

Why do Wine Producers seek a Fairtrade Certification?

Perspectives from the Western Cape, South Africa



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Abstract

Fairtrade's engagement in South Africa is unique as it emerged from an initiative of local producers seeking the certification in 2003. Since then, the number of Fairtrade wine farms has steadily increased. The inclusion of hired labour plantations has resulted in a vivid discussion amongst scholars. However, research on the perspectives of management on hired labour plantations about Fairtrade remains limited. Therefore, the purpose of this study is to understand the motivation behind South African wine producers' pursuit of a Fairtrade certification. Having constructed a conceptual framework incorporating isomorphic drivers and legitimation strategies, the study draws on theoretical concepts mainly used to assess companies' motivation for social and environmental reporting. The overarching finding of this study supports scholars who claim that Fairtrade rests on the same market forces as conventional trade. The tide in South Africa's wine industry has turned; initiated by local producers, but gradually being taken over by international retailers. It remains questionable whether such enforced standards can lead to a sustainable change within the industry.

Keywords: Fairtrade, Isomorphism, Legitimacy, Organisational Behaviour, Social Responsibility, South Africa, Wine Industry

Zusammenfassung

Die Fairtrade-Bewegung in der südafrikanischen Weinindustrie ist einzigartig, da sie im Jahr 2003 aus einer Initiative lokaler Produzenten entstand. Seitdem hat die Anzahl der Fairtrade-zertifizierten Weingüter stetig zugenommen. Die Einbeziehung von Lohnarbeiter-Plantagen in das Fairtrade-System hat zur wissenschaftlichen Diskussion geführt. Forschungsergebnisse zu Perspektiven der Manager solcher Plantagen gibt es allerdings wenige. Daher hat diese Studie das Ziel, die Motivation südafrikanischer Weinproduzenten für den Erwerb einer Fairtrade-Zertifizierung zu untersuchen. Die Studie basiert auf einem konzeptuellen Rahmen, der sich aus Isomorphismus und Legimitationsstrategien zusammensetzt – Bestandteile zweier Theorien, die oft zur Analyse der Sozial- und Umweltberichterstattung von Unternehmen eingesetzt werden. Die Haupteckenerkenntnis dieser Studie unterstützt jene Thesen, die besagen, dass der Faire Handel auf den gleichen Marktkräften beruht wie der konventionelle Handel. Zwar wurde Fairtrade in der südafrikanischen Weinindustrie von lokalen Produzenten initiiert, doch haben nach und nach internationalen Importeure die Macht übernommen. Es bleibt fraglich, ob solch erzwungene Standards zu einer nachhaltigen Veränderung der Weinindustrie führen können.

Schlüsselwörter: Fairtrade, Isomorphismus, Legitimität, Organisatorisches Verhalten, Soziale Verantwortung, Südafrika, Weinindustrie

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Abbreviation

ANC	African National Congress
BB-BEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
DfID	Department for International Development (UK)
DGB	Douglas Green Bellingham Group
EFTA	European Fair Trade Association
ETI	Ethical Trade Initiative
FINE	Acronym of the four organisations FLO, WFTO, NEWS! and EFTA
FLO	Fairtrade Labelling Organizations International (also named Fairtrade International)
FLSA	Fairtrade Label South Africa
FTO	Fair Trade Organisation
GlobalGAP	Global Good Agricultural Practices
HACCP	Hazard Analysis and Critical Control Points
IMO	Institut für Marktökologie (<i>German; in English: Institute for Marketecology</i>)
ISEAL	International Social and Environmental Accreditation and Labelling

ISO	International Organization for Standardization
IPW	Integrated Production of Wine
KWV	Koöperatiewe Wijnbouwers Vereniging van Zuid-Afrika (<i>Afrikaans; in English: Co-operative Winemakers' Society of South Africa</i>)
NEWS!	Network of European Worldshops
NGO	Non-Governmental Organization
NIS	New Institutional Sociology
NSMD	Non-State Market-Driven (Governance Systems)
OIV	International Organization of Vine and Wine
PR	Public Relations
SA	Social Accountability
SAWIC	South African Wine Industry Council
UK	United Kingdom
USA	United States of America
WFTO	World Fair Trade Organization
WIETA	Wine Industry Ethical Trade Association
WOSA	Wines of South Africa
WTO	World Trade Organization

1. Introduction

Globalisation of markets has made communication between producers and consumers increasingly difficult. At the same time, consumers are becoming more and more aware of labour conditions in production countries, which influences their purchase decisions. Ethical consumption has started to play a significant role in current societies of developed countries (Mohan, 2010, pp. 98–99). Consequently, voluntary certification systems have expanded over the past decades, covering both social and environmental aspects; Fairtrade being one of the most well-known among them. However, the claim of Fairtrade goes further: It does not only intend to certify a socially responsible production process, but also works towards its ultimate objective of abolishing one of the substantial reasons for poverty, unfair trade structures. Accordingly, it is committed to the economic and social development and empowerment of smallholders and workers on hired labour farms (FLO, 2011b).

Fundamental economic doctrines, particularly those established by Adam Smith (1776) and David Ricardo (1816), presented the notion that free trade – trade that is free from external influences like government restrictions – is welfare-enhancing. According to their economic models, trade liberalisation may positively affect economic growth and development (Stiglitz & Charlton, 2005, pp. 11–25). However, the real-world economy differs substantially from these theoretical findings. International trade is not necessarily welfare-enhancing; free and uncontrolled trade is even increasing inequalities among economies and societies. This is the starting point at which the Fairtrade system came into play: “Building on a critique of historically rooted international trade inequalities, fair trade¹ seeks to foster egalitarian exchange relations and improve social and environmental conditions in the Global South” (Raynolds, 2014, p. 499). Thus, Fairtrade falls neither under free international trade nor development aid in the classical sense.

1.1. Problem Statement

Originally, Fairtrade was designed to strengthen the position of poor and disadvantaged small-scale producers in developing countries. Soon, the argument was put forward that if the goal were to benefit ‘disadvantaged producers’, then landless workers, who are often poorer than small-scale farmers, should also be included. Consequently, the Fairtrade certification was extended to hired labourers on plantations and farms, starting with banana and tea plantations in 1994 (Raynolds, 2014, p. 502). South African wine farms fall under the described ‘hired labour’ situation. Both practitioners and scholars have heavily discussed the application of the Fairtrade standards to plantation-style settings (Doherty et al., 2013; Du Toit & Kruger, 2007; Le Velly, 2015; Raynolds,

¹ Scholars use the terms ‘fair trade’, ‘Fair Trade’ and ‘Fairtrade’. A delineation of the three terms will be provided in chapter 1.5.

2009). Commercial aims, rather than Fairtrade's idealistic objective of abolishing unfair trade structures, seemed to gain prevalence in these settings. Reynolds (2014, pp. 499–500) points out that most studies are focused on the integration of small-scale producers in Fairtrade networks, whereas there has been far less research on the incorporation of hired labour companies or plantations into the Fairtrade system. Current literature lacks an analytical examination of owners and managers of certified plantations and their position towards Fairtrade.

Fairtrade's operation in South Africa has been presented as an "ironical situation that given the deeply entrenched inequalities in South Africa and the pressure for real social change, a cookie-cutter implementation of standard Fair Trade principles could be argued to be conservative and inequitable in impact" (Du Toit & Kruger, 2007, p. 206). Despite the end of apartheid in 1994, most of South Africa's wine farms remain under white ownership, whereas coloured and black wine workers are still among the poorest and most marginalised groups in the country (Goodman & Herman, 2015, p. 148). Due to its engagement in the unique socio-political context of the post-apartheid era, the South African wine industry presents an interesting and highly relevant case for examining the position of plantation owners or managers towards Fairtrade and thus, their motivation to attain the accreditation. Du Toit and Kruger (2007, p. 214) argue that the South African companies legitimised by Fairtrade are themselves "highly ambiguous", and that there is a risk of reducing the Fairtrade certification to a simple marketing strategy rather than sincerely tackling social transformation within the country.

1.2. Purpose of the Study and Research Question

Following the argumentation introduced above, a theoretically founded analysis of the managerial perspective behind wine farms' decision to join the Fairtrade system is considered to be a significant contribution to existing literature and research. Consequently, the purpose of this study is to understand the motivation and interests behind wine producers in the Western Cape, South Africa, striving for a Fairtrade certification. This statement of purpose leads to the following research question:

What is the motivation of wine producers in the Western Cape Province in South Africa behind becoming Fairtrade certified?

The research purpose and question imply a limitation on the area of study to the Western Cape Province of South Africa. The reason for this is that the vast majority of South Africa's vineyards are located in this province (Augustyn, 2015, p. 477).

1.3. Research Position, Design and Process

In line with authors such as Maxwell (2012), Clark (2008), and Danermark et al. (2002), the present study falls within the research paradigm of critical realism.

Danermark et al. (2002) show the relevance of critical realism to the social sciences. Furthermore, Fleetwood and Ackroyd (2004) argue that critical realism has become increasingly important for organisation and management studies. Critical realism combines an ontological² realism with an epistemological³ constructivism. It, therefore, believes in a “real world that exists independently of our perceptions”, while simultaneously acknowledging that “[o]ur understanding of this world is inevitably our construction, rather than a purely objective perception of reality” (Maxwell, 2012, p. 43). Critical realism is distinct to the positivist approach that is usually applied in quantitative research designs. It should be noted, however, that critical realism is also different from the pure constructivism that characterises grounded theory studies in qualitative research (Clark, 2008, pp. 168–171).

Critical realism assigns a specific place and role to theory in research. Theory is seen as a conjecture about how different events are connected and about what causal relationships may exist. A single event may have multiple causes (Ackroyd, 2004, p. 140). Relating this to the study at hand, different concepts from institutional theory and legitimacy theory give a conjecture about the motives that influence wine producers to seek a Fairtrade certification. Thus, the decision for Fairtrade may have multiple causes. Guest et al. (2012, p. 8) posit that theory in qualitative research gives implicit directions to what is examined and how it is examined. In the end, the findings are “fed back into the stock of theory” (Bryman & Bell, 2007, p. 12). Due to the natural fragility of social phenomena, causal impacts in critical realism are not fixed; but rather, depend on their context and environment (Danermark et al., 2002). Thus, throughout this thesis, detailed contextual information about the South African wine industry will be provided to facilitate the understanding of the findings and allow for interpretation.

The research process consisted of conceptual work based on reviewing literature about context, theories, and methodology; and on a field research period of two-and-a-half months. The field research involved semi-structured interviews with managers and owners of a total of 27 grape farms, wine estates, and wine companies in the Western Cape, including Fairtrade-accredited and non-accredited farms. Abundant qualitative insights into the perspective of managers of wine farms regarding Fairtrade were obtained and systematically assessed, drawing on thematic analysis.

1.4. Rational and Significance

The rationale for this study emanates from an increasing amount of different ethical certifications and social responsibility initiatives that companies engage

² Ontology is defined as “[n]otions about the nature of the world. Indicated the necessary features of that which exists” (Danermark et al., 2002, p. 206).

³ Epistemology stems from the “Greek *episteme*, meaning certain knowledge as opposed to *doxa*, which indicates assumption or belief. Epistemology is one part of the theory of science. Epistemology is examination of the conditions, possibilities, nature and limits of knowledge” (Danermark et al., 2002, p. 205).

in; thus, making it worthwhile to find out why companies subscribe to a particular initiative. Fairtrade has been promoted as an initiative that is distinct from other voluntary certifications because it involves paying a premium to workers, with the goal of empowering them. It is exactly this condition that makes it interesting to analyse Fairtrade through the same lenses that have been applied in an attempt to understand organisations' interest in other types of social accountability reporting. By looking at this issue, it is possible to determine whether the reason for seeking Fairtrade accreditation is rooted in similar institutional pressures and legitimacy seeking motives. Moxham and Kauppi (2014, p. 414) highlight that the occurrence of voluntary certifications "needs to be studied with the same lenses than we use to study organisational behaviour in general".

