
Responsible Consumption from a Fair-Trade Perspective

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Abstract

The promise of private luxury cannot be fulfilled for everyone: we have neither the physical space nor the necessary ecological resources. But growth must continue: this is the pervasive political imperative. The consumer society appears in developed societies, the term suggesting that these societies are organized around the consumption of goods and leisure activities, rather than around the production of material goods and services. The consumer society is associated with the development of a materialistic culture, with the emergence of consumer sectors and consumer cleavages, with individualism, growing privatism and the consolidation of a mass culture. Planned wear and tear, an economic policy that originated during the American recession at the beginning of the last century in order to revive the economy by encouraging consumption, has meanwhile proved to be a generator of an unsustainable and irresponsible growth model. The sustainability of products today is influenced both by the dramatic changes that have taken place in the global economy, and by the perception of consumers and their expectations regarding the lifespan of a product. If *individual consumption* is the level at which the forms of social affirmation are manifested (in the logic of emulation and competition for prestige and power), when we talk about *fair-trade* we are referring to the social needs of individuals. We can say from the research study that fair-trade organizations seek to increase the positive development impact for small producers. Organizations are concerned with developing the skills and competencies of their employees and members. Organizations that work directly with small producers, develop specific activities to help them develop their management skills, production capacity and access to local, regional, international markets, depending on the situation. The main objective of the article is to analyze how managers perceive fair-trade in agriculture from the perspective of responsible consumption.

Keywords: fair-trade, consumption, traders, consumers.

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Introduction

We live in a world where workers toil in dangerous conditions and exploitation is still in full swing. Huge problems, such as climate change, are still waiting for solutions. Nowadays, the learning of consumer roles takes place at an increasingly young age. The abundance specific to the consumer society, associated with the cheapening of goods and services, has supported the development of wasteful behavior among consumers. The value attributed by consumers to a product has a significant impact on its lifespan. In other words, the durability of a product is also related to how to use it. A consumer who considers a product to be valuable and long-lasting tends to take more care of it, increasing its durability. Just as consumers are willing to pay a premium price for a high quality product, which they then use carelessly, speeding up its deterioration, so are consumers who buy standard quality products and use them as much as possible. Fair-Trade is probably the most dynamic of the many movements and initiatives that have developed in response to the negative effects of

globalization. In addition to anti-exploitation movements in the textile industry (anti-sweatshops) or the promotion of ecological certifications in the wood industry, Fair-Trade aims at a model of sustainable development and social justice. Part of the *new globalization*, the Fair-Trade movement aims to shape international trade and change the expansionist processes of corporations in the global economy, which have often undermined social and environmental conditions in the world (Barros, et al., 2015). Thus, activists in developed countries (Global North) work with producers, workers and other sectors in the world's poorest countries (Global South) and use market strategies to mobilize consumers to increase the income and capacity of producers and workers in the South (Goff, 2016). In this way, Fair-Trade seeks to redirect the transforming powers of globalization in order to achieve greater social equity on a global scale. The International Fair-Trade Network has emerged as a form of organizing groups of citizens to solve problems insufficiently managed by local authorities, government or supra-state organizations, since the 5th decade of the 20th century. Technological progress, expansion the global economy, low costs for long-haul flights, the development of telecommunications networks and the Internet, the establishment of English as a working language worldwide, the globalization of the media, all have enabled people from various social classes and places in the world to develop business relationships remote cooperation (Bartles, et al., 2019). A particular feature of these transnational movements is that they mobilize people from different countries and cultures around common goals. Fair-Trade is a trade partnership based on dialogue, transparency and respect, which seeks greater fairness in international trade. Fair-Trade contributes to sustainable development by providing better trading conditions and ensuring the rights of marginalized producers and workers, especially those in poor and developing countries. Fair-Trade organizations, supported by consumers, are actively involved in supporting producers, raising public awareness of economic inequalities and in campaigns to change the rules and practices of conventional international trade. Fair-Trade proves that greater justice is possible in world trade. Fair-Trade highlights the need to change the rules and practice of conventional trade and demonstrates the complex way in which a successful business can put people first.

The decision-making problem from which we start our research approach is the answer to the question: what is the perception of the principles that govern fair-trade? Thus, the purpose of the article is to try to clarify how managers perceive the fair-trade system in relation to rational consumption.

