an aim to reduce their environmental impact and create awareness about the usage of resources.

## 7.4 Empowerment

It is clear that spreading of, and *access to information*, is performed in ways that both managers and producers are perceiving as satisfying. General information regarding production and other news were mostly spread during meetings. Issues such as access to market and price setting were particularly discussed by several organisations, which are in line with current studies (Reynolds, 2009). It can also be assumed that information about Fair Trade and its meaning do not necessary spread to the individual person. This pattern was observed during the performed interviews, and add on to the suspicions raised by Makita (2012).

There were opportunities to experience *participation* in committees or boards, even though the extension to this in some cases was limited. No certain conclusion that this is a result of the Fair Trade commitment, can be drawn, though, just as Elder, Zerriffi and Le Billon (2012) note. The commonly agreed decisions and memberships within a group helps to create a sense of community within the organisations, something that also is recognised by Elder, Zerriffi and Le Billon (2012). The tendency of promoting the community instead of the individual, which these authors also forward, is not present in this study. The impression is instead that the producers were satisfied with belonging to a group, often referred to as "*family*", and could also see the personal benefits of it. There are also several examples of women being encouraged to take place within the organisations, which contradicts the findings of Hutchens (2010), but is in line with claims by Elder, Zerriffi and Le Billon (2012). This shifted balance between women and men is welcomed by the organisations, suggesting that this will develop them further.

Much of the previous literature on *accountability* within Fair Trade refers to regulations, such as self-assessment and democracy (Davenport and Low, 2013; Hutchens, 2010). These are matters which were possible to detect during the interviews, since evaluation of expectations within the organisations, as well as between the buyer and the organisation, took place among the organisations, but also evaluation of previous meetings. This can therefore be perceived as a way to create openness and perform self-assessment. Transparency was also possible to detect among the organisations, in the sense of including the thoughts and ideas of the producers, which was discussed as a part of *participation*. To create a platform where the producers can be included does contribute to democracy, which furthermore is a way to create accountability, as noted by Davenport and Low (2013) being a common approach within Fair Trade organisations. The fact that the producers, to a certain extent that is, are participating in the decision-making, does further show the possibility for Fair Trade to create accountability by encouraging the organisations to be horizontal, shared and internal.

## 7.5 Concluding discussion

Some main findings are possible to detect within this study, where Fair Trade first and foremost can be perceived as a sufficient tool to create work opportunities, and therefore contribute to a stable economy for the individual person. It could however be questioned whether this is the case due to Fair Trade, or if it would be the case for any type of job. Fair Trade's contribution economically on a national level is on the contrary more difficult to detect since it remains a small movement, and which therefore is an area that requires further research. One major factor regarding economic matters is the balance between demand and supply, where the benefits of Fair Trade will rise to more people only when the demand of the products meet the amount of products available.

The social benefits realised through Fair Trade are significant within this study, which states the importance of employment, and that an earned income has impacts in other ways than economically, such as gained self-confidence and the ability of sending children to school. Women are particularly encouraged within the organisations as well as within her family, something that is in line with what Fair Trade seeks to promote. Adult education and health aspects are other appreciated features found in this study, but further research is advisable regarding adult education in relation to Fair Trade.

It is possible to notice how Fair Trade focus more on social issues rather than environmental issues, but the fact that Fair Trade promotes a more green approach does result in awareness regarding environmental issues, which further creates better work environments. It was also discovered in this study how initiatives to lower the impacts on the environment occurs within the organisations, but the aim to do so might not always be related to environmental matters. Further and broader research might therefore be needed to evaluate to what extension Fair Trade contribute to environmental development.

It can also be claimed that Fair Trade empower people by enabling involvement in the organisation, participation within discussions and thereby influence to some extent. The positive effects on being part of a group is also recognised, which can provide support for the individual, but also cares for the wellbeing of the community. Accountability is also a present feature, where transparency regarding issues like expectations and responsibilities is shown to play a significant part.

A final request for further research could therefore be to investigate the potential of Fair Trade to contribute to sustainable development and empowerment both on a local and a national level. Fair Trade remains a small movement, and particular scientific attention should therefore remain locally, but since its potential on a national level still is unclear would this also be of great value to investigate.

## 8. Conclusion

*Does Fair Trade have the potential to contribute to economic, social and environmental sustainable development?*

The result of this study reveals how Fair Trade does have the potential to contribute to sustainable development, but that is to a certain degree. The contribution is specifically prominent regarding social development, and the movement does further contribute to economic development on an individual level. Contribution to environmental development is possible to detect as well, even though it remains clear how the initiative to do so might not always be fully related to environmental causes.

*Does Fair Trade have the potential to contribute to empowerment?*

It is possible to detect how Fair Trade, as in the case with social development, does contribute to empowerment on a broad spectrum regarding access to information, organisational participation and accountability measures. However, some exceptions are visible in this study.

A final conclusion could therefore be summarised by one of the quotations within this study; “...economically, socially. And confidence and decision-making. Everything that we could not do before”, which emphasises the main areas where Fair Trade has the possibility to contribute.

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## Appendix A

### Interview guide for the managers at the Fair Trade organisations

Following is a list of information the participant will receive before the interview

- Presentation of the authors and the aim of the study
- Inform the participant that the interview is voluntary and how the interview can be cancelled at any time if he or she wishes to. It is also possible for the participant to refuse to answer to any of the questions
- The participant will also be informed that they can be anonymous in the study if desirable
- Inform the participant that the interview will be audio-recorded, but this is not necessary if the participant do not feel comfortable with it. Also inform that notes will be taken during the interview, and ask whether the participant agree on this.
- Ask whether the participant wishes to read the transliteration and approve its content.
- Finally, ask whether the participant wishes to take part of the final thesis

#### Introduction questions

1. What is your full name? (Optional)
2. How old are you?
3. What is your position within this organisation?
  - Do you have any specific responsibilities?
4. How long have you been working here?
  - What did you do before you started to work here?
5. How would you describe your organisation?
  - Does the organisation focus or work within any specific areas?
6. How many people are involved in the organisation?