As mentioned earlier, and considering the study's relevance to the field of international development, Fairtrade does not fit in with development aid in the classical sense. It can be argued that an analysis of the managerial motivation behind a wine farm's decision to seek the Fairtrade certification might be better situated in the field of business ethics or management studies, rather than development; indeed, it might have its place there as well. However, over the last decades, corporate social responsibility initiatives have gained increasing attention among scholars in the field of development policy, recognising the contribution of such initiatives to development goals (Blowfield, 2005). Furthermore, that Fairtrade is distinct from other voluntary certifications underlines its developmental relevance. Reed and Mukherjee (2009, p. 6) describe the presence of Fairtrade in estate production as a "socially-regulated, corporate-led growth". Even though this differs from Fairtrade's original model applied to small-scale producers, it still carries the potential of helping farm workers improve their situation. Fairtrade wants to empower farm workers by enabling them to negotiate their own wages and contracts. Through better organisation and stronger support, the labourers are to gain more control over their lives. Through this initiative, Fairtrade aims to create sustainable development and reduce poverty in a long term (FLO, 2011a).

The private sector plays an important role in enhancing local development. This is particularly so in a context like the South African wine industry, which is still characterised by a very paternalistic structure. Transformation cannot only result from developmental projects at the grassroots levels, but must also rely on a fundamental change of ownership at the management level. The expansion of Fairtrade to South African plantation agriculture was largely debated, but finally, the standards were adapted to the local setting and the first wine farm was certified in 2003, with the hope and purpose to contribute to social and economic change (Du Toit & Kruger, 2007, pp. 200–207). Despite the high audit and compliance costs that producers have to pay in order to become certified, there has been an increase in Fairtrade-certified wine farms from a few pioneering farms in 2003, up to 28 accredited wine producers, sourcing grapes from 68 Fairtrade farms, in 2015 (Augustyn, 2015, p. 156; Fairtrade Foundation, 2010). Furthermore, there is limited research being conducted about Fairtrade in the wine industry, whereas much more information and data are available on other products, such as coffee, tea, bananas, and sugar (Nelson & Martin, 2015,

p. 509). The main Fairtrade wine-producing countries aside from South Africa are Chile and Argentina. However, the fact that Fairtrade's extension to wine production was initiated and developed in South Africa makes it an interesting focus for this thesis.

Thus, the significance of this study is paramount, as it contributes valuable insights into the application of the Fairtrade certification in the context of hired labour, particularly in the wine industry. By studying the motivation of South African wine producers in light of theoretical concepts originating from organisational theories, this research adds valuable input to the literature on Fairtrade in a novel context. Nelson and Martin (2015, p. 525) highlight the need for further research assessing, for each production sector and country, the environment that shapes Fairtrade impacts, including environmental conditions, markets, and specificities of the commodity. An analysis of management's perspectives on Fairtrade in the wine industry can contribute to such an assessment of relevant underlying conditions, mapping the way for future research on the impact of Fairtrade in the South African wine sector. Besides contributing to the academic field, the South African Fairtrade Association or the International Fair Trade Network may benefit from the insights gained through this research.

1.5. Definition of Key Terms and Concepts

Fair Trade Terminology

In 2001, the four main Fair Trade networks (FLO, WFTO, NEWS! and EFTA) agreed on one common definition of Fair Trade. It is the most widespread definition of Fair Trade and also describes the underlying meaning of Fair Trade in the context of this research:

Fair Trade is a trading partnership, based on dialogue, transparency and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South. (WFTO & FLO, 2009, p. 4)

The three terms, 'fair trade', 'Fair Trade' and 'Fairtrade' are all used by researchers when discussing fairness in trade. The term 'fair trade', written in lower case, usually refers to trade that follows ethical rules, and is therefore considered to be 'fair'. It can be substituted by the term 'ethical trade'. The term 'Fair Trade', written in capital letters, is given to the movement that seeks to better distribute the benefits of trade along the global value chain, and thereby empower marginalised producers and workers in the South, as stated above (Geest, 2010, p. 6). Finally, Fairtrade, written as a single word, refers to Fairtrade International and is used by this particular organisation for its certification mark and its specific market. The single word version is used for all activities of Fairtrade International (FLO), its certification body FLO-CERT, as well as Fairtrade producer networks and national Fairtrade organisations (Dragusanu et al., 2014, p. 218; FLO et al.,

2011). All three terms will be used throughout this paper accordingly. As FLO and the independent certification body, FLO-CERT, are the leading entities of the global Fair Trade System and are also the dominant actors in the case of Fair Trade in the South African wine sector, they are the primary focus of this research.

Wine Industry Terminology

To distinguish between the different settings of grape and wine production in South Africa, a brief delineation of the terms 'wine estate', 'grape farm', 'winery' or 'wine cellar', and 'bottling company' needs to be provided. A wine estate is a farm where grapes are grown; wine is made and bottled on the same unit and only leaves the unit as a finished product (Augustyn, 2015, p. 30). On an independent grape farm, wine grapes are produced and then sold to a wine cellar. Grape growers can belong to a co-operative, also called producer wineries, which the farmers own together, and on a communal basis, process these grapes into wine (Augustyn, 2015, p. 472; WOSA, 2014). Other grape growers sell their grapes to private wine cellars that can be defined as a "[wineries] belonging to an individual or group" (Augustyn, 2015, p. 472). These wineries also receive grapes and process them into wine that is then sold in packages or in bulk to a bottling company. For the purpose of simplification, most parts of this thesis will use the umbrella term 'wine farms' to describe all of these establishments, as this is often used as a more generic term. Only where necessary will further specification be given.

1.6. Structure

The present study is divided into seven chapters. The first chapter has already introduced the topic and aims of the research. It has specified the research problem, purpose and research question, presented the study's rationale and significance, and provided an overview of the research position and process. Chapter Two outlines some characteristics of the South African wine industry from both a macro and a micro perspective, including Fairtrade's engagement on wine farms. The third chapter explains the conceptual framework; first, by discussing relevant literature in the field of Fair Trade and voluntary certification schemes in general. Statements and insights of previous studies on these topics are introduced. Furthermore, the theoretical propositions relevant for this master's thesis are presented, informed by institutional theory and legitimacy theory. The chapter concludes with an application of the conceptual framework to this research, including possible assumptions. Chapter Four lays the groundwork for the empirical part of this master's thesis. It focuses on the qualitative research design used in this study, and provides a detailed description of the sampling method, data collection process and analysis, as well as interpretation techniques. The chapter concludes with ethical considerations and limitations of this research.

Chapter Five offers a rich description of the study's findings. It starts with contextual background information about the participants, followed by a short introduction of the major themes that are subsequently described in detail. Minor themes, as well as obstacles and criticism associated with Fairtrade, are included towards the end of the chapter. Chapter Six follows a similar structure, taking each of the themes identified in Chapter Five and interpreting them in light of prior theoretical propositions and assumptions, in order to gain a deeper understanding of wine producers' motivation when attaining the Fairtrade certification. Finally, the last chapter provides a conclusion to the study's findings and interpretations. The chapter furthermore includes a reflection on the underlying theoretical background and methodology, and points to opportunities and risks, implications for development policy, and recommendations for further research.

2. Background: The South African Wine Industry

To understand the context of South Africa's wine industry, it is important to begin with a brief look at it from a macro perspective, considering the dynamics of the global wine industry. This chapter will then continue with an overview of characteristics of the South African wine sector on a micro level.

2.1. Dynamics of the Global Wine Industry

Countries of wine production tend to be split into two groups: Old World and New World wine-producing countries. The Old World wine-producing countries are those within Europe that boast a long history of winemaking and wine consumption, namely France, Italy, Spain, Germany, and Portugal. However, since the early 1990s the wine industry became more globalised, giving way to the so-called New World wine-producing countries. South Africa is one of these New World wine-producing countries, alongside Chile, Argentina, Australia, New Zealand, Canada, and the United States. The New World countries gradually increased their export and became more connected to international markets (Hussain et al., 2008, p. 34). Overton and Murray (2013, pp. 704–706) highlight that the global wine business operates in a neoliberal economy, characterised by trade liberalisations. Also wine tastes, know-how in wine production, and varying styles have become globalised, exposing consumers to a growing range of products. This globalisation in the wine industry has impacted local producers. It opened up opportunities for expansion; but at the same time, increased pressures and competition.

In this regard, Hall and Mitchell (2008, p. 9) describe it as a crucial step for wineries to adopt a market-driven approach for surviving in the current

competitive market structures. The authors present retailing⁴ as one of the most powerful ends of the wine supply chains. Furthermore, it should be noted that any country's retail structure is characterised by its regulations and institutional arrangements. These arrangements have various implications on wine producing countries because operating in a globalised economy pushes today's wine producers to adapt to an increasing number of required standards. Hall and Mitchell (2008, p. 68) further elaborate on the regulation of the wine business due to special policies of import countries. The jurisdiction of various wine importing countries stipulates taxation on wine, aiming at reducing the consumption of alcohol among citizens. Those policies restrict wine producers in their export operations.

In another study, Hussain et al. (2008, p. 38) identified three main driving forces that have far-reaching repercussions for wineries in both New and Old World wine-producing countries. These driving forces are: firstly, an oversupply of grapes on a global level and resulting downward pressures on pricing; secondly, an increased amount of mergers and acquisitions at the production, distribution, and retail levels; and thirdly, a shift in consumption patterns. The shift in consumer behaviour is related to factors such as increased retail wine purchasing, a stronger focus on the environment and sustainability, and a growing amount of information about wine in social media (Lockshin & Corsi, 2012). An example for consolidation within the wine industry can be found in South Africa, with the case of Distell, a merger of the country's Distillers Corporation with Stellenbosch Farmers Winery Ltd (Hopkins, 2001). According to the International Organization of Vine and Wine (2015), 43 per cent of the total wine production was exported in 2014, a great increase from the 27 per cent, ten years ago. Wine producers have to adjust to the new demands in this increasingly globalised sector.

2.2. A Micro Perspective on the South African Wine Industry

South Africa is not a major player in the global wine industry, but the industry contributes significantly to the economy of the Western Cape Province. Due to increasing wine tourism, the industry furthermore represents South Africa abroad (Ponte & Ewert, 2009, p. 1639). This section offers a brief overview of the history of the industry, its transformation, and the application of Fairtrade to the local wine sector.

2.2.1. History of the Wine Industry

The history of the South African wine industry is a history of oppression and unfair labour practices. Exploitation of black and coloured workers started during the times of colonialism, and continued during the era of apartheid (Bek et al., 2007, p. 305; Estreicher, 2014). Apartheid was formalised in 1948, and prohibited black

⁴ Retailing, in this context, can be defined as "wine sold to consumers at supermarkets, high street chains and independent and specialist wine stores as well as web-based retailers" (Hall & Mitchell, 2008, p. 162).

people from having ownership of property or businesses. Furthermore, it imposed restrictions on access to education and other public services on black South Africans (Arya & Zhang, 2009, p. 1091). The end of apartheid in 1994 had a very positive impact on South African wine sales, as the international embargo against the country was lifted. By that time, South Africa's wine production nearly quadrupled; and today, it is the eighth largest wine-producing nation by volume. Overseas consumers created a new demand for South African wine (Bek et al., 2007, pp. 304–305; Moseley, 2008; van Zyl, 2014; WOSA, 2014). In 2015, South Africa exported close to 52 per cent of its total production of natural wine (VinPro, 2015). Nevertheless, racial disparities continue to characterise the country, and the marginalisation of the black majority remains visible (Herman, 2012, p. 1123; Keahey, 2015, pp. 444–445). Viall et al. (2010, p. 12) quote Professor Mohammed Karaan, Dean of the Faculty of AgriSciences at Stellenbosch University, describing the South African wine industry as follows:

What value [...] do wine and the viticulture that feed the industry add to a world where food security is becoming a pressing concern and there is a surplus of wine? The early farmers planted grapes - why not farm with sheep, goats and greens? What were their motivations for getting involved in wine? And why, 3000 years later, are we still growing wine? People with too much money go into it for the image. It is an ego-based industry where the rich come and play. The tragedy of the industry is the workers - it destroys human capital.

