

EFFECT OF FAIRTRADE PRACTICES ON SOCIAL ECONOMIC DEVELOPMENT OF  
FLOWER FARM WORKERS IN NAIVASHA, KENYA

BY  
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2014

**DECLARATION**

This is my original work and it has not been done and presented in any institution of higher learning for any academic award.

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## **DEDICATION**

I want to dedicate this work first to my beloved mother Rosemary Nafula Nyongesa for Her resilience in the face of so many challenges that is a spark of hope in my life. Secondly I want to thank Pastor John Sewe, who has been my spiritual father, his guidance in making some of the important decisions in my life, his planting of seeds of change and the never ending steadfastness acted as a compass in the murky waters.

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## **ABBREVIATIONS AND ACRONYMS**

AI -Artificial insemination

ATO –Alternative trading organization

ETI – Ethical trading initiative

FI-- Fair-trade international

FLO – Fair-trade labeling organization

FTO- Fair Trade Organization

ILO- International labor organization

JB – Joint Body

KHRC- Kenya human rights commission

KMA- Kenya medical association

KWWO- Kenya women workers organization

LDC- Less developed countries

UNICEF- United Nations children fund

WWW- Women working world wide

## ABSTRACT

Fair-trade trading system is a system that has been developed to allow fair benefits for all the people involved, more particularly the producers and the workers. It has a set of standards that if met, the company receives a fair-trade certification which allows it to enjoy certain benefits. These include having price floors for their products and receiving premiums which can be used in investing in social economic projects in their community. These standards include guarantee of social welfare for the workers, health and safety, equity, good working conditions and many more. Available literature provides for evidence of the system being useful in starting some of the social economic projects in different parts of the world. However it is in these same areas of work that Kenya human rights commission had complained of rampant abuse of human rights and the recent mass protests, work boycott and strikes have been recorded. Hence this study sought to understand if indeed the system is working towards improving lives of especially workers in the flower industry. Therefore the purpose of this study was to investigate the effect of fair-trade trading system in improving the social-economic development of flower farm workers. In order to achieve this purpose the study used descriptive survey design which helped in getting information on the current status of the phenomena under study. The target population was flower farm workers in Naivasha who come from both fair-trade certified and non fair-trade certified. The research further targeted the employees who held supervisory positions in the farms this is because the managers could have been biased in giving their views while the general workers may not have understood the dynamics and workings of the fair-trade trading system. A sample size of 197 respondents was used to carry out the research. The sample size was arrived at by use of both probability and non probability techniques. At choosing the flower farms, the researcher used purposive sampling which ensured that those farms that are fair-trade certified and those that are not are included in the sample. Data was analyzed using descriptive statistics. This was made possible by the using of SPSS software and presented through tables and percentages. The study found out that social welfare practices were promoted, that premiums have been used in starting community projects, equity was adhered to and minimum prices ensured steady income and job security for the workers. The study also concluded that there are social welfare associations that sought to improve the quality of the farm workers and that fair trade premiums had been used in the construction of hospitals and schools. The premiums have also been invested in projects that improve the quality of the workers. It also concluded that there was no discrimination against the vulnerable and that promotion in the work place was based on the performance of the individual. The study also concluded that working conditions in flower farms positively contribute to the socio-economic development of flower workers to a large extent. The minimum prices ensured development of the workers by ensuring job security and steady income. The study recommended that the farms in Naivasha to build more housing facilities. The study also recommends that more premiums be remitted to developing countries to promote start of social economic projects. Those farms that are not fair-trade certified should work on getting the certification to allow enjoyment of minimum prices and subsequent benefits to the workers.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

Fair-trade is about better prices, decent working conditions, local sustainability and fair terms of trade for farmers and workers all over the world. (Fair-trade labeling organization, 2012). This therefore means that a farm cannot be fair-trade certified if fairness is not practiced. In return the producers get better prices for their products and some premiums which are invested in social economic projects. Fair-trade practices works to improve opportunities for those most disadvantaged by the global trade system; small –scale farmers and workers. Fair-trade provides the stability that rural families need to survive and plan for the future. (Ashish, 2012).

Producers with hired workers obtain Fair-trade certification if workers are allowed to organize independently and receive fair-trade benefits. The fair-trade standards protect workers' basic rights according to the eight core international labor organization (ILO) conventions. This means that no bonded or illegal child labor is allowed, that workers have freedom of association and collective bargaining, that health and safety standards are instituted and that discrimination is not allowed. Fair-trade also has progressive standards to be implemented over time for benefits such as sick leave, maternity leave, social security and pension benefits. (Fair-trade labeling, 2012).

Fair-trade certified producers receive a fair-trade premium, additional funds above the purchase price which they invest in social, economic or environmental projects. Farmers and workers democratically decide on the use of the fair-trade premium according to their needs. The premium is most often invested in education and healthcare. Workers on plantations elect representatives to a joint body to decide, with input from management, how to use the premium for the benefit of workers, their families and communities. (Fair-trade labeling organization 2012).

Most fair-trade products have a fair-trade minimum price – a price floor which aims to cover producers' average costs of sustainable production. This acts as a safety net for farmers at times when market prices fall below a sustainable level. A minimum price gives farmers security against a sudden drop in the value of their crop. A coffee co-operative in Bolivia demonstrated

that Fair-trade had been a motor for local economic development in the Yungas Mountains to the extent that the organization's members had increased ability to keep their children in school and for longer as well as a majority being able to create new sources of employment. Although deductions by producer organizations for operational, production and processing costs (which often benefit producers in the long-term indirectly anyway) often mean that less of the Fairtrade price reaches individual farmers. (Lamb, 2012)

In Mexico Fair-trade capacity building activities have increased access to new export markets because of improved product quality, improved negotiating skills, and greater exposure to potential export partners and market information. Fair-trade producers enjoy greater access to credit than their Non-Fairtrade counterparts either through pre-financing by the buyer, credit schemes run by the organization at advantageous interest rates or from traditional sources who viewed Fairtrade farmers as having a better credit rating due to their better incomes and long-term contracts. (Lamb, 2012).

In Ghana and Tanzania Fair-trade have improved conditions for farmers and workers in the conventional market. For instance, the presence of fair-trade has brought about improvements in labor conditions on plantations. Some of the farmers and workers in Tanzania hold the view that participation in Fair-trade provided them with the security to take the initial risk involved in international trading following the 1989 coffee crisis and as result they have learnt how to meet the demands of specialty markets such as organic and gourmet coffees which bring greater returns. (Fair-trade Africa, 2011).

Due to unpredictable climatic conditions and ongoing fluctuations of market prices, tea farmers in the Mount Kenya region became aware of the risks associated with their tea harvest. The farmers of Rukuriri Tea Factory decided to diversify their income. After many discussions they decided to invest the Fair-trade premium they had received, in an Artificial Insemination (A.I.) Project to help improve the breeding of the farmers' cows and hence increase the milk production. 60% of Rukuriri's farmers declare that their livelihood has improved through higher sales, generated from increased milk production. Some of the farmers even make more money in

dairy than in tea farming. In the future, farmers at Rukuriri plan to further invest in animal treatment and to buy a milk cooler to store surplus milk. (Fair-trade Kenya, 2012).

In Naivasha – Kenya, over the past ten years the development in the horticultural sector in the region has led to an increase in migration of workers and their families. An additional 70,000 people have been employed, 70% of them being female. Unfortunately, local authorities did not adapt Naivasha's healthcare facilities to the new situation. Only 20 beds were available while the hospital delivers more than 20 babies on a daily basis. Several women and their new born babies had to share a bed and facilities, making cross-contamination unavoidable. No privacy was guaranteed during delivery and when complications occurred, the hospital was not equipped to respond accordingly. The Friends of Naivasha Self Help Group in Kenya was created to support a project to build a dedicated women's health care centre. Fair-trade farm Panda Flowers, which counts many female workers amongst its work force, was one of the pioneers. Together with five other Fair-trade farms they were able to contribute 60% of the required funds.

The impact of the project cannot be overestimated. The Naivasha Women's Health Care Centre will be an inexpensive and effective way of catering the needs of the women who do not have access to private medical care. Mortality rates of both mothers and infants are expected to decrease drastically. Now with the construction of Naivasha Women Health Care Centre, the lives of the flower workers and their communities have improved and the mortality rates of both mothers and infants are decreasing drastically. To continue making a positive difference to the lives of farmers and workers in Kenya. (Fair-trade Kenya, 2012).

However it is important to note that, the scale and structure of the fair trade market is not universally extensive so to generate a powerful force to counteract possible market failures. For instance, since cooperative welfare through fair trade depends on core consumption, falls in aggregate demand have profound implications for the organization of production in fair trade periphery cooperatives. In periods of global economic crises, for instance, fair trade producers will likely be forced back into precarious situations, where they are confined to low paid, exploitive, insecure forms of work in which the capability to meet basic needs is far from reach.

For example, fair trade coffee supply in Latin America, Asia, and Africa in 2002 was seven times greater than the quantity exported through fair trade channels. The excess supply was not purchased by sufficient ethical demand. This forced cooperatives unaccustomed to creative destruction and maximizing economies of scale to differentiate. The direction has been towards the marketing of organic coffee, which is in high demand, but fair trade determines that it must require dual certification to ensure transparency. The certification process, however, is more expensive and demanding given the necessity to acquire vast technical assistance and know-how to meet predetermined organic production norms. With increased costs and sophistication in a relatively unsophisticated market, the result led to increased competition among producer organizations for a limited number of fair trade contracts, inevitably reinforcing marginalization to which fair trade was intended to amend. (Foxton et al 2013).