Review of the scientific literature

Consumption has been defined by utilitarian economists as the activity of individuals seeking to meet needs and maximize utility through market exchanges, with consumer activities taking place mostly in private space (Lodziak, 2002). In the 19th century, the industrial revolution and capitalist development were initially organized around the commodity and industrial infrastructure sector (mining, steel production, oil extraction, transportation, communications, and financial networks) and, secondarily, commodities agricultural and other essential consumer products, as well as commercial activities. At the same time, planned wear practices are being developed, which make the lifespan of a product much shorter, predetermined and designed from the production process. The development of fashion also participates in this intensification of consumption, which accelerates the depreciation of a good long before its physical wear and tear. Financial planning and lending tools are developing in parallel with the intensification of consumption, and credit bureaus are appearing in large stores (Ritzer, 2010). We use the term *responsible consumption* to refer to the approximate content of terms such as *sustainable consumption* or *sustainable consumption*, *green consumption*, *critical consumption*, *ethical consumption* or *value-based consumption*. All of these terms encapsulate a critique of mass consumption society and propose an alternative set of *Fair-Trade* criteria and practices (Raynolds, Murray and Wilkinson, 2007). Fair-Trade is a tangible contribution to the fight against poverty, climate change and the economic crisis. Initially, Fair-Trade products were distributed almost entirely by organizations that had Fair-Trade at the center of the business (Liberti, 2017). In the 70's and 80's, Fair-Trade products were sold to consumers mainly in *world shop* type units or in dedicated stores. In the second half of the 1980s, a new way of marketing them was developed, through conventional food distribution chains, with the help of the *FairTrade* product certification system (Raynolds, Murray and Wilkinson, 2007). In 1988, the Max Havelaar label was implemented in the Netherlands to certify Fair-Trade products, especially coffee. In the following years, similar nonprofit certification organizations were developed

in other European and North American countries. In 1997, the International Labeling Association was established. Beginning in the second half of the 20th century, the Fair-Trade movement began to develop in Western countries, aiming in particular at counterbalancing the injustice of international trade by protecting producers in developing countries in the South and raising awareness in the North globally (among citizens of developed countries). *The right pay for the right job!* one of the slogans of the Fair-Trade movement, criticizes the fact that often the market price is built to the disadvantage of the poorest and most vulnerable of the participants (Serreau, 2010). In addition to offering a fair price, the Fair-Trade network is committed to maintaining certain minimum price quotas, to pay in advance for raw materials ordered in developing countries and to reduce the dependence of small credit producers (Patel, 2017). FairTrade certified working conditions meet labor law standards, the environmental impact of production processes is minimal, and producer organizations adhere to democratic principles (workers are often organized into small producer associations or cooperatives).

The main stages of the evolution of Fair-Trade (Ritzer, 2007):

1. After 1945, several American NGOs launched the Self Help Craft program, to support the poor and war victims, by developing their professional skills and importing their production;
2. In the late 1950s, Oxfam in the United Kingdom did the same to support Chinese refugees.
3. In 1967, the first European importer of Fair-Trade products (the Netherlands Fair-Trade Organization) began operations, opening the first Fair-Trade stores in Switzerland and the Netherlands.
4. In 1988, the organization certifying some of the food products from the Fair Trade: FLO-Fair-Trade Labeling Organization was developed.
5. In 1989, the first International Fair-Trade Network - IFAT was developed, an organization currently called the WFTO. The World Fair-Trade Organization (WFTO) is a global community of Fair-Trade enterprises.

The main actors involved in Fair-Trade are (Goleman, 2009):

- producers or producer cooperatives, which produce products that are the subject of Fair Trade
- product certification bodies and Fair-Trade organizations
- distributors of Fair-Trade products Traders, among whom we find a special category of world shop stores (these are specialty stores, which sell and promote Fair-Trade products and the solidarity economy. Often, these stores are involved in educational programs and are managed by non-governmental organizations, supported by the work of volunteers.)

There are a large number of Fair-Trade and ethical marketing organizations that use different marketing strategies. Most Fair-Trade traders consider it necessary to sell products through supermarkets in order to obtain a sufficient volume of trade to affect the developing world (Ritzer, 2007). Fair-Trade ensures the best possible remuneration of producers, on a stable basis and taking into account the minimum income necessary to ensure a decent life, determined by producer organizations and trade unions in each country and region (Stiglitz, 2008).

Research methodology

The purpose of the research is to analyze the Fair-Trade system practiced by organizations in Romania. In the research study were involved managers of organizations in the field of agriculture having as objectives: *cultivation of plants for textile fibers, cultivation of vegetables, cultivation of fruits, cultivation of cereals.*

The data collection took place between November 2020 and February 2021, with the help of the questionnaire, a quantitatively structured research tool. A number of 523 valid questionnaires were obtained and the duration of completing the questionnaire was approximately 20 minutes.