Williams (2005, p. 477) follows a similar train of thought when he states that “[p]roduction and marketing of grapes and wine is unequivocally capitalist”. He furthermore notes that the wine industry is founded on the exploitation of slaves. A transformation of the industry has started, but it is far from being complete.

2.2.2. Transformation of the South African Wine Industry

In the last two decades, South African wine producers have found themselves in a situation of increasing national and international pressure to act in a socially responsible way, concerning their workers and the environment (Nelson et al., 2005, p. 542). Broad-Based Black Economic Empowerment (BB-BEE) has been one of the most important drivers of transformation in the industry. The BB-BEE programme was introduced in 2003 by the leading political party, ANC (African National Congress), and was implemented in the wine industry in 2007 (SAWIC, 2007). According to the policy, transformation shall be assured in seven areas, namely: ownership, management control, employment equity, skills development, preferential procurement, enterprise development, and socio-economic development (Linton, 2012, p. 729). However, BB-BEE has been assessed quite critically in the literature. Aside from a few positive impacts, most authors see a high potential for misuse of the concept (Bek et al., 2007, p. 306; Du Toit et al., 2008, p. 7; Herman, 2012, p. 1123). Emkes (2012, p. 201) criticised that BB-BEE increased inequalities amongst the black population. A small community of the rich black elite has arisen, but the vast majority of the black population is only becoming poorer. Keahey (2015, pp. 446–447) points out that the post-apartheid government is not able to effectively monitor compliance with BB-BEE and many firms, therefore, fail to meet the requisite codes.

In addition, the Ethical Trade Initiative (ETI) has played a significant role in the wine industry's social transformation. The ETI was introduced by the UK government's Department for International Development (DfID) in 1999. It enforces ethical codes in international trade via a formalised system of inspection. In 2002, South Africa took over the project and implemented the Wine Industry Ethical Trade Association (WIETA), which monitors wine producers through a social auditing inspection (Bek et al., 2007, p. 307; Nelson et al., 2007, p. 63). WIETA shares some similar features with Fairtrade concerning the working conditions on farms; however, differs substantially in its objective. Whereas WIETA intends to improve social and working standards in the South African wine industry as a whole, by implementing a Code of Good Practice, Fairtrade aims at creating fairer trade structures through not only improving living and working conditions of hired labourers on farms, but also through providing them and their communities with an additional income (FLSA, 2015). Another certification for social accountability and fair trade available within the wine industry is the Swiss IMO-Fair for Life certification. Similar to Fairtrade, the Fair for Life certification includes the payment of fair prices and a fair trade premium to the farm workers, in addition to guaranteeing the working conditions and social responsibility on the farms (IMOgroup AG, n.a.). WIETA and Fair for Life may be feasible alternatives for South African wine producers when opting for ethical certifications and social accountability.

2.2.3. Fair Trade in the South African Wine Industry

Goodman and Herman (2015, p. 148) discuss that Fairtrade's engagement in South Africa is distinct from other countries' Fairtrade initiatives. The South African agricultural sector is dominated by white owner-farmers and plantation-style farms. Therefore, Fairtrade has been criticised for legitimising and supporting 'slavery, colonialism, and apartheid' in South Africa. Consequently, Fairtrade has adapted to local specificities and gone through a national discussion of what 'fairness' means in this particular context.

As Moseley (2008) describes, in the early 2000s, some South African wine producers contacted Fairtrade International in search of certification for their wines. The external auditing of Fairtrade increases the political credibility and improves market positions, as well as international market access; causing it to be an attractive option for South African wine producers. As Fairtrade International had an interest in improving workers' conditions in South Africa's post-apartheid society, it started operating in the country in 2003 (Goodman & Herman, 2015, p. 147). South African wine has been the first Fairtrade-certified wine worldwide, and wine is now one of the most important Fairtrade products in the country (Herman, 2012, p. 1121). Goodman and Herman (2015, p. 150) explain the motivation behind seeking the certification of two of the largest Fairtrade projects in the South African wine industry. Connection to the global market was identified as the most important driver for a Fairtrade certification in this case, as it was widely understood as a commercial strategy among wine producers.

South African Fairtrade certifiers have incorporated BB-BEE into the national Fairtrade standards for hired labour. This alliance helped, on the one hand, to make Fairtrade known to local producers; and on the other hand, to make BB-BEE more accountable by controlling it through internationally proved auditing systems (Keahey, 2015, pp. 446–447). The Fairhills brand has been evaluated as a brand that actively combines Fairtrade and BB-BEE, therefore demonstrating the potential of combining nationally and internationally oriented interests (Herman, 2012, p. 1125). After conducting interviews with stakeholders of the South African wine industry, Linton (2012, pp. 733–734) concluded that “Fairtrade has to compliment and reinforce BEE”.

2.3. Global and Local Forces in the South African Wine Industry

The previous sections gave concise background information on the South African wine industry, discussing global, as well as regional characteristics. On the one hand, the high competition and the driving forces within the global wine industry provide initial assumptions about possible factors influencing South African wine producers to attain a Fairtrade certification. Fairtrade production countries are few – Chile and Argentina are the main Fairtrade wine producing countries aside from South Africa – and, therefore, it might be a viable option for producers to increase their competitiveness. On the other hand, the transformation that is taking place and the governmental and industry regulations associated with it allow for the assumption that certain driving forces within the industry have some implications on wine producers’ pursuit of the Fairtrade certification. Du Toit and Kruger (2007, p. 204) describe that market deregulation and the growing export orientation of the South African producers have been accompanied by an increasing implementation of labour and social regulations from side of the government. Wine producers need to handle both global and local, sometimes contradictory, pressures.

3. Conceptual Framework

This chapter aims at conceptualising the context of Fair Trade, looking at its underlying market structures, its current development, and the meaning of the Fairtrade certification. Fairtrade is embedded in the broader structures of voluntary certifications. Furthermore, the conceptual framework includes possible theoretical underpinnings that try to explain companies’ motivation for social and ethical certifications. The elaboration of the assumptions is informed by the characteristics of the South African wine industry in its global and local environment.

3.1. Fair Trade and Relevant Contexts

Starting as a small initiative to support producers in the South, after more than 50 years of existence, Fair Trade is now a widely known concept, one that has

awoken the interest of various scholars. Raynolds and Bennet (2015, p. 3) comment that this “impressive body of research” has been created by a number of academics “from across the social sciences - sociology, political science, geography, economics and anthropology - as well as business, marketing, policy, international development and other related fields”.

3.1.1. Economics and Market Structures of Fair Trade

Neoclassical economic theory elaborates on the market mechanisms of supply and demand for increasing an individual’s utility or profits. It assumes perfect competition and explains, under this assumption, the optimal allocation of goods and services. However, the condition of perfect competition and ideal markets, which includes perfect information and zero transaction costs, as well as no negative externalities, is never found in reality (Reed, 2015, p. 212). Becchetti et al. (2015, p. 543) continue this line of reasoning by illustrating that in imperfect markets certifications, such as Fairtrade, are a key tools that increase consumer confidence. Imperfect information impedes the buyer from being fully aware of the quality of the purchased products. A certification can decrease information asymmetries. Dragusanu et al. (2014, p. 222) and Mohan (2010, p. 19) provide a similar explanation while arguing that the key assumption behind the logic of Fair Trade is the awareness of the consumers. Fair Trade only works because there are consumers who care about the nature and background of the production process, and who are willing to pay more to help marginalised producers and labourers. Through its higher prices, Fair Trade is able to help farmers and workers by providing them with higher incomes and greater economic stability. They can set fairer prices and receive stable trade relationships and financial resources, as well as knowledge that enable them to implement social and environmental projects (Dragusanu et al., 2014, pp. 217–218; Raynolds, 2009, p. 1083).

Becchetti et al. (2015, p. 532) present Fair Trade as being “not only one of the most well-known bottom-up welfare responses to globalization, but also a leader in bringing questions about the role of business in society to the fore of public consciousness”. Globalisation allowed companies to operate directly in a worldwide scenario, while rules and institutions remained domestic. This trapped the market into losing its equilibrium. Fair Trade, as an action of citizens concerned with social injustice, has helped to rebalance the market by making companies comply with social and environmental criteria, worldwide. The Fair Trade movement claims that current income disparities are not only unfair, but are also often caused by the current international trading system (Suranovic, 2015, p. 45).

Mohan (2010) elucidates that Fair Trade is, nevertheless, part of this ‘unfair’ market economy and that it cannot be considered as a market different from the ‘free market’; it only creates an alternative trading channel within the free market. The fundamentals of supply and demand, as well as the market competitiveness of the Fair Trade market, are the same ones as in the conventional market. In this regard, Mohan (2010, p. 34) states that:

Fair Trade rests as much on market forces as conventional trading does: it is very much a market-responsive model of trade, a consequence of consumer society requiring participants to make a profit. With respect to their substance, Fair Trade and traditionally marketed products show at most very little divergence and hardly differ with respect to their functional utility.

Besides this interpretation, there are other scholars who not only illustrate that Fair Trade works within the same structures as the free market, but who also claim that Fair Trade is an inefficient way of supporting poor producers and workers in the South. Collier (2007, p. 163) discusses that Fair Trade encourages small farmers to stay producing the products that they are already producing, rather than exploring new market opportunities. Fair Trade compensates them, for example, for producing coffee, but does not guide them to produce diversified products, even while the market for coffee is saturated. LeClair (2002, pp. 955–956) further elaborates on this critique in illustrating a second drawback of Fair Trade: Fair Trade Organisations (FTOs) tend to create an advantage for a particular group of workers or producers while excluding those who are not Fair Trade certified. Guthman (2007) summarises the moral economy of voluntary food labels operating under the framework of the conventional economy, such as Fair Trade, as simply being a ‘nice neoliberalism’. These different, and sometimes very contradictory, points of view lead to the conclusion that scholars who have done research on Fair Trade are far from agreeing on the role that Fair Trade plays in our economy and in global markets.

3.1.2. Mainstreaming of Fair Trade

Various authors discuss the concept of mainstreaming with regard to Fair Trade and Fairtrade (Doherty et al., 2013; Fisher, 2009; Fridell, 2009; Hutchens, 2010; Le Velly, 2015; Low & Davenport, 2006; Moore et al., 2006; Nicholls, 2002; Reynolds, 2009; Tallontire, 2009). According to Le Velly (2015), it is, however, difficult to find a precise definition about what mainstreaming of Fair Trade exactly refers to. Up to now, the term has been used, on the one hand, when referring to the “increased presence of fair trade products in ‘mainstream’ distribution channels” (Le Velly, 2015, p. 266), such as supermarket chains, restaurant chains or coffeehouses. On the other hand, the expansion of Fairtrade standards on hired labour plantations and businesses has also been included in the debate. Hence, the concept includes a broad range of issues: reaching a wider range of consumers; selling Fair Trade products in a wide range of ‘conventional’ stores; and becoming more similar to the rules of conventional trade (Le Velly, 2015). Furthermore, the discussion around the ‘mainstreaming’ of Fair Trade is tinted with some negative connotations. Table 1 presents some of the pros and cons of the mainstreaming of Fair Trade.