According to KHRC Kenya's flower companies are deemed to be the worst offenders of workers' rights; public rallies have been organized to increase the public's awareness of the situation in the flower farms; a presentation by the KHRC to the Parliamentary Committee on Labor, Health, and Safety; and cooperation with the Kenya Medical Association (KMA) to examine workers who have developed health problems as a result of being exposed to dangerous chemicals and working conditions on the job has also been done. Participants and research conducted by the KHRC revealed that workers are paid as little as Sh70 a day for an eight to 12-hour workday, are housed in crowded facilities, can be dismissed at will, and often handle dangerous chemicals without the proper protective equipment.(KHRC, 2013).

Women workers are particularly vulnerable to exploitation, Kathini Caines, general secretary of the Kenya Women Workers Organisation (KWWO), told *The East African*. She said that 800 members of her union, out of a total of 12,000, are labourers on flower farms. They report cases of sexual harassment, no maternity leave, overcrowded housing, low pay, and other conditions.

War on Want (2007) and Ogodo and Vidal (2007) both report average monthly wages of £23 and that this is not enough to cover “basic needs such as food, housing, transport, education and medical bills” (War on Want 2007). The ETI report gives a comprehensive list of failings including: “lack of adequate housing”, “unfair dismissal”, “excessive overtime”, “deductions from pay”, and “lack of severance pay” (Ethical Trading Initiative, 2005).

The flower industry has a much higher proportion of women than other sectors, making women's issues particularly pressing. Working Women Worldwide (2007), described sexual harassment in the industry "rampant" they argue that the nature of the work is to blame as "women often work in very isolated conditions, in huge greenhouses where workers are spaced far apart and no one can hear or see what is happening" . Furthermore working women worldwide argues that women are kept trapped in low-pay positions due to lack of training and education and negative cultural stereotypes, while management remains "dominated" by men (Working Women Worldwide, 2007).

## **1.2 Statement of the problem**

It does appear likely from the evidence that Fair-trade participants are benefiting positively from the Fair-trade premiums especially in relation to health, education and agricultural development. However the workers who work in the large scale farms seem to be poor. The evidence on whether Fair-trade can and is improving quality of life is mixed. Many studies show that Fair-trade can provide important benefits to participants and a few mention dramatic improvements in livelihoods of the workers. Most of the workers and their families are still only surviving and covering basic needs.

This study seeks to find out if the fair-trade trading system is having an impact on the social – economic development of flower farm workers as compared to their counterparts who are not fair-trade affiliated. The study also seeks to find out if the large-scale producers are using the fair-trade trading system to get better prices for their products, while enticing the workers with the premiums which may not be having a sustainable life changing impact on their lives.

According to Foxton (2009), 70,000 jobs have been created on the flower farms, but the workers are exposed to hazardous working conditions, for example they get rashes from the pesticides due to lack of protective clothing. Labor rights are also an issue. In 2007 workers at one of the fair-trade certified farm complained about working conditions and pay, and the company responded by firing 2,000 people.

The focus of this study was to unearth the true picture of how the social economic development of the workers is changing or not changing for the better because of the fair-trade trading system or it's just a scheme meant to attract buyers from foreign markets with higher prices.

### **1.3 Purpose of the study**

The purpose of this study was to investigate the effect of fair-trade trading system in improving the living standards of flower farm workers.

### **1.4 Objectives of the study**

The following were the objectives of the study.

1. To determine influence of social welfare practices to social economic development of flower farm workers.
2. To explore the influence of fair-trade premiums in improvement of the social economic development of flower farm workers.
3. To assess if the equity of workers is promoted and how it has impacted the social economic development of workers.
4. To establish how fair-trade prices have influenced the social economic development of flower farm workers.

### **1.5 Research questions**

The following were the research questions for the study.

1. How has social welfare practices influenced social economic development of flower farm workers?
2. How have fair-trade premiums helped improve the social economic development of flower farm workers?
3. Is equity of workers promoted and how has it impacted the social economic development of flower farm workers?
4. How do fair-trade minimum prices influence the social economic development of flower farm workers?

## **1.6 Significance of the study**

The significance of this research was to recognize the impact of fair-trade trading system to development. It was useful in bringing out what was working or not working in the trading system for the purposes of making informed decisions by the policy makers for sustainability. It also searched the needed factors to enhance the success potential of fair trade and if it is the alternative to aid, Hence allowing third world countries to be self-reliant by trading themselves out of poverty other than depending on aid, which does not allow people to achieve their full potential. It was also significant to workers in floriculture industry and under industries in understanding the conditions they work in, this was important for them because other stakeholders like the government and civil society fully understands the situation in which flower workers work in.

## **1.7 Limitations of the study**

There was a difficulty in accessing sales volumes from the different flower companies. Some companies had problems in giving out data about their company. This was overcome by using selected companies that were willing to offer the same data, given that the target population is highly homogeneous. Secondly the research was limited by cultural differences; this is in relation to the language barriers, given that most of the workers are immigrants from other parts of the country. This was handled by use of translators who easily translated the questions. Lastly the research faced the challenge of relatively high cost of carrying it; this is in relation to the expenses that were encountered during research. This was overcome by minimizing expenditure, for example the researcher typing the work without giving it to a third party to do it, photocopying the final document after signing other than printing the five copies.

## **1.8 Basic assumptions of the study**

This study assumed that the respondents would cooperate in responding to the questions asked. Secondly this study assumed that the respondents would be honest in giving their responses to the researcher. Thirdly, the study assumed that the respondents would be available in the given time to participate in the study. Lastly this study assumed that the respondents would fully understand the questions asked in the questionnaire, hence be able to respond accordingly.

## 1.9 Delimitation of the study

This research focused on impact of fair-trade trading system on social economic development of flower farm workers. Hence it confined itself to flower companies within Naivasha, and looked at employees from those companies that are fair-trade certified and those that are not.

## 1.10 Definition of significant terms used in the study

**Fair-trade-** fair-trade is an organized social movement that aims to help producers in developing countries to make better trading conditions and promote sustainability.

**Non fair-trade-** This is a system that entirely depends on the forces of demand and supply. There is no minimum price and no premiums. The workers living conditions are left to the dictates of the state regulations and other labor laws.

**Honey pot effect-** this is where other related entities get attracted to a particular course if one of their own starts. In the case of the study, this is where development agencies initiate development projects where fair-trade has started doing so.

**Fair-trade premium** – additional funds for producers to invest in social economic projects in the community.

**Minimum prices** – this is the minimum prices paid to producers, hence guaranteeing them a return despite market forces which may lower producers get from their produce.

**Fair-trade practices** – this involves producers meeting given standards like equity among, social welfare among others among employees, in return they get minimum prices for their products.

**Equity** – Fairness and impartiality towards all concerned, based on the principles of evenhanded dealing.

**Development** – is the process of moving from a less desirable of level living to a more desirable level of living holistically.

**Social welfare-** refers to the extent to which basic needs like food, shelter, health, and protection/security and access to vital resources are met.

**Fair-trade Standards** -are requirements that producers and traders have to meet in order to obtain Fair-trade product certification.

## **1.11 Organization of the study**

Chapter One of this study, looked at the background of the study this was in relation to understanding fair-trade trading system and how it has been working in relation to social economic development of flower farm workers. The problem statement of the study was also looked at under chapter one. What the research intended to achieve in terms of objectives of the study was also looked at under chapter one. Chapter Two looked at the literature review, what available literature in relation to the area of study. Chapter Three focused on research methodology; the research design to be used, the target population, sample size and how data was to be analyzed. Chapter Four presented data analysis presentation and interpretation while chapter Five was to give the summary, conclusions and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter looked at various standards and areas where they have been applied in the quest to promote social economic development of flower farm workers. In order To relieve poverty in the world's least developed countries, the Fair-trade Foundation licenses the use of the fair-trade Mark on products in the south that meet international Fair-trade standards. The sales of such products relieve the poverty of producers in the developing world by ensuring that they receive at least a fair price for their goods and an additional social premium. This social premium is democratically allocated by producers to develop and support local community projects, such as schools or equipment, clean water, health care and many more (Fair-trade foundation, 2002).

#### **2.2 Overview of the literature review**

The Fair-trade Foundation promotes research and education around the causes and effects of poverty, particularly in relation to the conduct of trade. They do this by bringing together producers, businesses, communities and individuals in a powerful citizens' movement for change, to tackle poverty and injustice through trade. The Fair-trade Foundation is a member organization of, and works very closely with, Fair-trade International (FI previously known as Fair-trade Labeling Organization International - flo), based in Germany. This umbrella organization is responsible for the international standards that underpin Fair-trade; for supporting producers and, through its subsidiary flo-cert, for certifying adherence to the standards by producers and traders. The Fair-trade Foundation's fair-trade Mark is the independent consumer guarantee of a better deal for producers in developing countries. The Foundation charges license fees to companies marketing products that comply with the Fair-trade standards and carry the fair-trade Mark. License fees cover the costs of monitoring and audit to ensure compliance with Fair-trade standards and contribute to the costs of public education and awareness raising work. Monitoring and auditing of licensees is largely undertaken directly by the Foundation, while producer and trader certification is the responsibility of flo-cert. (fair-trade foundation, 2002).

