Fair Trade and social responsibility – whose duty? Estonian consumers’ attitudes and beliefs

I. Riivits-Arkonsuo1,*, M. Ojasoo1, A. Leppiman1 and K. Mänd2

1Tallinn University of Technology, Faculty of Economics, Institute of Business Administration, Ehitajate 5, EE19086 Tallinn, Estonia
2MTÜ Mondo, Telliskivi 60A, EE10412 Tallinn, Estonia
*Correspondence: iivi.riivits@ttu.ee

Abstract. This article investigates how the Estonian consumers endorse the idea of Fair Trade (FT) and understand the principles of social responsibility. The article is based on a study on Fair Trade and social responsibility conducted in 2014. The study examined the consumers’ attitudes and beliefs associated with FT and local Estonian agricultural production. The article aims to compare if there are any difference in the beliefs and attitudes among the Estonian consumers towards supporting local farmers and producers versus supporting the FT ideas which benefit the farmers and producers from the Global South. The authors fully recognise that there is no competition among these two groups per se, but the perception exists in the minds of the consumers. The respondents of the nation-wide representative sample (n = 1,007) evaluated the responsibility of different economic agents such as public sector, retailers, suppliers, producers, and consumers. Most of the respondents regarded the principle of social responsibility as giving the priority to local Estonian agricultural production. The Estonian consumers tend to be sceptical about the benefits of FT or the workers and farmers from the developing countries. The awareness and knowledge about FT ideas is not high.

Key words: Fair Trade (FT), social responsibility, consumer behaviour, attitude and beliefs, the local agricultural production.

INTRODUCTION

Demand for products produced under high ethical standards and socially responsible ways is increasing all over the world (Dragusanu et al., 2014). The annual report of Fairtrade International (2015–2016) demonstrates that in 2014 global Fairtrade sales rose 16% and reached € 7.3 billion (Driving sales 2016).

The most noted definition of FT as it stands today was created by FINE: ‘Fair Trade is a trading partnership, based on dialogue, transparency and respect, which seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South. Fair Trade organizations (backed by consumers) are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade.’ (FINE 2006).
Governments have a significant role to play in shaping the public policy environment in which businesses operate. Moreover, the government can play a significant role concerning setting and supporting socially responsible production, especially such production that is locally applicable, and ensuring that social standards and legislation are mutually reinforcing.

In addition to the public sector plays in its own country, we cannot underestimate the institutional impact on empowering the workers and smallholders to be aware of social and/or FT standards and be able to meet and benefit from them. A number of governments, including Canada, Switzerland, USA and the United Kingdom, have initiated ‘green’ procurement programs, focusing on a variety of goods and services. Also, many governments have used public procurement to advance targeted social goals, such as decent employment, anti-discrimination, and human rights. (Kramer et al., 2005)

It is symbolic that several institutions within the EU have committed to serving only FT certified coffee and tea at their meetings (Shreck, 2005). The European Union Procurement Directives establish detailed rules which must be observed when awarding public contracts and Directive 2014/24/EU must have been transposed into national laws by April 2016. The Estonian draft is dealing with environmental and social conditions of public procurements, allowing FT products to be subject to the national legislation and practice.

Business corporations such as suppliers and retailers have an important role in supporting FT business. The importers and exporters in the food sector are integrating sustainability and transparency into their supply chain. For instance, Starbucks markets FT coffee as one of its lines being the largest purchaser of FT coffee in North America (Berndt, 2007). Fazer, one of the largest corporations in the Finnish food industry, has declared that since 2017, all its cocoa is fully Fairtrade certified. UTZ, a program and label for sustainable farming, (meaning ‘Good Coffee’ in the Mayan language Quiché, UTZ homepage) works based on principles which to certain extent meet the ones of the FT and aims to empower farmers making their business more viable. Estonian confectionery company Kalev was the first in the Baltic countries to join the UTZ Certified programme, and using sustainably produced cocoa. By the end of 2016, Kalev had all its chocolate made from UTZ certified cocoa.

Small or medium-size companies likewise the farmers have different approaches to Corporate Social Responsibility (CSR) than large companies. The related literature indicates that small companies are not eager for mandatory reporting of CSR activities or specific legislation. Personal values of local producers and farmers are the key factors of intrinsic motivation toward responsible business (Baden, et al., 2009).