In the analysis of the organizations subject to the research study, several practices of the Fair-Trade system were highlighted:

P1. Working conditions: organizations ensure a safe and healthy work environment for all employees. The activity carried out in conditions of maximum safety is beneficial for both the employer and the employee. The benefits are primarily due to the fact that productivity will increase considerably but also to the fact that workers will be able to perform their duties.

P2. Commercial practices: the organization is involved in traditional relationships that aim at the social, economic and ecological development of small producers and that do not maximize profit on their behalf.

P3. Transparency: the organization is transparent in the management act and in the commercial relations. It is transparent to all interested parties and it ensures the confidentiality of the commercial data provided.

P4. Environment: Manufacturing organizations maximize the use of raw materials from sustainably managed sources, purchased locally, where possible.

In the modeled socio-economic universe, the problems of assisting the economic decision are generated by the multicriteria decision-making processes that we used in the study of the research of the *maximum utility method*.

Modeling seeks to make the most of the information base scientifically, and the procedures for imitating the rational mode of decision-making are, in more or less elaborate forms, the conceptual essence of models.

The steps of the global utility method are as follows:

Step 1. Build the utility matrix with the elements, $i = 1, \dots, r$ $s_i j = 1, \dots, n$.

Each element of the matrix is calculated for the maximum criterion with the expression:

$$x_{ij} = u_{ij} = \frac{x_{ij} - x_{i \min}}{x_{i \max} - x_{i \min}} \tag{1}$$

and for each minimum criterion with the expression:

$$x_{ij} = u_{ij} = \frac{x_{i \max} - x_{ij}}{x_{i \max} - x_{i \min}} \tag{2}$$

where:

x_{ij} = the value of indicator i associated with indicator j ;

$x_{i \max}$ = the minimum value of indicator i ;

$x_{i \min}$ = the maximum value of the indicator i .

Step 2. Calculate the overall utility for each project as the sum of the products in the element of the utility matrix (the column vector corresponding to the project) and the important coefficient given for each indicator.

$$UG_j = \sum_{i=1}^r \alpha_i u_{ij}, \text{ where } \sum_{i=1}^r \alpha_i = 1 \tag{3}$$

Step 3. Choose the project that corresponds to the maximum global utility.

$$\max\{UG_j\} \Rightarrow V_j, j = 1, \dots, n \tag{4}$$

For the division of some decision V_i variants (n variant) and for the selection of the best one offered by the simultaneous consideration of several criteria of appreciation ($C_j, j = 1, \dots, n$) and the global utility.

Finding the best combination of attributes (characteristics of a variant) forms the object of the multi-attribute problem.

This involves the transformation of all numerical values a_{ij} (expressed in associated units of measure) and qualitative characteristics into utilities u_{ij} , ie numerical values located in the interval [0, 1]. The basic assumption in the correct function of the weighted sum method is the independence of the criteria. The largest of the synthesis utilities indicates the best option.

Results and discussion

Table no. 1 presents the informational basis of the study, respectively the share of importance that managers give to each Fair-Trade practice.

Table no. 1. The importance of Fair-Trade practices

FAIR-TRADE PRACTICES	FIELD OF ACTIVITY			
	Cultivation of plants for textile fibers % (v1)	Growing vegetables % (v2)	Fruit cultivation % (v3)	Cereal cultivation % (v4)
Working conditions - C1	16.45	22.35	27.5	12.5
Commercial practices - C2	10.55	15.15	11.9	23.61
Transparency - C3	8.9	13.25	9.8	10.54
Environment - C4	23.45	16	11.82	23.55

Source: developed by the authors based on the collected data

The results obtained indicate that the managers who participated in the research study first consider the environmental practices (C4) and, finally, the transparency practices (C3) necessary to strengthen shareholder confidence - Figure no. 1

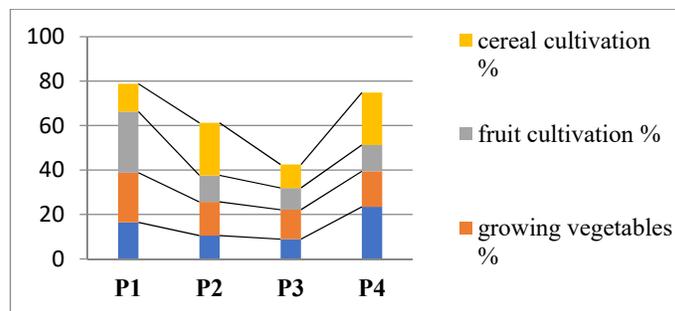


Figure no. 1. The share of commercial practices

Source: developed by the authors based on the collected data

Going through the calculation algorithm involved:

Step 1 - building the unit matrix with the elements x_{ij} Figure no. 2

$$\begin{bmatrix} 0,26 & 0,66 & 1,00 & 0,00 \\ 1,00 & 0,65 & 0,90 & 0,00 \\ 0,00 & 1,00 & 0,21 & 0,38 \\ 0,99 & 0,36 & 0,00 & 1,00 \end{bmatrix}$$

Figure no. 2. The matrix of units

Source: developed by the authors based on the collected data

Step 2 - Calculation of global utilities for each organization (Table no. 2):

Table no. 2. Results of the calculation of global units

FIELD OF ACTIVITY	RESULT
CULTIVATION OF PLANTS FOR TEXTILE FIBERS	2.25
GROWING VEGETABLE	2.66
FRUIT CULTIVATION	2.10
CEREAL CULTIVATION	1.38

Source: developed by the authors based on the collected data

Step 3 - From Table 2 is observed by the calculation of global utilities, the highest global utility of agricultural organizations that deal with the growing vegetables.

Therefore, following the application of the algorithm for calculating the maximum global utilities method, it can be concluded that the vegetable cultivation organizations best assessed the importance of Fair-Trade from the perspective of rational consumption.

We can say that the transition from traditional agriculture to agribusiness is causing disaster in rural areas, both in developed and developing countries. In addition, international trade contributes to the relocation of the food production function to the countries with the lowest production costs. Poverty reduction through trade is an essential principle of intervention. Fair-Trade supports small producers, whether they are in the form of family associations or grouped in producer associations or cooperatives. It aims to support them in moving from poverty and insecure income to a state of economic security. Manufacturing organizations use production technologies that aim to reduce energy consumption and, where possible, use renewable energy technologies that minimize greenhouse gas emissions. At the same time, producer organizations aim to minimize the environmental impact of waste. Farmers minimize their impact on the environment by using organic pesticides or light pesticides whenever possible. The members of the Fair Trade Network give priority to products made from raw materials that come from sustainably managed sources and have the lowest possible impact on the environment. All organizations use recyclable or slightly biodegradable materials for packaging, and goods are shipped by sea whenever possible.

Conclusions

Organizations undergoing the research study are participating in raising awareness of the objectives of Fair-Trade and the need to ensure greater justice in international trade. Fair-Trade organizations have information on the health and safety conditions of the producer groups from which they buy the products. They shall constantly seek to draw attention to and improve the health and safety of producers in producer groups. Organizations will provide its consumers with access to information about their business, about the products they sell. The various parties involved in trade relations aim to increase the volume of trade between them, as well as the value and diversity of product supply, in support of producers, thus ensuring an increase in revenue. Organizations find the best ways to involve employees, members and manufacturers in the decision-making process. This ensures that relevant information is provided to all trading partners. Communication channels operate at all levels of the distribution chain. Organizations are participating in raising awareness of the objectives of Fair-Trade and the need to ensure greater justice in international trade. The fair price is one that has been mutually agreed by all actors involved, through dialogue and participation, that ensures a fair payment of producers and that can be supported by the market. Where there are pricing mechanisms, they are used to a minimum. Fair pay means ensuring a socially acceptable wage (in the local context), considered by the producers themselves to be fair and taking into account the principles of equal pay for equal work done by men and women. Marketing organizations and importers of products support the development of the ability of manufacturers to set a fair price. Organizations that purchase Fair-Trade products from producer groups, either directly or through intermediaries, will ensure that forced labor is not used in the production process and that producers comply with the regulations set out in the United Nations Convention on the Rights of the Child and the laws national / local authorities on child labor. Organizations do not discriminate in the process of employment, remuneration, access to training, promotion, dismissal

or retirement on the grounds of race, caste, ethnic origin, religion, disability, gender, sexual orientation, trade union membership, political affiliation, or age.

In conclusion, Fair-Trade is a trade partnership based on dialogue, transparency and respect, which seeks greater equity in responsible consumption. It contributes to sustainable development by providing better trading conditions and ensuring the rights of marginalized producers and workers. Consumer behavior regarding responsible consumption is shaped by its historical, economic and socio-cultural context and on the other hand the consumer uses consumption to position himself in the family, community, workplace or society and to build / assert identity.

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