### **2.3 Social economic development**

Midgley J. (1995) conceives it as a process of planned social change designed to promote the well-being of the population as a whole in conjunction with a dynamic process of economic development. The goal of social economic development in the context of modern world is to produce a social well-being that makes people capable of acting and making decisions that enables them to achieve their full potential. The strengths of social economic development lie in the fact that its intervention strategies address the macro and micro levels of development. This means that it draws local communities into its strategy packages just as much as governments and international organizations are involved in the process of improving the living standards of people.

### **2.4 Social welfare practices and social economic development**

The welfare access level of the UNICEF model refers to the extent to which basic needs like food, shelter, health, and protection/security and access to vital resources are met. (unicef 2002). Anthropologist, Karla Utting-Chamorro,(2003) in her analysis of cooperatives in Nicaragua, noted that fair trade offered marginalized producers and workers the ability to use electricity instead of fuel wood for energy, foster physical improvements in homes to ameliorate deteriorating living spaces, pay for children's education, purchase vehicles for transportation, and install telephones for communication; and through the purchase of organic fertilizers and other necessary inputs, the conditioning of their farms vastly improved to not only provide the adequate products for the alternative market but satisfy the requisite levels of food production for sustainability and better nutrition levels for the workers.(Chamorro, 2003).

Historically, the destitute of the periphery have had limited access to credit. This has significantly lowered the income-generating capacity of the meager assets that the peripheral workers possess. Fair-trade has allowed workers to access credit facilities that can be used to start income generating activities or in meeting other needs of the families.(Chamorro, 2003).

Oserian Development Company Naivasha Kenya, Being Fair-trade certified means the farm must continuously improve the welfare for the workers – whether it's their pay or how they live. To do this, there are many different projects running, in education, health and the environment for example. All the workers get basic medical care. Nursery and primary schools near the farm take

care of workers' children. The workers' houses are also near the farm. Some workers live in these houses for free or pay subsidized rent.( fair-trade Kenya, 2009).

## **2.5 Fair-trade premiums and social economic development**

The Fair-trade Premium, which is part of the money the producers get for their products, is to be used for improvements of the socio-economic infrastructure for the workers, their families and the local community. A JB, consisting of democratically nominated workers' and management representatives, decide how to invest the premium. The administration of the premium should be handled in a transparent manner, and it could not be used to cover running costs in the company. The JB sets the priorities for the use of the premium.(fair-trade Africa, 2012).

According to fair-trade annual review report (2012), at Kuapa Kokoo in Ghana, 84 children in 28 communities have been placed in school under fair-trade sponsorship programme for the bright and need children and 12,000 farming communities received modern toilets. This was possible because of the premiums that fair-trade affiliated farms had received. In return workers could access medical care and their children got quality education.

In Kenya panda Flower Company undertook several projects using the fair-trade premiums, these included: construction of a new women's healthcare center to take care of high number of woman population in Naivasha. They also started a chicken rearing project for workers who had a hearing disorder. In addition all employees were immunized against typhoid and Hepatitis B.

At Finlay Flowers - Use of the Fair-trade Premium Over the years, the Joint Body at Finlay Flowers has used the Fair-trade Premium to provide learning materials and teacher training to 30 nursery schools in the area. Local schools have been provided with computers and printers, tables and chairs, lockers and sports equipment, and one of the playgrounds was upgraded with swings, slides and see-saws. In 2007, premium money was spent on further equipping the primary schools and buying books for the library at Marilyn Secondary School. It also provides bursaries for secondary school pupils (19 girls and 20 boys) and three university scholarships.

Similarly, Fair-trade Premiums have in the past been used to support the Kaboloin Home for local people with disabilities, funding medical assessments and providing wheel chairs and crutches. During 2007, premium funds were used to extend the facilities by constructing a bathroom and kitchen. As well as making some investment in capacity building, and meeting the

running costs of the crèche it set up in 2005, the Joint Body was able in 2007 to equip the maternity ward it funded at Chepchabas Dispensary, and donate a laundry unit to the local hospital, along with an oxygen concentrator for use in oxygen therapy. (Fair-trade Kenya,2007).

Oserian Flower Farm - Use of the Fair-trade Premium -During 2007, spending of the Fair-trade Premium was focused on education and training. One project was to expand and equip a training centre where skills such as tailoring, knitting and computing can be learnt, and included the purchase of computers. Another funded a science laboratory and admin office block for Oserian high school. Some 451 employees have benefited from bursaries enabling them to pursue higher education, and 189 children of employees have received funding towards their secondary schooling.

The Joint Body has been strengthening its own skills through training on Financial Management, Leadership Skills and Project Management. In October 2007 the members undertook an exchange with the Joint Body of Finlay Flower, designed to enable the two to share ideas and learn from one another. The Gender Committee and Education Committee have also benefited from capacity building in their specific fields. Premium funds were used to put on a seminar for employees on 'Family Life' about domestic violence and family break up, and Ksh1 million (£7,000) was put into the campaign against the spread of HIV/AIDS at the time of World Aids Day.

Other premium spending has included the purchase of a bus for workers to travel to weddings, funerals and social and sporting events; gas cookers for some individual workers; and three televisions for the social centers. Premium money has also been dedicated to projects which benefit the wider community, including part-funding the Rubiri water project which will supply water to over 200 families. Achieving this involves sinking a borehole, constructing a water storage tank, installing a pump and connecting an electricity supply. (Fair-trade Kenya, 2009).

From the literature numerous projects have been started using the premium money, the question is whether these projects have any meaningful impact on the flower farm workers or they are started as a way of building the image of the companies and to be seen as following the standards laid out by the Fair-trade so as to continue having a market for their produce at a favorable price.

## **2.6 Equity as a standard and social economic development**

Fair-trade standards of equity are based on the ILO Convention, which stipulated that workers should not be exposed to “any distinction, exclusion or preference made on the basis of race, color, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation”. The producer should ensure that any such discrimination will not occur in connection to recruitment, promotion, access to training, remuneration, allocation of work, termination of employment, retirement or other activities. The employees should not be exposed to corporal or other inappropriate punishment, or sexual harassment of any kind. The workers should be able to go through with a grievance procedure without interference in terms of disciplining actions from the management. It is further not allowed to dismiss women as a consequence of pregnancy or of them using their maternity leave. The Fair-trade regulations concerning freedom of labor follow the regulations in ILO conventions about forced labor and child labor. Any kind of forced and bonded labor is prohibited. Forced labor include work which is exacted under the menace of penalty or if the employee has not offered to work voluntarily.(ILO, 2013).

The standard on equity is very paramount in social economic development of human beings, however it remains to be seen as to whether this standard is adhered to because according KHRC flower companies are the most discriminative in relation to gender. They are also seen as fertile grounds for management who solicit sexual favors from their female counterparts in order to enjoy certain privileges. (KHRC, 2013).

## **2.7 Guaranteed minimum price and social economic development**

The most direct benefit to marginalized producers involved in fair trade is the guaranteed price floor regardless of market volatility. This price stability and the promise of long-term contracts offered through umbrella organizations significantly channels essential funds to producers.

The fair price criterion states that in the price paid to producers in the LDC countries a much higher share of the value of the product must be transferred to them than what is usually the case. The fair trade organization (FTOs) achieves this goal by reducing the intermediation chain through direct import and distribution of products through nonprofit retailers (the “world shops”). In these way local producers revenues are up to 3-4 times higher than those earned

through traditional trade channels. The FTOs also fix a minimum price threshold which insures producers from the high volatility of market prices of their products. The bilateral definition of a price different from the market one has sound microeconomic grounds. The fair trade price may therefore be ideally considered as the market price which would prevail if the two counterparts would have equal bargaining power and there are no intermediaries. (Basu, 2000).

Fair trade can be described as the new globalization that seeks to reshape past and present patterns of international trade and processes of the global economy that have undermined social economic conditions around the world. With a strategy of trade, not aid, the intent is to engage vulnerable, marginalized, destitute workers and producers globally by enhancing their capability to survive through direct sales, better prices, stable market links, and various egalitarian cooperatives, associations & organizations, and a commitment to the equality of material, political, economic, and ideological resources that altogether institutionalize a social norm of fairness in which each and every individual has a right to a just standard of living.

Through ethical consumerism and solidarity of core consumers and periphery producers, fair trade ventures to challenge the imperatives of competition, accumulation, and profit maximization that engender insecurity through giving price floors for products produced from LDC's with a fair-trade mark.(Basu, 2000).

Fair trade has historically been associated with various initiatives of Alternative Trading Organizations (ATOs) to radically transform global capitalism, which maintains abject poverty for many of the world's population. ATOs became prominent with the rise of Dependency and World Systems theory in the late 1960s and 1970s by noted social theorists Andre Gunder Frank and Immanuel Wallerstein,(1970), who reflected on how the international social system under capitalism brings about a redistribution of resources from the periphery to the core.

In addition, political scientist Gavin Fridell ( 1999) notes that a fair trade cooperative in Oaxaca, Mexico, with a membership of 2,500 families, has been able to provide members with significant higher incomes and better access to education, health services, and technology and transportation facilities-all of which has improved the capacity to withstand extreme poverty, malnutrition, environmental degradation, and unsafe working conditions, and above all has enhanced the ability to satisfactorily withstand the volatile international market for primary commodities. Price

stability and social premiums guarantee fair trade producers partial protection from raw material commodity crises in international markets that have ravaged their societies.

Having price floors means there is job security for those working on the flower companies; hence they can continue providing for their families without having to worry that they may be laid off due to low sales on the international market. This in return enables employees to continue in enhancing their social economic wellbeing. Secondly, In order for workers to also benefit from the price floors, it should translate into having fair salaries and wages; however floor farm workers are the worst paid employees according to KHRC, the reason for frequent strikes.