This list of arguments highlights the vivid discussion among scholars concerning the mainstreaming of Fair Trade. As the literature gives an overall impression of being more strongly shaped by criticism than positive perceptions among scholars, some of the critical aspects will be elaborated further in the following.

Table 1: Pros and Cons of Mainstreaming Fair Trade

PRO	CONTRA
<p>Expansion of markets and growth in sales.</p> <p>Raised social responsibility and ethical standards in supermarkets and transnational companies.</p> <p>Increased awareness of Fair Trade and proved consumer demand.</p> <p>Opportunity to develop Fair Trade brands.</p> <p>Opportunity to prove that Fair Trade is not a form of charity.</p> <p>Increased knowledge exchange between supermarkets and the Fair Trade movement.</p>	<p>Risk of losing the values of the original Fair Trade movement that was created to empower small producers through close relationships.</p> <p>Fair Trade now driven by corporate capital; increased commoditisation of Fair Trade.</p> <p>Risk of compromise in standards due to growing influence of supermarkets in the process.</p> <p>Damage to the movement's integrity because retailers' reputation benefits from selling Fair Trade product ranges; in some cases, with very low engagement in practice.</p> <p>Retailers themselves do not have to comply with Fair Trade standards.</p> <p>Passive, rather than active, consumer engagement through buying Fair Trade products in large supermarkets rather than in alternative Fair Trade shops.</p>

Sources: Adapted from Doherty et al. (2013), Hughes (2015), Le Velly (2015) and Reed (2009)

Jaffee (2010, p. 268) states that the inclusion of Fairtrade into retailers' product ranges and the use of the certification for advertising and public relations have been described as "fairwashing", similarly to the concept of "greenwashing". Low and Davenport (2006, p. 323) further elaborate that corporations are using the relatively weak understanding of Fairtrade that exists among consumers, thereby confusing the concepts of 'ethical' and 'Fairtrade' certified products. The authors also speak about "clean-washing" and "image laundering". Doherty et al. (2013, p. 163) summarise that 'fair-washing' or 'clean-washing' occurs when a corporation "derives positive benefits from its association with the fair trade movement, however minimal its efforts to live the values". It is furthermore criticised that contracts between retailers and Fairtrade producers in practice only extend for a relatively limited duration, often not longer than one growing season. This allows retailers and corporations to change their suppliers and buy from those that offer the Fairtrade product at the lowest price. This observation completely contradicts Fairtrade's promotion of long and stable relationships with producers (Doherty et al., 2013, p. 167). In his contribution about the politics in Fair Trade supply chains, Luetchford (2011, pp. 54–55) observes a compromise of Fair Trade principles due to its operation in conventional markets. He highlights

the downward pressure on Fair Trade brands in the supply chain, functioning in a competitive market, and notes a tension between this downward pressure and the appeal to consumers to pay higher prices for moral quality. According to Luetchford (2011), it is the market that determines the consumers' willingness to pay for Fair Trade goods as they are indexed against other products in the same category. He furthermore points out the increasing tension between Fair Trade principles and profit due to the increased domination of supply chains by international corporations and supermarkets. Smith (2010) argues similarly and highlights that Fair Trade relationships between retailers and producers have much in common with conventional buyer-supplier relationships. Moore et al. (2006, p. 330) conclude that Fairtrade may have "lost its soul".

Following Hughes (2015), the appearance of Fairtrade-certified products in corporations is mainly concentrated in the European and the US markets. Various authors point out that the inclusion of Fairtrade goods in an array of product ranges seems to fit with retailers' strategies of corporate social responsibility (Hughes, 2015; Knowles, 2011; Wright & Heaton, 2006).

3.1.3. Fair Trade Certification

Luetchford (2011, pp. 54–55) highlights the importance of the Fairtrade certificate, or label, by explaining that this symbol allows the Fairtrade good to "circulate in the market; it guarantees authenticity and justifies the extra cost in monetary terms". Even though Fairtrade includes a multitude of production systems, from small-scale producers to transnational corporations, from Latin America to Africa to Asia, all is harmonised within one worldwide recognised label (Bennet, 2015, p. 81). Auld (2011, p. 80) explains that the Fairtrade mark is intended to serve as a "means of identification" that distinguishes organisations from other commercial businesses. In this way, it is supposed to provide certified producers with increasing market opportunities. Dolan (2011, p. 41) characterises Fairtrade as a brand, defining brands as "monetized symbols" that serve to accomplish an economic goal, while simultaneously carrying a socio-cultural meaning. The Fairtrade brand is seen as distinctive from other brands because it conveys a moral claim and credibility, increasing and maintaining consumers' trust in the brand.

To increase its credibility, Fairtrade International created the independent legal entity, FLO-CERT GmbH, in 2003. As already mentioned in the introduction, FLO-CERT is responsible for the auditing process. On the one hand, FLO-CERT led to a professionalization of Fairtrade; but on the other hand, it resulted in a more abstract and impersonal system for participating producers. In addition, the professionalization of the inspections implied high certification fees for the producers involved (Auld, 2011, pp. 74–76). Fairtrade standards are built upon the guidelines given by ISEAL, the International Social and Environmental Accreditation and Labelling Alliance (Hauff & Claus, 2013, p. 103), and are based on three pillars covering ecological, economical, and social aspects. Particular standards have been set out for wine grapes, as some of the general Fairtrade rules were not operational within the wine industry. Fairtrade has developed

standards, both for wine farms that operate with hired labour, as well as for small wine producer cooperatives. These specific standards were drawn up together with South African wine producers in 2003. Chile and Argentina followed later (Kleine, 2008, p. 112).

3.2. Voluntary Certification and Corporate Behavior

This section now aims at embedding the previously gained information about Fairtrade into the overall framework. How do these certification schemes work, and why do businesses seek certification? Several scholars have examined this question, basing their findings on different theories.

3.2.1. Private and Voluntary Certification Schemes

Fairtrade belongs to a growing field of standard-setting and certification systems that promote social and environmental conditions in global value chains and producer networks. These regulations are usually described as ‘voluntary’ or ‘private’, as they are not legally enforced (Raynolds & Bennet, 2015, p. 5). Hiscox et al. (2009, p. 147) define these voluntary standards as a new form of “self-governance of working conditions in the private sector”. Scholars have applied several different labels to voluntary certification systems, such as “transnational regulatory systems”, “non-state market-driven” (NSMD) governance systems, and “civil regulation” (Bernstein & Hannah, 2008, p. 576). Three common effects of voluntary certification can be identified: First, certification provides transparency; second, it provides a special feature to the respective certified product; and third, certification implies high burdens of cost for audits and monitoring (Wilson & Mutersbaugh, 2015, p. 292). Despite the high costs of attaining social and environmental certifications, many companies still view these certifications as worthwhile. What motivates them to seek a certification? Hartlieb and Jones (2009, pp. 594–595) describe the motivation of companies and organisations to attain a particular certification as “a duality of economic incentive and more idealistic and ethical motivations”. In their research, economic motivations were found to be the most important driver. Companies were striving for recognition and an improvement of their image; improving relations with governments and NGOs also played a role.

Dragusanu et al. (2014, p. 227) doubt the interest of private certifying agencies in enforcing the certification requirements reliably and completely. Some of the more recent private certifications may be nothing other than marketing tools to increase the consumers’ willingness to pay. The debate over whether voluntary certifications are nothing more than “mere symbolism” is still widely discussed (Hiscox et al., 2009, p. 147). Bennet (2015, p. 80), for example, points out that voluntary standard-setting organisations do not operate on a neutral basis, but are politically shaped by power dynamics and stakeholder interests. Consequently, the standards they set are rather an outcome of political negotiations than neutral, scientific evidence; instead, they are exposed to manipulation by dominant actors. Geest (2010, p. 84) summarises that there is a

lack of evidence as to whether voluntary certification is an effective tool to improve sustainable development and the livelihoods of marginalised small-scale farmers and workers.

3.2.2. Companies' Motivation for Social Accountability

Several scholars have addressed the topic of corporate behaviour when engaging in social or environmental standards whereas most research is focused on companies' motivation to adopt Corporate Social Responsibility (CSR) practices (Campbell, 2007; Ieng Chu et al., 2013; Islam & Deegan, 2008). Frequently used theories in CSR studies are "legitimacy, stakeholder, information usefulness, market, political economy, accountability, institutional, critical, contingency, and ethics" (Fernando & Lawrence, 2014, p. 151). It is furthermore stated that political and social theories, such as legitimacy theory, stakeholder theory, and institutional theory, provide a more insightful theoretical approach on CSR practices than purely economic theories would be able to (Garriga & Melé, 2004; McWilliams & Siegel, 2001). Out of these three theories, institutional theory and legitimacy theory best serve the purpose of explaining organisations' engagement in voluntary certification systems (Wangombe, 2013, p. 664).

Most of the studies that have been reviewed with a focus on their underlying theoretical approach refer to CSR; and only limited literature on the application of these theories on Fair Trade could be identified. Reviewed studies on Fair Trade frequently apply global value chain theory or convention theory (Kruger, 2008; Reynolds, 2014; Reed, 2009; Renard, 2003). However, these studies differ from the focus of this master's thesis, as they emphasise the Fair Trade supply chain or the Fair Trade network as a whole, rather than the specific motivation of plantations or corporations behind attaining a Fairtrade certification. Therefore, it is argued that these theories do not provide a sufficiently informed theoretical background for analysing the case of South African wine producers. Nevertheless, it is acknowledged that parts of these theories may also be useful in explaining certain driving factors for a Fairtrade certification.

As mentioned in the introduction, this study falls in the research paradigm of critical realism. It seeks to explain motivations and perspectives that are subjective to individuals. No single theory can explain all of the different motives that drive wine producers when deciding for Fairtrade. Consequently, two theories that provide promising insightful explanations of organisational behaviour and decision-making have been chosen for the purposes of the present study, namely institutional theory and legitimacy theory. As institutional theory and legitimacy theory have mainly been applied in studies explaining the motivation for CSR practices, it is justified to ask whether Fair Trade and CSR share common mechanisms, in order to find out whether the reviewed theories are also appropriate for this study. Even though many Fair Trade activists believe in considerable distinctions between the objectives behind CSR and Fair Trade, several scholars argue that the two concepts converge. The transition of Fair Trade towards mainstreaming brings it closer to CSR (Fridell, 2009; Mohan, 2009). As this study examines Fairtrade's standards regarding hired labour, and

not those for small-scale producers, it is appropriate to refer to the theoretical approaches outlined above.

3.3. Theoretical Propositions

The motivation behind seeking a Fairtrade certification among wine producers in South Africa will be analysed through the lens of a conceptual framework that integrates legitimacy theory and institutional theory. Considering components of both theories leads to a more holistic picture and a richer basis for the explanation and analysis of companies' behaviour and motivation for social accountability. Both theories have been derived from political economy theory, and are therefore based on the notion that an organisation forms part of a "broader social system in which they are impacted by, as well as are able to influence, the expectations of other parties within a given social system" (Islam & Deegan, 2008, p. 853). This section aims to discuss relevant aspects of these theories.

3.3.1. Institutional Theory

Institutional theory can be broadly divided into three variants, namely 'Old Institutional Economics', 'New Institutional Economics', and 'New Institutional Sociology'. This study focuses on New Institutional Sociology (NIS), because it is the variant that has the most influence in organisational research (Moll et al., 2006, pp. 185–186). To understand institutional theory, the term 'institution' must first be defined. Scott (2014, p. 56) writes that "[i]nstitutions comprise regulative, normative, and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life". These regulative, normative and cultural-cognitive elements guide organisational behaviour.