#### Empowerment

7. How does the communication and spreading of information work within your organisation?
  - Do you hold meetings for your artisans/producers, and in that case how would you describe the ways they are arranged?
  - Is everyone participating in the meetings or only some representatives?
  - What type of issues are raised by the artisans/producers, and what do you do to meet them?
8. In what forums can the artisans/producers raise issues or questions for discussion, for example within a board or other meetings?
9. How does the decision-making process work within your organisation?
  - Is there some specific aspects you consider important regarding the decision-making?

#### Social development

10. In what ways do you work to create satisfying working conditions?
11. What rights do the artisans/producers have?
12. What happens if one of the artisans/producers get sick or injured?
13. Do you work with educational matters within the organisation?
14. How does the organisation work with equity issues, such as gender, caste, religion and other social groups?

#### Economic development

15. How do you see economic growth in relation to fair trade?
  - In what ways has Fair Trade affected or contributed to your economic situation, both in the organisation and among the artisans/producers?

16. One problem we have noticed is how the demand of fair trade products among consumers is not as big as the production of these products, is this something you have noticed? For example, are you able to sell all your products as fair trade products?

#### Environmental development

17. How is the work environment for the artisans/producers?
- Do you work in any specific ways regarding the work environment for the artisans/producers?
18. Do you work to reduce your impact on the environment? For example, do you have any specific routines or guidelines that you follow?
- Where does all the material come from that you use in the production? Do you produce it yourself, or do you import it from somewhere?
  - How do you manage the waste of the organisation?
  - To what extent do you use different types of chemicals and how do you treat the waste of these chemicals?

#### The Future

19. Where do you see your organisation in the future? Do you have any special plans or ideas that you want to implement in the future?
20. Where do you see the whole fair trade movement in India/Sri Lanka in the future?
21. In what ways do you think fair trade can contribute to sustainable development in India/Sri Lanka, now as well as in the future?

#### Final questions

22. Is there anything you would like to add?
23. Is it possible for us to contact you after the interview if any new questions arise?

## Appendix B

### Interview guide for the artisans/producers at the Fair Trade organisations

Following is a list of information the participant will receive before the interview

- Presentation of the authors and the aim of the study
- Inform the participant that the interview is voluntary and how the interview can be cancelled at any time if he or she wishes to. It is also possible for the participant to refuse to answer to any of the questions
- The participant will also be informed regarding his or hers confidentiality, and how they can choose to be anonymous in the study if desirable
- Inform the participant that the interview will be audio-recorded, but this will not be the case if the participant do not feel comfortable with it. Also inform that notes will be taken during the interview, and ask whether the participant agree on this.
- Finally, ask whether the participant wishes to take part of the final thesis

#### Introduction questions

1. What is your full name? (Optional)
2. How old are you?
3. Which are your work tasks within this organisation?
  - Do you have any specific responsibilities?
4. How long have you been working here?
  - What did you do before you started to work here?
5. How would you describe your organisation?

#### Empowerment

6. How does the communication work within the organisation?
  - How do you receive information regarding things that happen within your organisation?
7. Where or who would you turn to when you want to raise issues for discussion?
  - Are there for example any meetings where you participate?
  - What kind of issues or information does these meetings normally include?
8. How would you describe the decision-making process within your organisation?
  - Do you participate in the decision-making?

#### Social development

9. How would you describe the work you do, and the working conditions you have?
10. If you would get sick or injured at work, what would you do or what would happen?
11. Have you received any education since you became a member of this organisation?

#### Economic development

12. In what ways has fair trade affected or contributed to your economic situation?
13. How many hours per day do you work, and how many days a week?

#### Environmental development

14. How do you experience your work environment?
15. How do you work to reduce your impact on the nature within the organisation? For example, do you have any specific routines or guidelines that you follow?

#### The Future

16. Do you think Fair Trade can improve the living conditions for more people in India/Sri Lanka?

17. How do you look at your future? Would that future look different if you did not work within fair trade?

Final questions

18. Is there anything you would like to add?

## Appendix C

Following is a list of the organisations where the interviews were performed, as well as information regarding the participants of the interviews.

### **Gospel House Handicrafts – Sri Lanka**

#### *Manager*

Shiran Karunaratne, male, age 55

#### *Producers*

Ramya, female, age 23

Dilshan, male, age 24

Ogasta, female, age 23

### **People’s Organisation for Development Import and Export (PODIE) - Sri Lanka**

#### *Manager*

Tyrell Fernando, male, age 47

#### *Producers*

M.D. Priyankandagika de Silva, female, age 45

S.W. Silva, male, age 60

### **Program for Women’s Empowerment and Self Sustenance (Prowess) - India**

#### *Manager*

M.S. Shanti, female, age 45

#### *Producers*

R.Jothi, female, age 33

A.Stella, female, age 37

R.Uthira, female, age 35

### **Self Help Association for Rural Education and Employment (SHARE) – India**

#### *Manager*

S. Siva Sankari, female, age 52

#### *Producers*

J. Lakshmi, female, age 34

J. Viajayalakshmi, female, age 33

D. Prema, female, age 45

S. Sanpath, female, age 47

R. Mangai, female, age 48

### **Selyn - Sri Lanka**

#### *Manager*

Samitha Wijerathne, male, age 39

#### *Producers*

Sriyani Mangalika, female, age 36

M.A.S. Jayawardana, female, age 35

Tikirimenike, female, age 51