## **2.8 Good working conditions**

The Fair-trade Standards regarding working conditions relates to occupational health and safety it aims “to prevent accidents and injury to health arising out of, linked with or occurring in the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.”The workers should be trained in occupational health and safety practices, and there should be access to drinking water and adequate first aid equipment in the work place. The company is also responsible for providing the employees with adequate personal protective equipment, especially to those employees handling dangerous chemicals. Spraying with chemicals should be carried out in a safe manner, and specified re-entry regulations strictly followed. (Fair-trade Foundation, 2002).

At Oserian, in 2008 1,000 workers were trained on how to handle pesticides and chemical fertilizers safely. In an emergency there are 150 first-aiders who are trained and equipped to international standards in first aid. In case of work-related illness the company should treat or compensate the employee. Working hours should not exceed 48 hours a week, overtime should be voluntary and not more than 12 hours, and at least 24 consecutive hours of rest every seventh day is obligatory. Exceptions are though allowed during a limited period of time. Workers have right to at least three weeks of paid leave each year. A progress requirement is that the employer should provide housing or free transportation to the workplace.

Most of the workers in the flower companies in Naivasha are migrants from other parts of the country who work under very poor working conditions and face numerous health and safety hazards, including occupational chemical and ergonomic exposures, various injuries and illnesses and even death, discrimination and social exclusion, poor pay and long working hours.

## **2.9 Gaps in the literature review**

On social welfare the literature had little on other players involved in improving social economic development of flower farm workers for example Fair-trade supporters boast of ‘The Honey pot Effect’ – that cooperatives which become Fair-trade members then attract additional aid from other NGO charities, government and international donors as a result of their membership. This made it impossible to argue that any positive or negative changes in the living standards of farmers and workers are due to Fair-trade rather than to one of the other donors.

On working conditions, there were complaints that the standards are inappropriate and may harm workers, sometimes making them work several months more for little return. Adherence to fair trade standards by producers had been poor, and enforcement of standards by Fair-trade was weak. There are many complaints of poor enforcement problems: laborers on Fair-trade farms in Peru are paid less than the minimum wage; some non-Fair-trade coffee is sold as Fair-trade, the standards are not very strict in the case of seasonally hired labor in flower production.’ some fair trade standards are not strictly. (Financial times, 2006).

Thirdly on minimum prices the literature did not clearly bring out how the workers and not the producers benefit from such arrangements. Hence making it difficult to determine whether the price floors positively impacts the hired labor on the farms or it is an arrangement that benefits the producers only. On use of fair-trade premiums, having general workers who do not have basic financial management skills, project management and other crucial skills in the JB to manage millions of shillings intended for community projects is an area that has not been addressed. Most general workers are elected to represent other workers on the JB on popular vote. This does not equal to prudent management of the same funds.

In addition to that there was a gap in literature in relation to how the lives of those workers have changed for better as a result of fair-trade. The frequent strikes in flowers companies in Naivasha Kenya due to poor working conditions, poor salaries and inequality has not been addressed by the available literature. KHRC has organized public rallies to protest the working conditions of workers in the flower companies. There was a lot of focus on producers and how they have used the premium money to start social economic projects but there is little evidence of dramatic changes in the lives of flower farm works. Hence this research sought to explore further on how the social economic wellbeing of hired labor in the large flower companies was improving due to presence of fair-trade trading system.

## **2.10 Theoretical framework**

Social development theory underlies this research.

According to Jeanty P. (1992) a theory of social development identifies factors that influence the growth of a society and how those factors affect change. There are a number of factors that if not present can inhibit people in achieving their full potential. Such factors may include healthcare, security, education, social welfare and many more. According to the theory People living in a particular society can overcome poverty causing factors if the systems that surround them can be enhanced to allow flow of benefits from the core to the periphery. In relation to the study, flower farm workers can be victims of the international trade if there is no system to safeguard their interests and allow them to enjoy the benefits. This is made possible by having fair-trade trading system, which stipulates that owners of the farms meet a particular set of standards so as to promote the social economic development of the workers. In return this producers benefit from the minimum prices paid to them by the buyers and an extra premium to invest in community projects.

## **2.11 Explanation of variables in the conceptual framework**

The five different variables provides an overview on different fair-trade standards that if followed provides a framework for social economic development of flower farm works. The standard on social welfare entails that the company should actively be involved in enhancing the social wellbeing of the workers, so as to be able to live a decent life as they work. Another standard is on equity, the workers are to be accorded with equal opportunities as they work

without being discriminated on the basis of gender, race and on other basis. The premiums provided for by the buyers are to start social economic projects that will promote community development. The standard on safe working conditions is indented to minimize health hazards that are associated with working in the flower companies. Finally the setting of floor prices guarantees continued market for the produce which in return assures workers of their jobs.

## 2.12 Conceptual framework

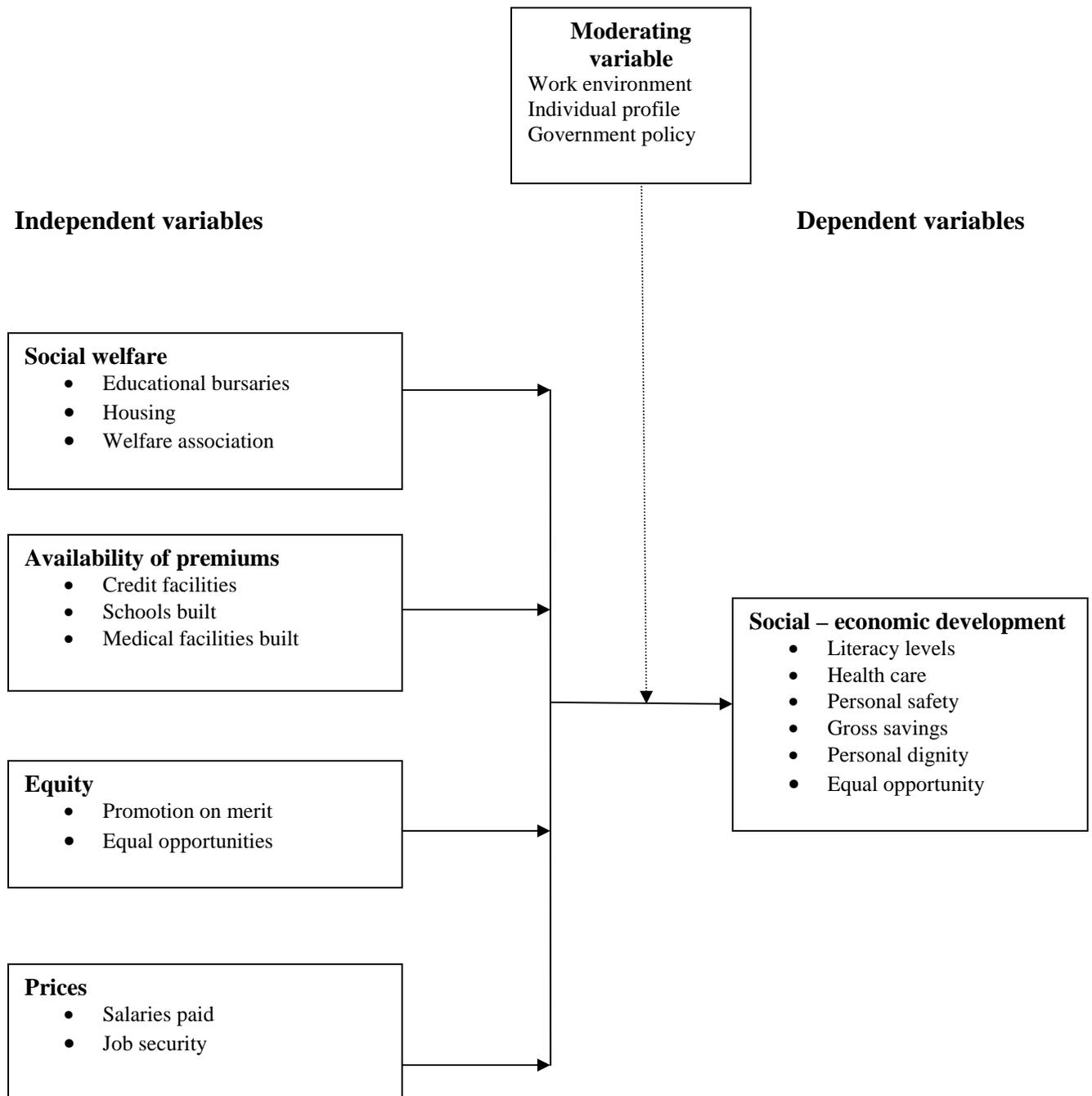


Figure 1

### **2.13 Summary of literature review**

On whether Fair-trade standards were having an impact on the social economic development of flower farm workers, there was available literature to show that indeed the system was in one way contributing towards improving the living standards of the workers. This was seen from a global perspective, in Africa, Kenya and Naivasha region itself where the study was conducted. Available literature provided the understanding of what Fair-trade means and the various standards that have to be met in order to be Fair-trade certified. In Mexico, several projects were started to improve the lives of producers and workers, in Ghana the same happened. In Kenya a woman's hospital and other projects were started to enhance the wellbeing of workers. However according to Kenya Human Rights Commission there were complaints of abuse of human rights in these flower companies hence forming the basis for carrying out this research.