Consumer demand is the primary driver for businesses. Pelsmacker and colleagues (2006) have concluded that the higher price is a significant hurdle that limits the eventual penetration of the FT product. At the same time, there are surveys (Hustvedt and Bernard 2010; Andorfer & Liebe, 2012; Dragusanu et al., 2014) that indicate that consumers are willing to pay more for FT and socially responsible ways of production. The consumers have the option to choose ethically-produced products (including FT) over non-ethical products. The previous studies have demonstrated that regardless of the fact that consumer's report positive attitudes toward ethical goods, their intentions and behaviours often do not follow suit (White et al., 2012).
Thus, FT and social responsibility overlap in terms of sustainable production. As the members of a consumerist society, we are responsible for using non-renewable resources in a sustainable manner. Responsibility is the bridge between our values and our actions. However, a question remains: whose responsibility is dominant and supreme in supporting FT and socially responsible production?

In the literature, the social responsibility landscape is well established (Pelsmacker et al., 2006; Baden et al., 2009; Hustvedt & Bernard, 2010; Andorfer & Liebe, 2012; Dragusanu et al., 2014). Likewise, FT-related literature brings attention to the consumer behaviour, attitudes and beliefs. Teneta-Skwiercz (2016) examines acquaintance with the FT idea in Poland, Coelho (2015) provides information about FT consumers’ values and lifestyle in Portugal. Kapusz & Kimzan (2016) demonstrate the role of the FT trust on the relationship of FT knowledge, adhesion, and willingness to pay FT premium in Turkey. Darian and others (2015) analyse consumer motivations for purchasing FT coffee. Chatzidakis and others (2014) identify the most important determinants of consumers’ support for the FT movement in the United Kingdom. Pedregal & Ozçaglar-Toulouse (2011) answer on the example of France consumers to the question why does not everybody purchase FT products.

This article is focused on examining how the Estonian consumers understand the idea of Fair Trade (FT) and the principles of social responsibility. The study brings attention to the consumers’ attitudes and beliefs associated with FT and compares the attitude toward supporting local Estonian agricultural production.

A better understanding of citizens' expectations of implementing FT and socially responsible production helps contribute to the cooperation between concrete stakeholders more effectively (Dragusanu et al., 2014). Driven by this, the authors of the current article take into consideration the responsibilities of different stakeholders such as public sector, retailers, suppliers, producers, and consumers.

**MATERIAL AND METHODS**

**Sampling procedure**

The study was based on a probability sample of Estonian consumers. Face-to-face interviews (n = 1,007) were carried out by the research agency Turu-uuringute AS (Estonian Surveys Ltd.) in September 2014. Respondents were selected from a random sample to guarantee the proportional representation of all Estonian counties and habitat types in the sample. The territorial model of the sample has been compiled by the population statistic database of the Estonian Statistical Office. The computer-assisted personal interviews (CAPI) were conducted in the respondents’ homes in Estonian and Russian.

The survey exploited the representative probability sample concerning general demographic criteria. Thus, the results can be generalized to the Estonian population, with a margin of error for a 95% confidence interval.

**Survey instrument**

The construction of questionnaire adapted the logic of Ajzen’s socio-cognitive model of planned behaviour (Ajzen, 1991). This model explains attitude, intention, and behaviour relations.
Asking awareness of FT label, dichotomous yes/no measures were used. To measure the extent to which the respondents agree or disagree with series of the statement and how they assess the importance of these statements four-point Likert scale was used. In this study, the survey instrument and collected data was used according to the needs of an Estonian non-profit organisation Mondo. NGO Mondo is devoted to development cooperation, global education and humanitarian aid.

An overview of the conceptual framework of current article is provided in Fig. 1. First, we examined how the respondents understand the idea of FT.

Next, we measured the motives and barriers for purchasing FT products followed by asking the buying intentions for the future. The questionnaire included the statements related to attitudes and beliefs to understand in whose interests FT works and who would support the FT idea in Estonia. Furthermore, we addressed the question to find out the probable gap between willingness to support FT in developing countries and local, Estonian farming.

The statistical analysis was conducted with SPSS version 22.0. Descriptive statistics such as frequency and percentage distributions likewise parameters describing the location and standard deviation were applied in the analysis.