Institutional theory offers a strength for analysing organisations' behaviour when seeking social responsibility practices and ethical certifications, as it includes explanations as to why certain practices are pursued even though they do not necessarily offer a direct economic return (DiMaggio & Powell, 1983; Glover et al., 2014; Meyer & Rowan, 1977). It aims to explain existing organisational structures and has been used to illuminate why organisations employ certain reporting policies and structures. Oliver (1991, p. 151) points out that institutional theory "draws attention to the causal impact of state, societal, and cultural pressures [...] on organizational behavior, and to the effects of history, rules, and consensual understandings on organizational conformity to environmental constraints". However, the theory acknowledges that resources are also necessary and does not oversee economic incentives. Institutional theory, therefore, states that firms' decision-making is influenced by external social, political and economic pressures, as firms are in search of legitimising their practices (Glover et al., 2014).

Institutional Legitimacy

Legitimacy is introduced as one of the concepts of institutional theory; but has, however, been expanded into its own theory that will be further explained in the subsequent section. Academics have offered various definitions of legitimacy. One of the earliest definitions has been provided by Maurer (1971, p. 361), who notes that “legitimation is the process whereby an organization justifies to a peer or superordinate system its right to exist”. Suchman (1995) adopts a broad-based definition of legitimacy with an explicit focus on the role of society in legitimation processes. He argues that “[l]egitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995, pp. 573–574). This framework of socially constructed norms judges whether the behaviour of an organisation is appropriate or not. As organisations within a particular organisational field operate under the same social framework, they act similarly in responding to state or societal pressures (Oliver, 1991, p. 149). This phenomenon of organisations acting in similar manners is referred to in one of the main concepts of institutional theory, namely ‘isomorphism’.

Institutional Isomorphism

Isomorphism describes the process of the homogenisation of organisations. DiMaggio and Powell (1983, p. 149) define isomorphism as a “constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions”. Scholars distinguish between three different types of drivers that create isomorphism in organisational processes and strategies: coercive, mimetic, and normative (Dillard et al., 2004; DiMaggio & Powell, 1983). Coercive isomorphism is a result of combined formal and informal forces that are exerted on an organisation by other organisations or society. It occurs when external forces, such as government policies, regulations, or supplier-buyer relationships, put pressure on an organisation to adopt specific structures. Mimetic isomorphism denotes a process in which an organisation, one that is often in a situation of uncertainty, tries to imitate the structures of another, more successful organisation with the purpose of gaining legitimacy (Dillard et al., 2004, p. 509; Moll et al., 2006, p. 188). However, without coercive pressure from stakeholders, it would be unlikely that an organisation feels the need to mimic others; thus, coercive and mimetic pressures are closely interlinked (DiMaggio & Powell, 1983, p. 151). Normative isomorphism refers to a process where professional standards bring along changes in an organisation; for example, members of an occupation struggling collectively to improve working conditions (Dillard et al., 2004, p. 509; Moll et al., 2006, p. 188). Consequently, normative drivers exert pressure in the sense that the organisation will feel a social obligation to comply, informed by social necessity or by what is seen as a socially or ethically appropriate action (Glover et al., 2014).

Scott (2014) shows that institutional theory applies to all types of organisations, as they are all, to different degrees, institutionalised. Every organisation operates under national and local governance structures. Campbell (2007, p. 947)

highlights the importance of institutional theory in today's globalised economy by noting that its focus on the way organisations respond to the interests of social actors is very useful. Institutions define what has to be considered appropriate or legitimate behaviour and, therefore, affect organisations in their decision-making process (Scott, 2014).

3.3.2. Legitimacy Theory

Legitimacy has above been introduced as one of the core concepts of institutional theory. Dillard et al. (2004, p. 508) draw the connection between legitimacy and institutional theory by arguing that “[o]rganizational activities are motivated from the imperative of legitimacy-seeking behavior, which in turn is influenced by socially constructed norms”. However, legitimacy has not only been assessed by scholars from the institutional field, but also from a rather strategical point of view. Suchman (1995) includes both perspectives in his elaboration of legitimacy theory. Certain propositions that form legitimacy theory are considered to enrich the conceptual framework and will be explained in more detail below.

Nicholls (2010, p. 94), as well as Suchman (1995), point out that legitimacy can only exist in the combined views of actors external to the organisation. Legitimacy is transmitted to the organisation through judgements by society. If an organisation fails to comply with community expectations, it will have to face negative implications regarding its survival. This situation is referred to as a “legitimacy gap” (Deegan, 2006, pp. 162–163). Legitimacy theory is relevant for analysing the relationships between an organisation and its societal surroundings. As organisations pursue legitimacy, this theory helps to develop an understanding of organisational behaviours and motivations in decision-making processes (Dowling & Pfeffer, 1975, pp. 122–131). Legitimacy theory has been widely used to explain organisations' motivations for social reporting (Leng Chu et al., 2013), as organisations are required to be responsive to the ethical surroundings in which they operate (Islam & Deegan, 2008, p. 853).

Strategic and Institutional Approaches

Suchman (1995) distinguished between strategic legitimacy and institutional legitimacy. The latter mainly refers to the view on legitimacy as it was depicted by institutional scholars (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Scott, 2014). The institutional perspective understands legitimacy as a “set of constitutive beliefs”, whereas the strategic perspective views legitimacy as an “operational resource” (Suchman, 1995, p. 576). The prospects within these two streams of legitimacy theory differ in that institutional theorists see legitimacy as a view from the society towards the organisation, whereas strategic theorists adopt the viewpoint of the managers looking towards society and deciding which legitimisation strategies to implement (Suchman, 1995, p. 577). In strategic legitimacy studies, managers are assumed to have control over the legitimisation process and might adopt these processes to pursue their goals (Dowling & Pfeffer, 1975; Suchman, 1995). Suchman (1995, p. 577) concludes that the integration of both perspectives is essential. According to him,

real-world organizations face both strategic operational challenges and institutional constitutive pressures, it is important to incorporate this duality into a larger picture that highlights both the ways in which legitimacy acts like a manipulable resource and the ways in which it acts like a taken-for-granted belief.

The institutional constitutive pressures coming from society are referred to as a 'social contract' in legitimacy theory, whereas strategic operational challenges can be overcome by applying a set of 'legitimation strategies'.

Social Contract and the Legitimacy Gap

The expectation of an organisation to comply with the norms of society is referred to as the 'social contract'. The notion of the 'social contract' is a central element of legitimacy theory. If society becomes unsatisfied with an organisation's way of operating, it will cancel the 'contract', resulting in a threat to organisational legitimacy. A simple example for revoking a 'social contract' is consumers eliminating the demand for the products of a certain business (Deegan, 2006, pp. 169–171). An annulment of the 'social contract' results in a legitimacy gap that might impede the organisation in continuing its operation (Ieng Chu et al., 2013, p. 117).

Legitimation Strategies

Suchman (1995) furthermore distinguishes between three types of legitimacy: pragmatic legitimacy, moral legitimacy, and cognitive legitimacy. These three types appear in both the strategic and institutional approaches to legitimacy. As the institutional environment will be analysed through the lens of the concept of isomorphism, as defined in institutional theory, legitimacy theory will be used to understand the strategies that managers might adopt to gain legitimacy.

Pragmatic legitimacy "rests on the self-interested calculations of an organization's most immediate audiences" (Suchman, 1995, p. 578). Cashore (2002, p. 511) defines 'immediate audiences' as organisations that pay direct attention to the policies and actions of the organisations they legitimise, for example, immediate suppliers, customers, or the government. Thomas and Lamm (2012, p. 193) relate the concept of pragmatic legitimacy to the rationales behind organisations' decisions to engage in social or environmental sustainability practices. A manager's pragmatic assessment could be grounded in his belief that adopting sustainability practices will result in lower costs due to increased efficiency, better reputation, an enhanced brand image, or less risk for legal liability.

Moral legitimacy, as defined by Suchman (1995, p. 579), is based on an organisation's judgement about whether an activity or strategy is "the right thing to do". These judgements are informed by management's beliefs about whether a certain activity improves social welfare, as defined by the audience's value system. According to Thomas and Lamm (2012, p. 193), moral legitimacy relies on an organisation's assessment of the "rightness" of an action without considering costs or benefits to the organisation. Castelló and Lozano (2011,

p. 14) express that companies are searching for moral legitimacy by engaging in CSR activities.

The last type of legitimacy, cognitive legitimacy, is related to the perceived comprehensibility, or taken-for-grantedness, of an organisation's policy (Suchman, 1995, p. 582). The first component of cognitive legitimacy, comprehensibility, views the social world as a chaotic environment in which the organisation seeks for plausible explanations for its actions. The second element refers to an environment where the audience takes an organisation's policies or actions for granted, because "for things to be otherwise is literally unthinkable" (Suchman, 1995, p. 583). Even though Suchman (1995) and Cashore (2002) describe this last form of legitimacy as a passive form that lies beyond the reach of most managers, they still acknowledge that there might be a small scope where managers can exert influence on cognitive environments.

Legitimacy vs. Reputation

Within the literature on the application of legitimacy theory, scholars repeatedly refer to the concept of reputation, which shares certain features with legitimacy. There appears to be a controversial debate around the use of the two concepts. Whereas some authors make a point to clearly distinguish them, others claim that they are complementary concepts and, therefore, use them interchangeably.

Both Czinkota et al. (2014) and Deephouse and Carter (2005) belong to the first group. Czinkota et al. (2014, p. 95) speak about a bi-directional relationship between legitimacy and reputation. They draw their explanations on a widely used definition, stating that reputation is the "expression of corporate conduct aimed to differentiate the company from competitors in the perception of competitive rivalry". In accordance with this definition, Deephouse and Carter (2005, p. 329) distinguish both concepts by explaining that legitimacy focuses on the "social acceptance resulting from adherence to social norms and expectations whereas reputation emphasizes comparisons among organizations".

On the other side of the spectrum, King and Whetten (2008, p. 193) counter this position by arguing that "legitimacy and reputation arise from common social comparison processes, whereby stakeholders use institutionalized standards to assess and compare organizations". As both reputation and legitimacy are based on corporate identity, they stand in a relationship that is complementary, reciprocal, and interdependent. As the present study does not seek to enter into a theoretical debate about the definition and distinction of these two concepts, the latter approach will be adopted, considering reputation and legitimacy as complementary and reciprocal notions.

3.4. Application of Theoretical Propositions to Research

Both institutional theory and legitimacy theory are complex theoretical constructions and have been extended, modified, and interpreted differently by various scholars over the years. Therefore, this master's thesis concentrates on certain propositions out of the theories that were introduced in the preceding sections. The current section summarises these propositions and applies them to wine producers' decision for Fairtrade.

3.4.1. Concept Map

The external pressures that a South African wine farm may face, and that are expected to influence its decision to become Fairtrade certified, will be analysed through the concept of isomorphism, as defined by institutional theorists. Isomorphism results from coercive, mimetic, and normative pressures. On the other side, the proactive strategies that a wine farm might seek to gain legitimacy, including the attainment of the Fairtrade certification, will be examined through the lens of the strategic legitimacy approach, focusing on pragmatic, moral and cognitive legitimacy. The main underlying assumption is that each organisation seeks to maintain the social contract with society or to close an existing legitimacy gap. As Castelló and Lozano (2011, p. 11) argue, "legitimacy has become one of the most critical issues for corporations, especially those operating globally". Figure 1 depicts the theoretical propositions that will inform the analysis of wine producers' motivation behind attaining a Fairtrade certification.