Looking at various objectives of the study there was literature that under lied each objective; on social welfare evidence of educational bursaries, existence of social welfare associations and housing units were built for the benefit of workers. On premiums, available literature supported the thinking that those premiums were used to offer credit facilities to workers, schools and medical facilities were also built. On equity, promotions at the workplace were done on the basis of merit and there were equal opportunities for all despite the origin, gender, race and many other aspects of the workers. Finally on fair prices offered available literature showed evidence of there being job security and steady salaries for workers.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter contains the methods that guided this study. It includes the research design that was used, the target population, the sample size and sampling procedure, the research instrument to be used. Procedure for collecting and analyzing data was also looked at.

#### **3.2 Research design**

Burns and Grove (2003) define a research design as a blue print to be followed when carrying out a study. This research used a descriptive survey design. A descriptive survey design facilitated the obtaining of information concerning the current status of the phenomena and to describe 'what exists' with respect to variables or conditions in a situation. One of the main benefits of descriptive research is the fact that it uses both quantitative and qualitative data in order to find the solution to whatever is being studied. This in turn can help to describe and give an answer to certain life experiences. With this in mind, it enables a wider view of an issue as opposed to strict numbers and figures which can only account on facts rather than experiences.

#### **3.3 Target population**

According to Mugenda and Mugenda (2003), population refers to an entire group of individuals, events or objects having a common observable characteristic, in other words it refers to an aggregate of all that conforms to a given specification. The target population of this research was 1,975 flower farm workers who hold supervisory positions in flower farms in Naivasha Kenya. This is because those who are in the managerial positions may give a biased response in favor of the companies. The general workers on the other hand may not fully understand the dynamics and workings of the fair-trade trading system.

Some of the flower companies are fair-trade certified while others are not. This research targeted workers from both farms. This was to bring out the effect of fair-trade trading system on the social economic development of these workers: to those flower companies that are fair-trade certified are they following the laid down standards for the benefit of employees and if their counter parts are worse off due to lack of certification. The target population was 1,975 workers who hold supervisory positions in the four farms both fair-trade and none fair-trade.

Accessible Target population

Table 1: Accessible Target Population.

<b>Flower company</b>	<b>No. of management staff</b>	<b>No. of supervisory staff</b>	<b>No. of unionizeable staff</b>	<b>Sub total</b>	<b>Fair-trade status</b>
Oserian development company	50	950	5,004	6,004	Certified
Finlays horticulture	30	510	4,000	4,540	certified
Karuturi	25	490	3,980	4,495	Not certified
Florensis	10	25	1,800	1,835	Not certified
<b>Subtotal</b>	115	1,975 <b>Target population</b>	14,784		
<b>Grand total</b>	16,874				

Source: Kenya flower council 2013 ([www.kenyaflowercouncil.org](http://www.kenyaflowercouncil.org)).

### 3.4.1 Sample size

Table 2: Sample size

<b>Flower company</b>	<b>Target population</b>	<b>10% of the target population</b>
Oserian development company	950	95
Finlays horticulture	510	51
Karuturi	490	49
Florensis	25	2
	1,975	197
	<b>Target population</b>	

Using the table from a target population of 1,975 the sample size was 197 respondents which represent 10% of the target population. Kotler (2001) argues that if well chosen, samples of about 10% of a population can often give good reliability.

### 3.4.2 Sampling procedure

The sampling was mixed that is; non-probability and probability sampling. The farms to be researched on were chosen by non-probability sampling (purposive sampling) this enabled the research to determine representation on both fair-trade and non-fair-trade farms. Once the farms had been sampled through purposive sampling, the respondents from those farms were sampled through probability sampling (simple random sampling). This ensured that every employee has an equal chance of being a respondent.

### 3.5 Data collection instrument

Questionnaires were used as the instrument of data collection. Closed and open-ended questions were used. The questionnaire has been chosen as the instrument of collecting data because it enabled the researcher to collect data from a large number of respondents within a short period of time. The questionnaire was structured in different sections as per the objectives of the study so as to capture all the required data.

### **3.5.1 Validity of the instrument**

According to Mugenda and Mugenda (2003), Validity is the accuracy and meaningfulness of inferences, which are based on the research results. It is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. Content validity was determined by pilot testing of the instrument. This involved actual data collection on a small scale to get feedback on whether or not the instrument is likely to work as expected. The instrument was administered to a small group of people who had the same characteristics as those in the main sample. This gave an opportunity to revise the instrument and the process of collecting data. Piloting of the instrument sought to correct the following – questions that respondents did not understand, ambiguous questions, questions that combine two or more issues in a single question and questions that could make respondents uncomfortable.

### **3.5.2 Reliability of the instrument**

According to Mugenda and Mugenda (2003), Reliability is a measure of the degree to which a research instrument yields consistent results. In this research, reliability was assessed by use of internal consistency test and retest technique.

Test-retest reliability is the degree to which scores are consistent over time. It indicates score variation that occurs from testing session to another testing session to check for errors which occur as a result of errors of measurement.

### **3.6 Data collection procedures**

This process started by acquiring the research permit from the University of Nairobi and other relevant entities so as to allow free access and administration of the questionnaire. Secondly, management of the different flower farms that were sampled was contacted to get confirmation on the dates and time for collection of data. The instrument was distributed to the respondents by the researcher; they were given time to respond to questions then were collected on agreed upon time.

### 3.7 Data analysis techniques

After data had been collected the following steps were followed in analyzing the same.

First step was Pre-processing – after collecting data the researcher pre-processed before carrying out the actual analysis. This included correcting problems in the raw data and eliminating unusable data.

The second step was development of a coding system – after correcting errors the researcher formulated a coding scheme. The core function of the scheme was to create codes and scales from the responses which were then summarized and analyzed in various ways. Thirdly the researcher used the statistical software –SPSS software in analysis of data. Lastly Analysis was done thematically – this is in relation to the research questions and objectives.

### 3.8 Ethical considerations

The following ethical considerations were observed: On Plagiarism, any work from any source other than mine was acknowledged. Secondly Confidentiality and privacy were observed, respondents were protected by keeping information provided confidential. If information had to be shared then the consent of the respondent was sought. On anonymity- the identity of individuals will be protected by either using numbers or pseudo names. Finally Voluntary and informed consent of the respondents was observed.

### 3.9 Operation definition of variables

Table 3: Operation definition of variables

<b>Objective</b>	<b>Type of variable (Independent)</b>	<b>Indicators</b>	<b>Measurement scale</b>	<b>Data analysis technique</b>
To establish influence of social welfare practices to social economic development of flower farm workers.	Social welfare	Access to bursaries, presence of recreational facilities, contribution to social security fund, housing facilities, presence of social welfare association	nominal	Percentages and frequencies

To establish the influence of fair-trade premiums in improvement of the social economic development of flower farm workers.	Premiums	Presence of medical facilities, schools built, access to credit facilities.	Ratio	Percentages and frequencies
To assess the if equity is promoted and how it has impacted the social economic development of workers	Equity	Promotion on merit, equal opportunity for women, disabled		Percentages and frequencies
To establish how fair-trade minimum prices have influenced the social economic development of flower farm workers.	Minimum prices	Salaries paid, job security	Nominal	Percentages and frequencies

To explore the extent to which working conditions of workers in the farms contributes to their wellbeing	Working conditions	-access to drinking water, provision of protective clothing, availability of training on health and safety	Nominal	Frequencies and percentages
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<b>Objective</b>	<b>Type of variable (Dependent)</b>	<b>Indicators</b>	<b>Measurement scale</b>	<b>Data analysis technique</b>
To assess the effect of fair-trade trading system on social economic development	Social-economic development - dependent variable	Literacy levels, access to medical care, personal safety, gross savings, equal opportunity, personal dignity, participation in civil society.	Ratio	Frequencies and percentages

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND INTERPRETATION

#### 4.0 Introduction

This chapter presents data collected from respondents, farm workers holding supervisory positions in flower farms in Naivasha. The data is presented in form of tables, charts and graphs followed with the analysis and the interpretation of the findings.

#### 4.2 Response Rate

The study targeted 197 respondents. Out of the questionnaires distributed only 130 questionnaires were duly filled and returned. This translates to a response rate of 66% which is within Mugenda and Mugenda (2003) who prescribed the significant response rate for statistical analysis as a minimal value of 50% for social sciences. The figure below represents the response rate.

	Frequency	percentage
Non response	67	34%
Response	130	66%
Total	197	100%

Table 4: Response rate

#### 4.3 Demographic information.

This is the information describing the characteristic of the respondents. The information asked included gender, age, marital status, Education background, position you work in at the farm terms of employment, and whether the farm they work for was fair-trade certified.

### 4.3.1 Gender of the respondents

The study sought to establish the gender of the respondents. The response is shown in the figure below.

Gender	Frequency	Percentage
Female	55	42%
Male	75	58%
Total	130	100%

Table 5: Gender of the Respondents.

Out of the respondents who responded 58% were male and 42% were female. The majority of the respondents were male an indication that there were more male supervisors in farms in Naivasha than female.

### 4.3.2 Age of the respondents

The respondents were asked their age

Age	Frequency	Percentage
18-25Years	20	15%
26-35 Years	33	25%
36-45 Years	48	38%
46-55 Years	29	22%
Total	130	100%

Table 6: Age of the Respondents.

The highest percentage of respondents 38% were aged between 36-45 years, 25% were aged 26-35 years, 22% were aged 46-55 years and 15% were aged 18-25 years. This shows that the study incorporated respondents of different age categories and that those between the age of 36-45 years were the majority.

### 4.3.3 Marital status of the respondents

The study sought to find out the marital status of the respondents. The responses are shown in the figure below.