RESULTS AND DISCUSSION

Awareness and knowledge of FT

To measure the awareness of FT label, the logo was shown to the respondents (Fig. 2) 29% answered that they have seen this logo. The awareness was much lower compared to the quality labels in Estonian food market such as the best Estonian foodstuff (74%) and the sign of national flag (77%) asked from the same sample (Riivits-Arkonsuo et al., 2016). On the other side, the Estonian Food Industry Association, in cooperation with the retail food chains, has consistently promoted both labels intending to provide clear
information to consumers of food products in the local Estonian origin. There have not been such long-term continuous campaigns to promote Fairtrade labelled products.

The survey instrument included the answer options for measurement the FT knowledge. 32% believe that FT means the payment of a fair price for the producers. 16% see the FT as the fight against poverty. 25% find that it stands for applying the ethical principles, 13% an ethical business practice. 23% associate it with trustworthiness while 8% suppose that it is just a marketing trick.

One-fourth (26%) of respondents do not have any idea concerning FT regardless of the answer options shown during the interviewing.

We can report statistically high and significant differences between respondents’ background variables and variables describing the meaning of FT. The level of statistical significance was set at p-value is 0.05. Estonian respondents believe significantly more that FT means payment a fair price for the producers (37% as compared to 21% of the Russian respondents). Likewise, younger respondents (15–39) agreed with such an argument significantly more compared to older respondents. The respondents speaking Russian associated FT with good and reasonable price (24%) significantly more compared to Estonian native speaking (17%).

**The extent of agreement – FT as a system operates and works in the interests of workers and farmers in developing countries**

Before asking the agreement with the statement ‘Do you agree that FT system operates and works in the interests of workers and farmers in developing countries’, the following explanation worded by NGO Mondeo, was shown and read to the respondents: ‘The FT is a system that holds the interests of smallholder farmers and plantation workers in the developing countries. The FT label that is displayed on certified products guarantees the payment of a fair price for farmers in developing countries, additional income for the communities and ensures that in production has not been used either the child labour, forced labour or damaged environment.’ A 4-point, Likert-type measurement scale was used, where 1 referred to ‘fully agree’, 2 ‘rather agree’, 3 ‘rather disagree’, and 4 ‘fully disagree’. 5% of respondents rated this statement ‘1 = fully agree’, 33% ‘rather agree’, 25% ‘rather disagree’, and 16% ‘fully disagree’. By excluding the non-responses, we get the mean value 2.66 (SD 0.877). That is, the respondents tend more not to believe FT to operate in the interests of workers and farmers in developing countries (41% disagree) than believe the statement (only 5% agree entirely, and 33% rather agree).

**Motivation for purchasing FT products**

22% of those respondents who have ever purchased FT products (n = 398,) believe that in so doing they can improve the standard of living of the people in developing countries. 15% support any socially responsible production. In the study, 10% stated that they know and trust the policy of FT. 7% recognize that purchasing such ethical products makes them feel better. On the other hand, 43% cannot name the reasons for purchasing FT products. Such a figure among those who have purchased at least once FT products indicates relatively low knowledge about the FT principles.
Barriers for purchasing FT products

61% (n = 602) of respondents do not buy the FT products. Those who reported not having purchased such products, were asked for reasons. 35% answers revealed a lack of knowledge, 9% a lack of trust. 33% stated that the products were not available in the market, or it was difficult to recognise them on the shop shelves. By the opinion of 19%, such products are not on sale in stores where the respondents are accustomed to make their everyday purchases. Offering the FT-products is not sufficient and makes those products out-of-reach especially to the people from rural areas (23%). The results demonstrate the high statistical difference between the respondents from the capital area where only by 5% FT products are not available.

The intention to purchase FT products in the future

For the asking of this question interval scale was used where 1 referred to ‘definitely yes’ and 4 ‘definitely not’. Almost a half (47%) of the respondents would buy the FT products in the future, 28% would not. By excluding the non-responses, the mean value is 2.27 (SD 0.886).

Attitudes and beliefs – who should support the idea of FT?

The respondents evaluated the responsibility of the different economics agents, such as government, retailers, suppliers, producers and consumers. The Table 1 presents the results.