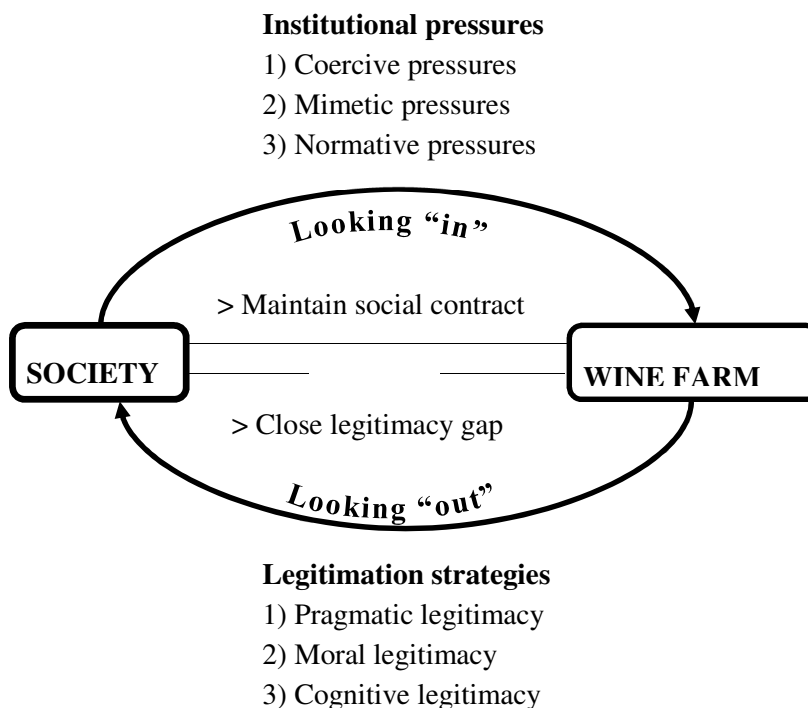


Figure 1: Concept Map

Source: Own contribution, based on Suchman (1995) and DiMaggio and Powell (1983)

The two perspectives, society looking “in” and managers looking “out”, have been adopted in accordance with Suchman (1995, p. 577). They reflect the viewpoints of institutional theorists and strategic theorists respectively, and will both be considered to understand the larger picture.

3.4.2. Assumptions

Social, Political and Economic Pressures

Previous research has highlighted some of the pressures that South African wine producers might experience concerning Fairtrade (Goodman & Herman, 2015; Nelson et al., 2005; Ponte, 2009). Goodman and Herman (2015, p. 149) found that Fairtrade is mainly understood as a commercial strategy within South Africa, which would imply the importance of customers as a pressuring stakeholder group. As stated by Moll et al. (2006, p. 188), supplier-buyer relationships can be seen as one of the forces that exert coercive pressures onto an organisation. In their survey conducted in the US wine industry, Golicic et al. (2014, p. 2) found several regulatory pressures exerted on wineries that constrain their choice of supply chain relationships.

Nelson et al. (2005) describe that South African wine producers experience a considerable pressure to act in more socially responsible ways. These pressures are rooted in the “deregulation of the industry, the extension of labour legislation to agriculture, and the opening of international markets” (Nelson et al., 2005, p. 542). The political pressure can also be included into the concept of coercive isomorphism. Fisher (2009, p. 993) mentions that there is growing state involvement in Fairtrade. The author highlights the example of South Africa, where the Fairtrade certification has become associated with the state policies on Black Economic Empowerment, as introduced in Chapter Two. Brammer et al. (2011, p. 9) remind their readers of the ties between institutionalisation and history that, according to them, is an often forgotten insight. Historical conflicts and compromises often shape the institutional environment of an organisation. Consequently, it is important to consider the historical context of the South African wine industry when looking at external institutional pressures that might influence wine farms to strive for a Fairtrade certification. In this context, Ponte (2009, pp. 238–247) mentions the isolation of the South African wine industry from the international market due to sanctions against apartheid. In addition to that, he emphasises the importance of the wine industry, not only as a contributor to the country’s economy, but also in generating an image of South Africa abroad. The authors Brammer et al. (2011, p. 13) furthermore suggest looking at possible influences exerted by labour unions when analysing why organisations adopt social responsibility practices, which gives first insights into the normative pressures that may be exerted on South African wine producers. Other normative stakeholders may include communities or industry associations (Simpson et al., 2012, p. 87). Lastly, mimetic pressures can arise in any industry that is characterised by a competitive environment. Chapter Two outlined the high competition within the wine industry. It seems, therefore, reasonable to assume

that wine producers are influenced by the practices of their competitors, given their visible success.

Fairtrade as a Strategic Action

According to Reynolds (2000, p. 299), research suggests that many organisations try to reinforce their legitimacy by operating according to environmental and/or social standards, such as Fair Trade standards. Furthermore, Moxham and Kauppi (2014, p. 414) claim that “legitimacy is seen as a key driving force in fair trade”. South African wine producers may therefore actively seek a Fairtrade certification with the purpose of strengthening their legitimacy.

Nicholls (2010, p. 100) describes the legitimacy of the Fair Trade movement as demonstrated by the increase in ethical consumption over the last decade. Furthermore, he adds that “accountability systems (namely the Fairtrade mark) are a further important legitimating competence”. Through acquiring the certification and the Fairtrade brand for their wines, South African wine producers may be seeking the opportunity to take part in this legitimacy, which the Fair Trade movement has gained worldwide; thereby legitimising their organisation as well. For wine producers who pursue legitimacy, not only in South Africa, but on an international level, a Fairtrade certification might offer more advantages than other ethical certifications applied in the industry (Goodman & Herman, 2015, p. 147). The Fairtrade certification may be of particular interest to wine producers because its external auditing could potentially strengthen the political credibility of producers (Moseley, 2008). “From the perspective of both developmental impact and democratic governance, many still consider Fairtrade to be the ‘gold standard’ among social certification schemes” (MacDonald, 2011, p. 258). Organisations often pursue social or environmental certifications to enhance their pragmatic legitimacy (Cashore, 2002). However, considering Fairtrade as a ‘gold standard’ might even suggest its ability to create cognitive legitimacy. Cashore (2002, p. 520) furthermore argues that there are some hints that some of the non-state market-driven governance systems are on their way to granting cognitive legitimacy; for example, through basing them on international quality standards such as the ISO norms. Likewise, Suchman (1995, p. 600) mentions the search for certifications as one of the possible cognitive legitimating strategies.

The Subjective Perception of Legitimacy

Even though all wine farms are situated in the same geographical area and similar institutional environments, not every farm may receive the same institutional pressures. Indeed, farms may share common pressures, but not all of the pressures are the same or probably not in the same intensity. Furthermore, deciding which legitimisation strategies to pursue is a decision made by management. Some managers may see the Fairtrade certification as an effective legitimisation strategy, whereas others possibly employ different legitimisation strategies or may doubt the legitimacy of the Fairtrade system itself. As explained by Suchman (1995, p. 574), “legitimacy is possessed objectively, yet created

subjectively”. This fits with the research paradigm of critical realism in which the study is situated. The conceptual framework, therefore, also offers an explanation pattern to understand why certain wine farms might not seek a Fairtrade certification.

4. Methodological Approach

The purpose of this research – to understand the motivation of South African wine producers behind attaining a Fairtrade certification – urged for the application of a qualitative research design. As Wright and Heaton (2006, p. 417) explain, qualitative research is especially useful for investigating and explaining motivation, perspectives, intentions, and beliefs. A qualitative methodology allows for the understanding of phenomena in their natural realm, and is therefore well-suited in the paradigm of critical realism (Clark, 2008, p. 168). This chapter aims at presenting the research design, sampling strategy, as well as the data collection, analysis, and interpretation techniques that have been used to answer the research question. Ethical issues and limitations to the study are also considered.

4.1. Qualitative Research Design

The qualitative research design enabled the researcher to elicit ideas from wine producers and examine their particular context, motivations, and settings. Furthermore, this design allowed for a comprehensive understanding of their local experiences and dynamics (Wright & Heaton, 2006, p. 417). Qualitative research allows researchers to interpret “what they see, hear and understand” (Creswell, 2014, p. 176). As this thesis aimed to understand the perspectives of wine producers, in-depth data was needed from the producers as units of analysis. Moreover, motives behind attaining a Fairtrade certification in the South African wine industry are still relatively unexplained in the current literature. Coming to an ‘understanding’ was the key driver of this research; and as such, it clearly implied a qualitative orientation (Braun & Clarke, 2013, p. 35).

4.2. Sampling Strategy

To select participants, a combination of purposive sampling and snowball sampling was applied. Purposive sampling is a valuable sampling strategy for qualitative research (Neuman, 2011, pp. 267–268). It permits the selection of specific cases that illustrate interesting features for the research. The final decision of whom to include in the sample is made during the research process, and the sample can be modified and extended at any time, as long as new cases add new information to the research (Silverman, 2010, pp. 141–143). In this research, the goal of the purposeful selection was to choose a variety of wine producers, including those who are not Fairtrade certified, those who had only recently adopted the certification, and those that have been certified for several

years now. Furthermore, this strategy allowed for the inclusion of a combination of grape farms, wineries, wine estates, and one bottling company; to visit a few black-owned wineries; to cover different wine districts; and to consider small family-run farms as well as larger farms. However, due to a lack of response of the purposively chosen respondents, the sampling strategy was combined with the method of snowball sampling. Snowball sampling refers to asking interviewees for other relevant participants (Flick, 2007, p. 28). Being referred to a wine farm by a manager of a previously visited farm turned out to be crucial for access in some cases. Therefore, snowball sampling was considered as a valuable second sampling strategy.

In total, 74 grape and wine farms were contacted, via e-mail and telephone. The majority of these contacted farms either did not respond to the research request or refused to take part in the study. The final sample comprised 27 farms. This sample size was considered sufficient for the scope of this study. Even though grape growers do not produce wine, rather selling their grapes to other companies, they were also included in the sample to gain a comprehensive understanding of the adoption of Fairtrade in the industry setting. Chapter Five provides further details on the interviewees.

4.3. Data Collection Process and Techniques

The data was collected through qualitative research interviews with individual grape growers and wine producers. This method of data collection allowed for a high level of flexibility and permitted the gathering of in-depth insights. The aim of any qualitative research interview is to illuminate the interviewee's perspectives and to understand why and how he or she has made certain decisions. Important to mention is that the relationship between interviewer and interviewee is part of the research process and that both can actively shape the progress of the interview (Creswell, 2014, p. 179; King, 1994, pp. 14–15). The interviews were conducted in the Western Cape Province in South Africa over a period of two-and-a-half months, from 14th of August 2015 to 30th of October 2015. All of the interviews were conducted in English, recorded with the consent of interviewees, and followed a semi-structured interview guide with open-ended questions that were not informed by the previously discussed theoretical propositions. The intention behind this was to avoid influencing the interviewee by asking leading questions and to avoid a conceptual tunnel vision within the research (Guest et al., 2012, pp. 37–38). Participants were therefore asked about their reasons for participating (or not) in Fairtrade, the advantages and disadvantages that they saw in the Fairtrade certification, and whether they considered the Fairtrade certification as more attractive than the other ethical certifications available. A copy of the interview guide with the exact questions used for the duration of this study can be found in Appendix B. Whenever a participant brought up a particularly relevant topic, it was probed to obtain deeper information on the topic. The interviews varied very much in length, from eight minutes (shortest interview) to 50 minutes (longest interview). Even though the

structure of the interview guide allowed for a lengthy and in-depth discussion, some of the interviewees remained very short in their answers. In addition to the interviews, participants were asked for some general data about their farm or company, in order to understand the setting of the farm (size, number of employees, ownership, other certifications, etc.).