Marital status	Frequency	Percentage
Single	16	12%
Married	58	45%
Separated	39	30%
Divorced	17	13%
Total	130	100%

Table 7: Marital status of the respondents

Those respondents who were single were 12% while those who were married were 45%. The respondents who were separated were 30% and 13% were divorced. This shows that workers from different marital status were represented and that those who are married are the majority with a percentage of 45%.

### 4.3.4 Educational Background of the respondents

The study sought to find out the educational background of the respondents the responses are shown in the figure below.

Educational level	Frequency	Percentage
Primary	16	13%
Secondary	64	48%
Certificate	16	13%
Diploma	21	16%
University degree	13	10%
Total	130	100%

Table 8: Educational Background

From the table above, 13% had primary level education and 48% were secondary level graduates. Those who were certificate holder were 13%. 16% had diplomas. 10% were university graduates. The findings show that the study involved respondents with various qualification in the study thus each bringing their different levels of expertise in the study and those have secondary level qualifications were the majority with 48%.

#### 4.3.5 Position Worked in the Farm

The respondents were asked what position they held in the farm. The figure below represents the responses.

Position	Percentage
General workers	65%
Supervisor	22%
Manager	13%

Table 9: Position worked in the Farm.

Majority of the respondents 65% were general workers. The respondents who were supervisors were 22% and the least were managers who were 13%. This research targets the supervisors.

#### 4.3.6 Terms of employment of the respondents

The study sought to establish the terms under which the respondents worked in their farms. Figure 4.6 represents the findings.

Terms	Frequency	Percentage
Permanent	68	52%
Casual	62	48%
Total	130	100%

Table 10: Terms of Employment.

Those respondents who were employed on casual terms were 48% while those who were permanently employed were 52% of the respondents. This means majority of the workers on the farms are permanently employed. This provides job security and other benefits that come with permanent employment.

#### 4.3.7 Fair-Trade Certification.

The respondents were asked whether the farms they worked for were Fair trade certified.

Certification	Frequency	Percentage
Non fairtrade	50	38%
Fairtrade	80	62%
Total	130	100%

Table 11: Fair trade certification.

The respondents who worked for organizations that were fair trade certified were 62% of the respondents. 38% worked in farms that were not fair trade certified. Meaning fair-trade certified farms attracts more workers as compared to non- fair-trade farms. This also means that fair-trade certified farms have the capacity to absorb more workers.

#### 4.4 Social welfare practices

The study sort to establish the extent to which social welfare practices affect the socio-economic development of flower farm workers, various dimensions of social welfare practices were examined. The following are the results:

##### 4.4.1 Provision of Education Bursaries and Living Standards

The respondents were asked to whether the provision of education bursaries improved the living standards of the respondents.

	Frequency	Percentage
To a large extent	69	51
To a small extent	16	12
To a neutral level	17	13
To medium a extent	18	14
To no extent	10	7
Total	130	100

Table 12: Education Bursaries and the Standard Of Living.

The majority of the respondents 51% agreed that provision of education bursaries improved the living standards of the respondents to a large extent, 14% said to a medium extent, 13% said to a neutral extent, 12% said to a small extent and 7% said to a no extent. This means education bursaries are improving the living standards of the workers.

#### 4.4.2 Recreational Facilities

The respondents were asked whether the recreational facilities available has added value to the lives of the workers.

	Frequency	Percentage
Strongly agree	63	48
Agree	38	29
Neutral	21	16
Disagree	5	4
Strongly disagree	3	2
Total	130	100

Table 13: Recreational Facilities

The respondents who strongly agreed were 48% that the recreational facilities offered had added value to lives of the workers. Those who agreed were 29%, 16% were neutral, 4% disagreed and 2% strongly disagreed. After work the workers can rejuvenate through the available recreational facilities hence improving their lives. This is shown through the higher percentage who agreed that the recreational facilities added value to their lives.

#### 4.4.3 Housing facilities.

The respondents were asked whether the farms they worked for provided housing facilities for the employees. The figure below represents the responses.

Housing facilities	Frequency	Percentage
Housing	60	46%
No housing	70	54%
Total	130	100

Table 14: Housing facilities

Those respondents who said that the farms they worked for had housing facilities were 46% while 54% said they did not have housing facilities. One of the most common trends in most farms is offering staff housing where workers can access housing facilities either for free or at a subsidized amount.

#### 4.4.4 Housing facilities and better living.

Those respondents who said that their farms offered housing facilities were asked to what extent the provision contributed to workers better living.

	Frequency	Percentage
To a higher level	16	27%
To a medium level	21	35%
To a neutral level	9	15%
To a lower level	10	17%
To no level	4	7%
Total	60	100%

Table 15: Housing facilities and better living

From the responses, 27% said that the provision of housing facilities had contributed to the workers better living to a high extent, 35% said to a medium extent. 15% said to a neutral level, 17% said to a lower level and 7% said to no level at all. Majority agreed that housing facilities improved their lives this ensured that workers are comfortable so as to give their best.

#### 4.4.5 Social Welfare Association

The respondents were asked whether the farms they work for had social welfare associations.

Social welfare association	frequency	percentage
No Social welfare association	0	0%
There is social welfare association	130	100%
Total	130	100%

Table 16: Social Welfare Association.

All the respondents agreed that the farms they worked for had social welfare associations. Fair-trade certified means the farm must continuously improve the welfare for the workers.

#### 4.4.6 Social Welfare Association and social economic development

The respondents were asked whether the social welfare association contributed towards social economic development of flower farm workers.

	Frequency	Percentage
Strongly agree	76	58%
Disagree	2	2%
Neutral	10	8%
Agree	42	32%
Strongly disagree	0	0%
Total	130	100%

Table 17: Social Welfare Associations and Social Economic Development.

From the responses 58% strongly agreed that the social welfare association contributed towards social economic development of flower farm workers.32% agreed, 8% were neutral and 2% disagreed. There were no respondents who strongly agreed. The social welfare help in articulating for the issues facing workers in the farm. Hence acting as a forum for participating in the decision making process in the farms. This ensured that they have a say in the making of the decisions that affect them as workers.

#### 4.4.7 Social Welfare Association and sustainability

The respondents were asked to rate the extent to which they agreed with the statement “workers are able to sustain their life-styles even after they leave employment because of the social welfare practices accorded to them during their employment in flower farms”. The responses are shown in the table below.

	Frequency	Percentage
Strongly agree	38	29
Agree	53	41
Neutral	21	16
Disagree	10	8
Strongly disagree	8	6
Total	130	100

Table 18: Social welfare Associations and sustainability

The respondents who strongly agreed that workers are able to sustain their life-styles even after they leave employment because of the social welfare practices accorded to them during their employment in flower farms were 29%, those who agreed were 41%, 16% were neutral, 8% disagreed and 6% strongly disagreed. The credit facilities accessed are used to start some projects which ensured workers continue enjoying the benefits even after leaving formal employment.

## 4.5 Premiums

The study sort to establish how premiums affect the socio-economic development of flower workers; various dimensions of the premiums practices were examined. The following are the results: The respondents were asked to rate the extent to which they agreed with the statements in the table below. A scale of 1-5 was used where 1= strongly agreed, 2= agreed, 3= neutral, 4= disagree and 5= strongly disagree.

	Mean	Std. Dev
Fair-trade premiums have been used construction of health facilities that has helped in improving living standards of flower farm workers	1.254	0.068
Schools have been built using fair-trade premiums so as to improve literacy levels of workers children and the entire community	2.562	0.254
workers are able to access credit facilities that enable them invest in projects that improve their living standards	1.521	0.314
Significant Fair-trade premiums are invested in projects that improve the quality of the workers to a large extent	2.542	0.231

Table 19: Premiums

From the responses above the respondents strongly agreed that Fair-trade premiums have been used in construction of health facilities that has helped in improving living standards of flower farm workers with a mean of 1.254. On whether Schools have been built using fair-trade premiums so as to improve literacy levels of workers children and the entire community the respondents were neutral with a mean of 2.562. Asked whether workers are able to access credit facilities that enable them invest in projects that improve their living standards, the respondents agreed with a mean of 1.521. On whether significant Fair-trade premiums are invested in projects that improve the quality of the workers to a large extent, the respondents were neutral with a mean of 2.542. This means majority agreed that many development projects have been initiated through the fair-trade premiums for the benefit of the workers and their beneficiaries hence improving their social economic development.

## 4.6: Equity

The study sort to establish how equity practices affects the socio-economic development of flower workers; various dimensions of equity practices were examined. The following are the results:

#### 4.6.1 Workers and Promotions.

The respondents were asked whether the Workers at the farm are promoted on the basis of merit. The response is shown in the figure below.

Promotion	Frequency	Percentage
On merit	88	68%
Not on merit	42	32%
Total	130	100%

Table 20: Promotion of Workers.

From the table above the majority of the respondents 68% said yes while 32% said no. The respondents who said yes were asked how promoting workers on the basis of Merit helped in promoting the wellbeing of workers at the farm. The respondents responded that it motivated them to work even harder and was a reflection of fair working conditions. Others cited that it brought about accountability since they were evaluated individually and thus not as a group. The respondents also cited that promotion on merit was a symbol of job security. The respondents also agreed that it brought about employee satisfaction since they felt that the management appreciated their effort.

#### 4.6.2 Gender Discrimination.

The study asked the respondents whether there was gender discrimination in the farms they worked for.