<table>
<thead>
<tr>
<th>Should be supported by…</th>
<th>1 = Yes</th>
<th>2 = Rather yes</th>
<th>3 = Rather no</th>
<th>4 = No</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>...Estonian companies that use raw materials from developing countries</td>
<td>33%</td>
<td>36%</td>
<td>6%</td>
<td>4%</td>
<td>1.78</td>
<td>0.808</td>
</tr>
<tr>
<td>...the local retail chains and supermarkets</td>
<td>28%</td>
<td>41%</td>
<td>9%</td>
<td>4%</td>
<td>1.85</td>
<td>0.781</td>
</tr>
<tr>
<td>...the local authorities and governmental institutions</td>
<td>22%</td>
<td>29%</td>
<td>16%</td>
<td>9%</td>
<td>2.16</td>
<td>0.977</td>
</tr>
<tr>
<td>…the consumers purchase behaviour</td>
<td>22%</td>
<td>34%</td>
<td>16%</td>
<td>9%</td>
<td>2.16</td>
<td>0.950</td>
</tr>
</tbody>
</table>

69% of respondents answer that Estonian companies that use the raw materials from developing country are responsible for supporting the FT idea. 69% think that the local retail chains and supermarkets while 51% think the local authorities and governmental institutions are responsible. 56% of respondents believe that consumers with their positive buying decisions toward FT products over the non-buying can support the FT idea.

Such results can be seen in the light of belief in the just-world theory proposing that people have a need to believe that the world is a just place where people receive the rewards and/or punishments they deserve. Just-world theory in the context of FT (White et al., 2012) means that the consumers perceive injustice toward producers who often are not treated fairly.
Our study results reveal that for 20% is very important and for 46% rather important the producers who utilize the raw material from developing countries would join the practices of Estonian confectionery producer Kalev. As mentioned above, Kalev is the first production company in the Baltic countries following the UTZ Certified programme and use sustainably produced cocoa.

**Whether to support the local Estonian farmers or farmers in the developing countries?**

With the statement ‘it is responsible to support primarily the local producers and farmers’ agrees fully 66% and ‘rather’ agrees 22%, as such, 88% gives the priority for the local Estonian agricultural production. Such result is expected in the Estonian context and indicates significant diversity in beliefs and attitudes towards supporting the Estonian farmers and producers versus supporting the FT ideas. In this respect, Estonia is still in the developing phase and needs a few more years of constant work, advocacy and outreach to get to the level of, e.g. Finlannd, in its understanding of solidarity and accountability.

The Fig. 3 depicts summary of the survey results placing the figures to the conceptual framework of the current study.

**Figure 3.** The survey results, Estonian nation-wide sample, age 15+ ... n = 1,007.

Awareness question was asked from all 1,007 respondents, purchasing behaviour questions (* in figure) including the motives only from those who had ever purchased any FT products. Barriers questions, likewise the statements related to attitudes and beliefs were estimated by all respondents.

Based on the examples of the other countries, Estonian government should support both FT product (such as fruits, coffee, tea, sugar etc) and local production instead of taking account only the cost-benefit analysis and conditions. As suggested by Kramer et al. (2005) in the cases of procurements one of the main criteria could be social goals and sustainability of local producing.
Study of Castaldo et al. (2009) shows that socially oriented companies with strong SCR performances can achieve competitive advantage in those areas where trust is crucial in determining consumer choices, provided that the companies have the social reputation expected to accompany it.

Are the research findings consistent with previous empirical studies in literature?
What comes to comparing the values with other peer-review publications then for 41% of the student sample in Poland the idea of FT is unknown (Teneta-Skwiercz, 2016). Among Estonian students’ sub-group this figure was 17%.

We can compare the motives and barriers among students in Estonia and Poland. 74% of the Polish students (n = 115) do not buy any products with FT labels (Teneta-Skwierz, 2016) in Estonia 80% (± 9.3%). Those who decide to buy these goods believe that by doing that they will help to change the situation of producers and farmers (13% in Poland and 37% in Estonia), and help to develop local societies in developing countries. The main reasons for the lack of interest in FT are unfamiliarity with FT rules (48% in Poland, 35% in Estonia) and places (shops) where these products could be bought (36% in Poland 25% in Estonia).

The Czech researchers Roubik & Mazancova (2017) report that 88% of student sample (n = 135) buy FT certified products (against Estonian students’ sub-group 20%). However, they explain that such high rate might be caused by a newly installed machine with FT products at one of the buildings Czech University of Life Sciences Prague.