4.4. Course of Data Analysis

Data processing and analysis was an ongoing process, including a continuous reflection about the data (Creswell, 2014, p. 184). Interviews were transcribed verbatim, and first impressions of their content were obtained concurrently with data collection. The transcription followed the system for simple transcription introduced by Dresing et al. (2015, pp. 27–32). As the analysis was focused on the content of the interviews and not on how something was said (such as language or intonation), the application of the simple set of transcription rules was considered as largely sufficient.

The data was then examined using thematic analysis⁵, following the instructions provided by Braun and Clarke (2013) and Guest et al. (2012). Further general guidelines for qualitative data analysis were obtained from Miles et al. (2013). Thematic analysis was the most useful method of analysis because it captured the complex textual data set obtained through the interviews with South African grape growers and wine producers. Thematic analysis looks for themes or patterns within the data. It is also referred to as explanatory or conceptual qualitative analysis and combines deductive and inductive methods (Guest et al., 2012, pp. 28–37). Therefore, it was particularly useful for this research, which was characterised by a previously established conceptual framework, but it simultaneously acknowledged new insights coming from the data. As the overall research paradigm of critical realism that informed this research has a similar explanatory focus (Clark, 2008, p. 168), this also underlined the suitability of thematic analysis for this study.

The first step of the thematic analysis was the coding process. Sentences of the interview transcripts were segmented and labelled with different codes. Noteworthy is that several sets of codes were used. The first set of codes was derived from the assumptions discussed in the conceptual framework (see Chapter 3.5). These deductive codes helped to start the analysis process; however, they were refined, extended and combined with inductively obtained codes as the data analysis proceeded. The continuous revision of codes was an essential part of the analysis process (Miles et al., 2013, p. 82). Coding units could belong to multiple categories and they were not considered mutually exclusive. Finally, the codes were clustered into themes. This helped in structuring the large interview transcripts and analysing the vast amount of codes systematically. The overall themes were identified at a semantic level; theory-

⁵ It is acknowledged that thematic analysis highly overlaps with certain approaches provided within the field of qualitative content analysis, and that the terms are often used interchangeably. One example is the “directed content analysis” described by Hsieh and Shannon (2005).

driven codes were only included on the lowest level of analysis, in order to avoid overlooking motives that were not coherent with the preconceived ideas and assumptions (Braun & Clarke, 2013, p. 207; Guest et al., 2012, pp. 37–38). Appendix C shows the final code system with an exact description of each code.

Throughout the analysis, views and perspectives shared by the different wine producers were compared. Guest et al. (2012, pp. 161–163) mention that comparison in thematic analysis is continuously done through finding patterns and themes, thereby contrasting one interview transcript with another. Similarities and differences between the datasets have been compared and are presented in narrative form within the Findings and Interpretation section of the study. Data extracts are used illustratively when presenting the themes in Chapter Five; whereas in Chapter Six, a few quotations from participants have been selected with an analytic purpose. In thematic analysis both methods, using data illustratively and analytically, are appropriate and can be combined. Unnecessary words have been removed from the verbatim quotations to facilitate readability and comprehension (Braun & Clarke, 2013). Besides presenting the findings in the form of verbal descriptions and quotations, tables and figures have also been included. Guest et al. (2012) leave it open to the researcher, whether or not to quantify the findings of a thematic analysis. Backed by the view of Pyett (2003, p. 1174), who argues that “[c]ounting responses misses the point of qualitative analysis”, findings within this study were not quantified. Frequencies are considered to not represent the value of the data appropriately (Braun & Clarke, 2013, p. 261).

The computer-based program for qualitative data analysis, MAXQDA, was a helpful tool for the data analysis, as it allowed for the continuous movement and modification of assigned codes until the final themes were defined. It furthermore allowed for the easy retrieval of the coded units and themes accordingly when writing up the study's findings.

4.5. Data Interpretation

According to Bloomberg and Volpe (2008, pp. 134–135), interpretation in qualitative research seeks to tell a story rich in details, taking into account context and connecting participants' perspectives and views to larger phenomena. Thus, the aim of the interpretation of this study was to find out how the findings relate to the discussed literature and prior assumptions. Newly identified categories were used to enrich and further refine the previously established theoretical propositions (Hsieh & Shannon, 2005, p. 1283). As Sobh and Perry (2006, p. 1201) explain, the findings of a qualitative study are the “tip of an iceberg”, whereas the interpretation of those findings tries to get some ideas of the deeper, unobservable reality. Furthermore, Danermark et al. (2002, p. 112) and Easton (2010, p. 121) point out that entities in critical realism research can have necessary relations that will affect one another, also referred to as structural conditions, or contingent relations that may affect one another. Thus, the overall objective of the interpretation was to explain the motivation of South African wine

producers behind attaining the Fairtrade certification theoretically. These explanations are not flawless conclusions, but offer tentative ideas about the deeper nature of the study's findings. As the thematic analysis in this study has been mostly inductive, presenting themes at a semantic level, the findings and interpretation are presented in two separate chapters. The interpretation is less tied to particular extracts from the data, but rather related to the overall themes (Braun & Clarke, 2013, p. 258).

4.6. Ethical Considerations

This research was conducted according to the ethical considerations suggested by Creswell (2014, p. 198) in order to assure the informants' rights. Participation in the interviews was voluntary and each participant was informed about the research objectives verbally and in written form before starting the interview. A letter of consent was signed by each participant prior to conducting the interview. Participants were given the right to withdraw from the interview at any stage; however, this did not occur during the study. The names of the interviewees and respective farms are not mentioned to guarantee the participants' anonymity. The finalised thesis will be made available to each interviewee and their respective farms or companies.

4.7. Limitations of the Study

Primary limitations emerged due to time, information, and resource constraints in the scope of this master's thesis project. The wine farms were located within a range of 300 kilometres from Cape Town, which meant that the travelling involved with this study was time-consuming. Furthermore, the field research period was limited to eleven weeks. Similar to limitations provided by previous scholars who have done research on wine farms in South Africa (Ewert et al., 2005; Hamann et al., 2015), accessing the farms was a challenging and time-intensive task. A large number of farms were initially contacted, but, as mentioned, did not respond or refused to take part. Moreover, the schedules of grape and wine producers who agreed to participate also presented constraints in particular cases, resulting in some of the interviews being comparatively short. Another limiting factor was that on some farms, interviews were conducted with Fairtrade Officers or Compliance Officers who had joined the farm quite recently and had not been involved in the decision-making process about Fairtrade. This resulted in limited information in certain interviews. However, as Roulston (2014, p. 307) suggests, there is no such thing as a "poor" qualitative interview. Even though not all of the interviews went into the depth that was initially expected, they nevertheless provided some useful data, and all interviews were therefore taken into consideration, keeping in mind their limitations and constraints.

Furthermore, as observed in other qualitative studies, findings tend to be biased in certain aspects by interviewees giving socially desirable answers. Despite having established a confidentiality agreement, some participants were afraid to

be disadvantaged or to experience adverse effects through a published report. Some of the participants stated their negative experience with researchers – for example, journalists pretending to be student researchers – that resulted in a negative image and drops in sales. Likewise, the bias from the side of the interviewer must also be addressed at this stage. Sociocultural barriers, as well as language barriers, presented some practical limitations. The interviews were conducted in English, a language that was neither the mother tongue of the researcher nor most of the interviewees (Afrikaans is the language predominantly spoken on wine farms in the Western Cape). Even though both parties had a good command of English, misunderstandings due to language barriers cannot be completely excluded. Being alien to culture and context resulted in a sociocultural bias that cannot be avoided in such qualitative research. Coming from Germany and doing research in the South African wine industry inevitably implies certain biases and, as in any qualitative research, findings and interpretations cannot and are not intended to be reported in an objective way. As suggested by Creswell (2014, pp. 190–193), the findings were embedded into their context, discrepant information was considered, and the researcher's bias was clarified.

5. Empirical Evidence from the South African Wine Industry

Having the research question of this qualitative study in mind, the current chapter presents the key findings obtained from interviews with owners and managers from grape and wine farms in the South African wine industry. Plentiful verbatim quotations have been taken from the interview transcripts to illustrate multiple participants' perspectives and capture the richness of the topic. The general data that was obtained from the farms is used to explain and emphasize the respective findings. The presentation is organised by themes, starting with the most overarching theme and proceeding towards smaller themes. Where applicable, negative or deviant findings are integrated into the presentation of the themes.

5.1. Background Information about the Participants

The interviews were conducted with owners, as well as upper (and in a few cases, middle) management from 27 grape and wine farms. In most cases, one manager or owner was interviewed per farm. However, there are two farms where two managers were interviewed separately (I5.1 & I5.2; I8.1 & I8.2). Furthermore, on four farms, the interview was attended by two participants simultaneously (I11; I18; I19 & I20). Interview 20 presents a special case, as the interview was (due to logistical reasons) conducted with the owner of a grape farm and the quality control manager of the respective wine cellar to which the grape farm supplies its

grapes.⁶ The interviewees represented the following types of farms and companies:

- Eleven wine estates (3 Fairtrade; 8 Conventional)
- Eleven wineries/wine cellars (8 Fairtrade, 1 IMO-Fair for Life; 2 Conventional)
- Four grape farms (4 Fairtrade)
- One bottling company (1 Fairtrade).

None of the farms interviewed for this study belonged to a co-operative, nor were any of the wineries visited a co-operative winery; however, in some of the wineries, the supplying grape growers owned a certain amount of shares. In the present sample, all except one of the wine cellars also bottled and exported their wine. The one exception is a bulk wine cellar (I12) that sold the wine in bulk to a wholesaler, where the wine is bottled and then sold locally or exported (I16).

In total, 15 of the farms were Fairtrade certified, one winery was IMO-Fair for Life certified, and ten farms were not certified with either of these two certifications. Among the Fairtrade farms and cellars,

- three farms were Fairtrade certified between 2003 and 2006;
- seven farms were certified between 2007 and 2010;
- five farms were certified between 2011 and 2015.

Additionally, it must be mentioned that the IMO-Fair for Life winery was Fairtrade certified from 2003 to 2011 (I5.1 & I5.2), and one of the currently non-certified farms had been Fairtrade certified previously, from 2007 to 2013 (I25). All visited farms were located in the Western Cape Province, in the following wine districts: Stellenbosch (11); Paarl (3); Wellington (3); Worcester (3); Breedekloof (2); Lutzville Valley (1); Swartland (1); Cape Peninsula (1); Tygerberg (1); Ceres (1). As Stellenbosch is the district with most grape and wine farms in the province, the sample of interviewees included a large number of farms from that area. A list with information about the type of entity, wine district, position of each interview partner, as well as the date of each interview can be found in Appendix A.

5.2. Major Findings at a Glance

This chapter reports five themes. Among these, three major themes were identified as overarching motives of grape growers and wine producers in seeking a Fairtrade certification: supply chain pressure, branding strategy, and social transformation. In addition to these three main themes, two minor themes were determined. Each of the themes was divided into further subthemes, and these

⁶ Interviews are abbreviated with "I" and the respective interview number. Appendix A contains the list of interviewees. The interviews are labelled I1 - I26, including I5.1 and 5.2, as well as I8.1 and I8.2.

subthemes are composed of a number of codes that were apparent in the transcripts. Table 2 presents the three major themes at a glance.

The following sections include a detailed description of the three main themes and a presentation of smaller themes and additional findings that are relevant to the interpretation of the findings. This chapter also briefly looks at major obstacles and criticism associated with the Fairtrade certification.