Gender discrimination	Frequency	Percentage
There is Gender discrimination	16	12%
There is no Gender discrimination	114	88%
Total	130	100%

Table 21: Gender Discrimination.

Only 12% of the respondents said there was gender discrimination in the farms they worked for while 88% said there was no gender discrimination. The responses given were that lack of gender discrimination has brought a sense of togetherness among the workers since there was no gender that felt oppressed. Other respondents cited that it gave them equal opportunities in the

farms for promotion. The respondents also said that since farming is a labor intensive venture, this created a lot of employment chances in equal measures for the both genders. Other cited that lack of discrimination especially among the women enabled to take up positions in the farm and also have families of their own.

#### 4.6.3 Equal Opportunity

The respondents were asked whether is equal opportunity for employment for everyone at the farm inclusive of the vulnerable, for example those who are disabled, women and many more. The responses are in the figure below.

Equal opportunity	Frequency	Percentage
There is Equal opportunity	75	58%
There is no Equal opportunity	55	42%
Total	130	100%

Table 22: Equal opportunity

The respondents who said yes were 58% while 42% said no. majority agreed that equal opportunities were available for all the workers in the farm. This means that even the vulnerable had an opportunity of getting a chance of working and enjoying the benefits just like any other worker.

#### 4.6.4 Discrimination.

The respondents were asked whether discrimination of any kind is not tolerated in the flower farm. The responses are shown in the table below.

Discrimination	frequency	percentage
No discrimination	130	100%
There is discriminantion	0	0
Total	130	100%

Table 23: Discrimination.

All the respondents said that discrimination of any kind is not tolerated in the flower farms they worked for. This provided a sense of security to the workers and it is in conformity with the ILO standards.

## 4.7 Minimum Prices

The respondents were asked to rate the extent to which they agreed with the statements on minimum prices in the table below. A scale of 1-5 was used where 1= strongly agreed, 2= agreed, 3= neutral, 4= disagree and 5= strongly disagree.

	Mean	Std.Dev
Payment of minimum prices by buyers of fair-trade flowers has considerably led to improved salaries for workers, which in turn translates to improved living standards.	1.514	0.0124
A minimum price to producers has led to job security for workers, who are able to continue earning hence improving their living standards.	1.782	0.1254

Table 24: Minimum prices

On whether payment of minimum prices by buyers of fair-trade flowers has considerably led to improved salaries for workers, which in turn translates to improved living standards, the respondents agreed with a mean of 1.514. Asked whether a minimum price to producers has led to job security for workers, who are able to continue earning hence improving their living standards, the respondents agreed with a mean of 1.782. This means the minimum prices offered ensured job security and steady flow of salaries to the workers. This ensured they are able to invest and plan for their lives and those of their beneficiaries.

## 4.8: Working Conditions

The study sort to establish how working conditions affects the socio-economic development of flower workers; various dimensions of working conditions were examined. The following are the results

### 4.8.1 Working Hours.

The respondents were asked how many hours they worked in a day. The responses are shown in the table below.

	Frequency	Percentage
Less than 5 hours	5	4
5-8 hours	52	40
8-10 hours	63	48
Above 10 hours.	10	8
Total	130	100

Table 25: Working Hours

Respondents who worked for less than 5 hours made up 4% of the respondents. Those who worked for 5-8 hours were 40%, 48% worked for 8-10 hours and 8% worked for 8 hours. Majority worked for 8-10 hrs this is in line with ILO standards. It allowed workers to fully rest before going back to work the following day.

#### 4.8.2 Overtime.

The respondents were asked how often they worked overtime.

	Frequency	Percentage
Very frequent	24	18
Frequent	69	53
Rarely	32	25
Very rarely	5	4
Total	130	100

Table 26: Overtime.

Those who did overtime very frequently were 18% of the respondents, 53% did it frequently, 25% rarely did overtime hours while 4% said very rarely. Overtime is recognized and paid among the majority of those who did overtime. This ensured that workers do not work extra hours without extra pay or some form of compensation.

#### 4.8.3 Leave from Work

The respondents were asked whether they were entitled to maternal and annual leave. The responses are shown in the table below.

	Yes		No		Total	
	F	%	F	%	F	%
Annual leave	130	100	0	0	130	100
Maternal leave	55	42	75	58	130	100

Table 27: Leave from Work.

From the table above all the respondents are entitled to annual leave as 100% said yes. 42% of the respondents, who were the total number of females in the study, said yes they were entitled to maternal leave.

#### 4.8.4 Water and Sanitation.

The respondents were asked whether they had access to quality drinking water toilet facilities on the farm. The responses are shown in the table below.

	Yes		No	
	F	%	F	%
Quality drinking water	130	100	0	0
Toilet Facilities	130	100	0	0

Table 28: Water and Sanitation.

All the respondents 100% agreed that they had access to quality drinking water and toilet facilities.

#### 4.8.6 Working Conditions.

The respondents were asked to rate the working conditions of the farms in which they worked in.

	F	%
Best	28	22
Good	68	52
Better	14	11
Bad	10	8
Worse	10	8
Total	130	100

Table 29: Working Conditions.

From the responses 22% said they worked under the best conditions in their farms, 52% said good, 11% said better and those who either said bad or worse represented 8% of the respondents each. Majority agreed the working conditions are comfortable for most of the workers. This means the flower farms ensures the working conditions for the workers are taken care of.

#### 4.8.7 Working Conditions and Socio-economic Development.

The study sought to establish the extent to which working conditions in flower firms positively contribute to the socio-economic development of flower workers.

	F	%
Very large extent	29	22
Large extent	55	42
Average extent	23	18
Very little extent	15	12
No extent	8	6
Total	130	100%

Table 30: Working conditions and Socio-Economic Development

The respondents who said to a very large extent were 22%, 42% said to a large extent, 18% said to an average extent, 12% said to a very little extent and 6% said to no extent at all. Most of the flower farms have a conducive working environment for their workers. This ensured promotion of their personal dignity and work.

## **CHAPTER 5**

### **SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

The chapter presents the summary of findings, the discussion and conclusion drawn from the data findings. In addition, it presents the recommendations of the study. All this had been geared toward achieving the objectives of the study.

#### **5.2 Summary of Findings**

Guided by the research objectives, the findings of this research points towards the standards of Fair-Trade improving the living standards of the flower farm workers; on social welfare, majority agreed that educational bursaries were availed for their children, housing facilities were available for some workers and all of them belonged to a social welfare association. On availability of premiums; majority agreed that credit facilities were available, schools were built using the premiums and medical facilities were also built using the premiums. Equity was also promoted, in that promotion was done on merit and there were equal opportunities for all. Majority agreed that the minimum prices paid to producers ensured that job security for workers and a steady flow of salaries.

#### **5.3 Discussion of findings**

Various dimensions of social welfare as an aspect of Fair-trade examined indicate that they tend to improve the quality of life and hence contributing to the social economic development of flower farm workers this is shown through the responses given in the study; on whether educational bursaries are improving workers life through educational bursaries 63% agreed that the bursaries were improving their lives. Given that access to education has been a challenge to most families in Kenya especially those in rural areas. Access to bursaries and scholarships makes it easier for such needy students to access education. This is in line with UNICEF (2002) which postulates that welfare access allows the poor to access vital resources and services like education which is crucial in development.

On recreational facilities the study established that 67% of the respondents agreed they add value to their lives and that they were built for the benefit of workers. These facilities enable the workers to reenergize after long hours of work, hence improving their living standards. These findings are consistent with those of Utting-Chamorro, (2003) who found out that fair trade

organizations in Nicaragua offered various facilities to its workers so as to improve the welfare for the workers.

The study also established 62% of the respondents agree that housing facilities offered improve their living standards. According to a report by fair-trade Kenya (2009) being Fair-trade certified means the farm must continuously improve the welfare for the workers whether it's their pay or how they live. The Cost of living has gone up and thus offering housing at subsidized prices ensures that the workers get to save thus raising their living standards.

The study also revealed that all (100%) the respondents interviewed were members of a social welfare association that contributed towards social economic development of flower farm workers. Existence of social welfare associations enables people to be capable of acting and making decisions that enables them to achieve their full potential. Social welfare associations enable its members to be well off since they aim at improving the welfare of its member's overtime. This is consistent with Fair-Trade Foundation (2002) which requires that management of the farm should allow workers to form social welfare associations.

On Premiums the study looked at various dimensions of the premium and how they have impacted the social economic development of flower farm workers. Study established that the fair trade premiums had been used in the construction of health facilities as well as enabled the workers access credit facilities. According to Lamb (2012) concluded that Fair-trade producers enjoy greater access to credit than their non-Fair-trade counterparts. The respondents were however neutral on whether Schools had been built using fair-trade premiums so as to improve literacy levels of workers children and the entire community. Fair-trade Premium, which is part of the money the producers get for their products, is to be used for improvements of the socio-economic infrastructure for the workers; their families and the local community (fair-trade Africa 2012). The study also established that Significant Fair-trade premiums are invested in projects that improve the quality of the workers (Lamb 2012).

On equity, the study established that 68% agreed that employees at the farm were promoted as a result of the merit and efforts in their work. This in turn motivated them to work even harder and was a reflection of fair working condition, provided accountability since they were evaluated individually and thus not as a group. The 88% of the respondents also cited that was no gender

discrimination and that equal opportunity for employment for everyone at the farm inclusive of the vulnerable, for example those who are disabled, women and many more. The ILO (2013) convention stipulates that that workers should not be exposed to “any distinction, exclusion or preference made on the basis of race, color, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation.