In Finland the awareness FT label is high (81%). Due to the nationwide sample (n = 1,022), the results of the survey conducted in 2015 by professional research agency Taloustutkimus Oy are the most comparable with results of the current study. The study results reveal that the Finnish consumers’ attitudes and beliefs towards supporting FT and understanding about the social responsibility are rather advanced. (Reilu Kauppa Ry, 2015).

CONCLUSIONS

This study addresses the positioning Estonian consumers’ awareness, attitudes and beliefs concerning FT idea and social responsibility. The results indicate that consumers’ attitudes and beliefs towards supporting FT and understanding about the social responsibility are relatively inchoate. The majority posits the view that social responsibility means giving priority for local Estonian agricultural production. The consumers tend not to believe the FT to operate in the interests of workers and farmers in developing countries. We can attribute that attitude to ignorance as well as to the level of the comprehension of general global solidarity. The Estonian consumers who, although having come a long way from the Soviet-time approach of central economy and state responsibility followed by raw capitalism and the cultivation of liberal trade and market, are still yearning for personal wealth at the expense of those less fortunate or far away.

Many Estonians are also hesitant in believing into the individual power of changing the global situation. Rather than seeing success as a sequence of small steps that need also individual efforts, most social, economic or environmental changes are still widely being regarded as big happenings. However, the belief that Estonian local farmers and
producers need more attention and support is a hopeful sign and precondition to extend the solidarity also to the farmers and producers from the developing countries. Considering that FT labelled products and concepts were first introduced to Estonia only in 2007 (Õiglasel kaubandusel …Fairtrade Estonia homepage), we can regard the results of the study promising.

Study results reveal, however, that whereas the attitude to personal choices remain to be desired, the expectations to the CSR are high – according to the study, the main responsibility for supporting FT should fall on such Estonian companies that use the raw materials from developing countries. This puts pressure of the businesses to be more socially responsible not only within Estonia but also in their dealings globally. From a managerial perspective, it is the customers’ demand on one hand and the need for competitive advantage to beat the competition and attract good employees on the other hand that have been the biggest push to CSR and trade fairly. Moreover, the new generation of social entrepreneurs and more responsible, who see their companies as extensions of their own values, are putting sustainability and win-win attitude above quick gain and extraction of recourses by creating an economy that is benign by design, redesigning the process to create sustainable economic models for their businesses. For example, there are number of Estonian companies that have Fairtrade-certified products and almost all the supermarkets, not to mention special stores, cafes and restaurants, have made such products available.

The local retail chains and supermarkets are, according to the study, more responsible for supporting FT than local authorities and governmental institutions. It is the task of the advocacy non-profits to work with the public sector to stress its role in global fair trade to make and implement policies that provide a living wage to farmers and producers, prohibit child and slave labour and advance environmental sustainable production not only locally but globally and ban the use of unfairly produced and traded raw materials and products in the local market. In other words, the public sector can ensure that the farmers and producers in local as well as in the other countries are treated equally by the wholesalers, retailers and consumers even if the laws in the developing countries are not doing so. According to the European procurement policy, no advantage should be given to local production because as a single market, we cannot prefer Estonian good over the French ones. However, the public procurement can and should always state quality and social and environmental standards of the goods its procures above the cheap prices.

Finally, the consumers with their purchasing decisions are the main driver for FT products. Part of these people who are driven by the beliefs that FT means paying fair price to the farmers, fighting against the poverty, and improving the standards of life of the people in developing countries who are also our main food providers can be seen the current and upcoming segment to prefer fairly produced and environmentally sustainable. Due to Estonia’s proximity to Finland, goods as well as attitudes transmit fast. Although there will always remain consumers who argue that the attitude of if we don’t like what a company is doing, we should stop buying their products and force them to change, would not change the world, the examples of the countries with long standing history of FT and conscious consumerism show that small steps taken by thoughtful consumers – to recycle, to eat locally, to buy a blouse made of organic cotton instead of polyester – can change the world.
Although the construction of survey instrument was derived from the logic of Ajzen’s socio-cognitive model of planned behaviour, the findings of this article don’t explain the relationships among attitude, intention and behaviour. The limitation of this study needs to address the possible avenues for the future research.

ACKNOWLEDGEMENTS. The survey data utilized in this article, has been commissioned by the non-profit organization Mondo.

REFERENCES


Reilu Kauppa Ry, Bränditutkimus 2015. Taloustutkimus OY.