The study also revealed that payment of minimum prices by buyers of fair-trade flowers has considerably led to improved salaries for workers, which in turn translates to improved living standards. Fridell (1999) who established that having price floors means there is job security for those working on the flower companies; hence they can continue providing for their families without having to worry that they may be laid off due to low sales on the international market. This in return enables employees to continue in enhancing their social economic wellbeing and thus improving the living standards of the respondents. The respondents also agreed that minimum price to producers has led to job security for workers, who are able to continue earning hence improving their living standards.

On the working conditions the study established that majority of the respondents worked for 8-10 hours a day. The Fair-trade foundation (2002) established that working hours should not exceed 48 hours a week. The responses also revealed that respondents worked overtime and were entitled to the annual and maternal leave. The study also established that the respondents had access to clean water and toilet facilities a requirement of Fair-trade certified organizations. The working conditions directly affect the lives of the employees poor working conditions bring about health and safety hazards, including occupational chemical and ergonomic exposures, various injuries and illnesses and even death, discrimination and social exclusion, poor pay and long working hours. This will affect the health, attitude and the lively hood of the employees (Fair-trade foundation 2002). Majority of the respondents worked under good working conditions that had an impact on their socio economic development (Fair-trade Foundation, 2002).

## **5.4 Conclusions.**

The study made the following conclusions;

There are social welfare associations that seek to improve the quality of the flower farm workers. The study also concluded that bursaries, recreational facilities and the housing facilities offered in the farms for the workers improved their welfare thus raising their living standards. Secondly the study established that fair trade premiums had been used in the construction of hospitals and schools. The premiums have also been invested in projects that improve the quality of the workers. The study also concludes that the fair trade premiums have enabled the farmers to access credit facilities.

On equity, the study concludes that there is no discrimination against the vulnerable and that promotion in the work place was based on the performance of the individual. The study also concluded that having minimum prices has improved the welfare of the workers since through payment of minimum prices to buyers and minimum price to producers ensures job security. On working conditions, the study concludes that working conditions in flower firms positively contribute to the socio-economic development of flower workers to a large extent. The study also concludes that the workers have access to clean water, toilets and are entitled to annual and maternal leave.

## **5.5 Recommendations.**

1. From the study it was established that social welfare practices for example housing facilities improved the living standards of the workers. The study also established that not all workers lived within these premises. The study therefore recommends that agricultural and non-agricultural companies in Naivasha, Kenya and the rest of the world can improve the living standards of their workers if housing facilities are provided and if not able to do so then housing allowance should be given.
2. From the study it was established that fair-trade premiums have been useful in starting of social economic projects that have been instrumental in improving the living standards of the workers and the neighboring communities. This study therefore recommends that the amount remitted to developing countries in form of premiums be increased so as to allow

more development projects to be started, which have far reaching positive consequences to the poor. However From the study, the respondents were neutral on whether schools had been built using fair-trade premiums so as to improve literacy levels of workers children and the entire community. This is an indication that the projects had not been successfully implemented nor had minimal impact on the respondents. The study therefore recommends that evaluation be done on utilization of the premiums and the impact on the children of workers where fair-trade is practiced.

3. The study also determined that equity practices are adhered to by those farms which are fair-trade certified. This practice is important in improving the lives of those who work on the farms, including the vulnerable and marginalized. This study therefore recommends that such practices be adopted by other players in the economy for example the government and other private sector players.
4. The study also established that fair-trade minimum prices offered job security and salaries for the workers on the farms. Hence being able to plan for some development projects in their lives using the steady flow of income from their salaries. This study therefore recommends managers and directors from different companies should use this as a tool of motivating their employees and not as a tool of instilling fear in the employees that they may lose they jobs.
5. The study established that there were respondents who worked for some farms that were not fair trade certified. The Fair-trade Foundation promotes research and education around the causes and effects of poverty, particularly in relation to the conduct of trade. The management of those farms needs to ensure that they get the certification so as to ensure that the workers also benefit and improve their living standards. These should also be extended to other sectors in the third world countries.

## **5.6 Recommendations for further studies**

1. The main purpose of the study was to investigate the effect of fair-trade trading system in improving the living standards of flower farm workers in Naivasha. The study concentrated on Naivasha and sampled a few flower farms thus the findings of the study

cannot be generalized. Therefore in the future a similar study should be done across all flower farms in the country so as to generalize the study.

2. The Fair-trade Standards regarding working conditions relates to occupational health and safety. This study therefore recommends that in the future a study be conducted on investigating the safety precautionary measures adopted by flower farms and their effectiveness in promoting occupational health and safety among the employees.
3. Fair-trade premiums are managed by a joint body that comprises of general workers and a management representative, this study recommends that a study should be carried out to determine efficient and effective management of the premiums in the fair-trade affiliated companies.

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## **APPENDICES**

### **Appendix 1: Letter of transmittal**

My name Is Juma Nyongesa a master of arts in project planning and management student at the University of Nairobi, I am carrying out research in the flower farms of Naivasha Kenya on the effect of fair-trade trading system on the social economic development of flower farm workers. You have been randomly been selected to participate in this research. The information given is purely for academic purposes and will be kept in confidence.

Yours faithfully

Juma Nyongesa

L50/82851/2012

## **Appendix 2 - A research questionnaire to flower farm workers**

### **Section A- Bio Data**

1. Sex

[1] Male [2] Female

2. Age

[1] Between 18-25 years [2] Between 26-35 years [3]Between 36-45 years[4]Between 46-55 years

3. Marital status

[1] Single [2] Married [3] Separated [4] Divorced

4. Education background

[1] Primary [2] Secondary [3] Certificate [4] Diploma [5] University degree

5. Mention the position you work in at the farm

[1] Manager [2] Supervisor [3] General worker

6. What are your terms of employment

[1]Causal [2] Permanent

7. Is the farm you work for fair-trade certified

[1] Yes [2] No

### **Section B – Social welfare practices**

1. To what extend has provision of education bursaries improved workers living standards

[1] To no extend [2] To a small extend [3] To somewhat [4] To medium a extend  
[5] To a large extend

2. The presence of recreational facilities has added value to the lives of workers

[1] Strongly disagree [2] disagree [3] Neutral [4] Agree [5] strongly agree

3. Does your company provide housing facilities for its employees

[1] Yes [2] No

4. If yes, to what level has it contributed to workers better living

[1] To no level [2] To a lower level [3] To a neutral level [4] To a medium level [5] To a higher level

5. Does your company have a social welfare association?

[1] Yes [1] No

6. If yes, is it contributing towards social economic development of flower farm workers

[1] Strongly disagree [2] Disagree [3] Neutral [4] Agree [5] Strongly agree

7. Majority of flower workers are able to sustain their life-styles even after they leave employment because of the social welfare practices accorded to them during their employment in flower farms

(1) Strongly disagree (2) Disagree (3) Neutral (somewhat agree) (4) agree (5) strongly agree

### **Section C – premiums**

1. Fair-trade premiums have been used in construction of health facilities that has helped in improving living standards of flower farm workers

[1] Strongly disagree [2] Disagree [3] Neutral agree [4] Agree [5] Strongly agree

2. Schools have been built using fair-trade premiums so as to improve literacy levels of workers children and the entire community

[1] Yes [2] No

3. To a certain extend workers are able to access credit facilities that enable them invest in projects that improve their living standards

[1] To no extend [2] To a small extend [3] To a neutral extend [4] To medium a extend

[5] To a large extend

4. Significant Fair-trade premiums are invested in projects that improve the quality of the workers to a large extent.

[1] Strongly disagree [2] disagree [3] neutral [4] agree [5] strongly agree

### **Section D – Equity**

1. Workers at the farm are promoted on the basis of merit

[1] Yes [2] No

2. If yes how has helped in promoting the wellbeing of workers at the farm

3. There is gender discrimination at the farm

[1] Yes [2] No

4. If yes how has this enhanced the social development of workers

5. There is equal opportunity for employment for everyone at the farm inclusive of the vulnerable, for example those who are disabled, women and many more

[1] Yes [2] No

6. Discrimination of any kind is not tolerated in the flower firm

[1] Strongly disagree [2] Disagree [3] Neutral [4] Agree [5] Strongly agree

### **Section E- minimum prices**

1. Payment of minimum prices by buyers of fair-trade flowers has considerably led to improved salaries for workers, which in turn translates to improved living standards

[1] Strongly disagree [2] Disagree [3] Neutral [4] Agree [5] Strongly agree

2. Minimum prices to producers has led to job security for workers, who are able to continue earning hence improving their living standards

[1] Strongly disagree [2] Disagree [3] Neutral [4] Agree [5] Strongly agree.

### **Section F- Working conditions**

1. How many hours do you work per day

[1] less than 5 hours [2] 5-8 hours [3] 8-10 hours [4] Above 10 hours.

2. How frequently do you work over time?

[1] Very rarely [2] rarely [3] frequent [4] very frequent

3. Are you entitled to the following leaves

[1] Annual leave [2] Maternal leave

4. How regularly to you go for annual leave?

[1] Every year, [2] irregularly [3] not at all

5. Do you have access to quality drinking water?

[1] Yes [2] No

6. Do you access toilet facilities on the farm

[1] Yes [2] No

7. How would you describe the working conditions of workers at the farm

[1] Worse [2] Bad [3] Good [4] Better [5] Best.

8. To what extent do the working conditions in flower firms positively contribute to the socio-economic development of flower workers?

(1) No extent (2) very little extent (3) average extent (4) large extent (5) very large extent

## **AUTHORIZATION LETTER**