Table 2: Summary of Major Findings

Theme	Meaning	Evidence from the data
Theme 1: Supply chain pressure	The overwhelming majority of the interviewed grape growers/wine producers indicated that a reason for attaining the Fairtrade certification was that it is requested by the international market, particularly Europe.	“It is the biggest, it is well-known and the markets we wanted to enter suggested Fairtrade. There are lots of other accreditation companies as well, but they don't always see that as a Fair Trade product so then we can't sell it as a Fair Trade product. But the biggest was that the corporations in Europe, they said Fairtrade, they buy Fairtrade-accredited wine” (I14).
Theme 2: Branding strategy	Most of the wine producers stated that a motivation for pursuing the Fairtrade certification was to position and grow their wine brand on the international market.	“I think, being in the wine industry, if you are only going out to sell wine you are competing in a very open market and then price becomes a big issue. But having something like Fair for Life or Fairtrade gives your product just a bit more substance” (I5.1)
Theme 3: Social transformation	A large number of grape growers and wine producers saw the Fairtrade certification as a tool to benefit their workers and empower local farming communities.	“And then, of course, we can't leave out the history of our country that we would like to/ Even if it is on a small scale but try to do what we can to rectify the turnaround” (I5.2).

Source: Own contribution, based on study's findings

5.3. Theme 1: Supply Chain Pressure

The primary finding of this research is that South African grape growers and wine producers seek a Fairtrade certification because their customers demand it. The overwhelming majority of participants discussed incentives or influences that they received from the side of the buyers to become Fairtrade certified. Some of the participants illustrated it as an influence; however, most saw this rather as pressure. Discussion of this topic was not limited to certified farms; several of the non-Fairtrade farms also spoke about it. A few of them clearly stated that the

reason for them to not be Fairtrade accredited was that their customers do not demand the certification. The request for Fairtrade comes mainly from retailers and buyers in the off-trade and does not seem to play a significant role in the on-trade.⁷ Different statements and opinions of the participants will be elaborated upon in the following sections to give a detailed account of this theme.

5.3.1. Incentives from Local Wine Cellars or Companies

The first part of the wine supply chain on the production side is the grape grower. Most grape growers commented that their decision to become Fairtrade certified was driven from the wine cellar that buys their grapes. Some of the wineries confirmed this when remarking that they saw the need for selling Fairtrade wines and asked their suppliers to seek the certification. The compliance coordinator of a Fairtrade winery explained that they were doing all the administration that was linked to Fairtrade for one of their supplying grape farms. Furthermore, the winery paid the Fairtrade certification costs for the farm because the farm itself was too small to pay on its own. The coordinator explicated this in the following words:

[W]e pay for the Fairtrade and we do the Fairtrade certification for them, then they supply their grapes to us and they also get a premium to upper their community and make things better for themselves. So we win, they win, because we want the Fairtrade grapes and they want the premium but they just can't juggle the costs of the certification. (I22)

The importance for the winery to sell Fairtrade wine became apparent through their decision to take over the costs and the administration for the grape farm. In another case, a grape farmer explained that they were approached by their cellar and asked to become Fairtrade certified (I11). In the interview with the manager of this wine cellar, it was then illuminated that the cellar sold its wine in bulk to a bottling company from which it was then exported. She explained that for the wine cellar, the decision was driven by an increase in wine sales. They signed a contract with a bottling company that committed to buying a specific amount of wine per year (I12). The manager of that corresponding bottling company confirmed that they incentivised a number of their supplying farms to produce Fairtrade grapes and wine:

All the producers receive market-related pricing but in addition to that we [...] pay their annual certification fees on their behalf. So that is about 3,000 Euros per year more or less. [...] We support them with the documentation. [...] We support them with financial contributions when they have to purchase, for example, mobile toilets or if they have to do an upgrade or if there is specific training which is quite costly and which they can't afford. (I16)

Another winery paid out a so-called yearly Fairtrade bonus to the grape farms because they thought there should also be a benefit to the farmer who has to handle the administration, in addition to his work on the farm (I18). All of these accounts showed the different incentives that grape growers receive from their wine cellars or export companies. For grape-producing farms, the decision for

⁷ Terminology used in the alcohol industry; 'off-trade' refers to alcohol sold through retailers in off-sale, meaning that the place of sale is not the place of consumption ("Off-trade", 2015). In contrast, 'on-trade' refers to "sales for consumption on licensed premises" such as restaurants or pubs ("On-trade", 2015).

Fairtrade was clearly driven from the side of the wine cellars. Another question to ask is, why did these wineries want to produce and sell Fairtrade wine?

5.3.2. Request from International Customers

For most of the wine cellars, the next step in the supply chain are retailers on the international market. Analysis of the general data showed that all of the interviewed Fairtrade-certified wine cellars (except one bulk wine cellar) exported 50 per cent or more of their products. Only six of the wine farms reported an export of less than 50 per cent of their total wine production. All of the latter were non-Fairtrade farms. The Fairtrade-accredited farms noted the pressure stemming from international customers. The quality control manager of one of the wine cellars articulated this, stating that specific customers from overseas would only buy the wine if it were Fairtrade accredited (I20). When asked about the development of Fairtrade in the South African wine industry, the compliance coordinator of a different winery reflected: “I am not sure if it is getting bigger because we have to comply or if it is getting bigger because we want to comply. I am not sure if that balance is still there” (I22). Her comment mirrored the pressure for compliance as she questioned whether Fairtrade was still voluntary. Furthermore, South African retailers rarely demanded the Fairtrade certification. Local tenderers, such as South African Airways, requested a certain level of the BEE certification (I13). Other stores requested the WIETA certification (I21) or had their own accreditation system, as in the case of the South African supermarket chain, Woolworths⁸ (I7; I13 & I15).

Supermarkets & Nordic Alcohol Monopolies

Certain informants focused specifically on the European market when illuminating the driving factors behind their decision. Supermarket chains and the Nordic alcohol monopolies were specified as the type of retailers that mostly demanded the Fairtrade label. At first, supermarkets started driving the decision of various wineries to attain an ethical certification. One farm manager explained that, in 1999, when he began working on the wine farm, supermarkets were looking for the Social Accountability International certification, SA 8000, which the winery sought at that time. He said:

Well, [the owner of this farm] never needed an ethical code to take care of his people but the marketplace way back insisted. We were the first winery in South Africa that had an ethical accreditation and that was SA 8000 [...]. I arrived here in 1999 and we started, we decided. That's what the supermarkets want. We do farm ethically, we do treat our people well but that is what the supermarkets want. Give them what they want. (I8.2)

Now, numerous large supermarket chains in Europe shifted over to Fairtrade, requesting their suppliers to deliver Fairtrade certified wine. The big supermarkets jumped on the “Fairtrade bandwagon” to display that they were operating in socially responsible ways (I24). Interestingly, several managers on

⁸ Woolworths is a South African chain of retail stores. As part of its ‘Good Business Journey’ programme, Woolworths introduced own certifications, for example ‘Farming for the Future’ (Woolworths, 2015).

non-Fairtrade farms explained that not supplying to supermarkets was exactly the reason they were not Fairtrade-accredited, as they did not feel any pressure to attain the certification. One of them illustrated his opinion:

I think, that is more for bigger farms if you go into the supermarkets or you go into like Tesco or something. Then you need it. But we are more to a wine shop and yes, wine shops and restaurants and I think, the customer there, if he buys the wine in a wine shop, he doesn't care if it is WIETA or Fairtrade. (I13)

Supermarket chains listed were the Coop in the Netherlands as well as TESCO, Waitrose and Sainsbury's in the UK. Besides the supermarkets, the Nordic alcohol monopolies were presented as a second driving force for the Fairtrade certification in the wine industry. Participants referred to Systembolaget in Sweden, Alko in Finland, and Vinmonopolet in Norway. However, Sweden was cited more frequently than the other two countries. European supermarket chains have been requesting Fairtrade for a long time, while the Scandinavian alcohol monopolies only started demanding the certification in recent years. An executive explained one of the motives for Fairtrade, in the winery he works for, as follows:

Well, definitively opening up markets that you wouldn't otherwise be able to get into. We are seeing it now as an example with the Scandinavian countries where we are getting new contracts now, specifically Sweden. We have known that in the European countries it has been a big thing for long time, like Germany, like the Netherlands, like the UK, but now we specifically see it in Sweden as well. (I5.1)

He explained that the Scandinavian alcohol monopolies had a policy, according to which a certain percentage of their wine imports from South Africa needed to be Fair Trade or Organic certified. "So how do you get the wine in the market if you can't tender for it? And if you got a tender for the market, you have got to have Fairtrade" (I8.2). Various participants spoke about tender agreements that were sent out with the specific note that certain types of wine should carry the Fairtrade certification. The manager from a recently Fairtrade-certified winery pointed out how the requirements specified in tenders have changed over the years. They have started requesting social accreditations, among these, Fairtrade:

Years ago when there was a tender, they would ask for: 'We would like a Sauvignon Blanc and it needs to be from the Western Cape and the alcohol needs to be thirteen per cent and needs to be a 2014 vintage'. But these days they also like to see what else you have to offer. Do you have a social certification? And that is the reason why people are more aware, I believe, and that is why more and more people start doing it. (I9)

If the wineries fulfilled the conditions sought after by the wine monopolies, they could apply for tender. Quite a few interviewees expressed their wishes to fulfil the criteria and be eligible to apply to these tenders, as Sweden is a growing market for South African wines. The Swedish monopoly recognises the IMO-Fair for Life certification at the same level as Fairtrade within their requirements for social responsibility accreditations, and also recently started to accept the wine-industry-specific WIETA certification (I5.1; I9). However, the interviewees saw this change in different ways. Despite this new acceptance of other certifications, certain informants still perceived Fairtrade as holding the highest status in the tenders, compared to WIETA or Fair for Life, which is why one of the wineries,

for example, recently sought the Fairtrade certification in addition to WIETA (I9). The CEO of one of the first Fairtrade wineries seemed rather unsatisfied with the fact that WIETA was included in the policies for wine tenders because this meant losing his competitive advantage (I4). Others appeared to be quite content about the recognition of WIETA in Scandinavian tenders, as the following statement underlines:

[V]ery nice to see that most of the latest Swedish and Finnish tenders have WIETA next to Fairtrade as one of the recognised accreditations. So ja, I think, we are on the right track, on the right track. (I24)

The winery had decided to seek the WIETA certification for itself as well as all supplying grape farms; and with Systembolaget's acceptance of the WIETA certification next to Fairtrade, the managing director considered his decision correct.

Exception: The Pioneers

Nonetheless, an exception to the supply chain pressure was observed when interviewing the managers of some of the first Fairtrade-certified farms in the country. As South Africa was the first Fairtrade wine producer in the world, there was initially no demand from retailers for wineries to produce certified wine; such requirements were a rarity. Some of the participants were among those that started with the Fairtrade movement on grape and wine farms in South Africa. They also described access to the market as one of the driving factors behind wanting the certification, but with a focus on entering a new niche in the market and not fulfilling customer requirements. The CEO of an accredited wine estate explained his motivation for Fairtrade as such:

So, when I was at [the winery], I realised that the company that I joined wasn't very successful, because at the time they sold about 300/400 cases per year [...] which was very, very low in volume. But I prayed and God helped me to find a niche in the market and grow the [wine] brand. And that niche was basically Fairtrade, because at that time there wasn't any Fairtrade wines available in the world. (I1)

The owner of a grape farm that attained the certification in 2007 described his motivation in a similar way, stating that Fairtrade grapes were a “scarce commodity” (I2) at that time; however, this is not the case any more. Since 2003, a progression was noted in the market for South African Fairtrade wine:

[I]f you look at the wine industry, the Fairtrade platform has become quite a lucrative platform and they have seen the sales of [our wine brand] going and the buyers started requesting that. So, it's actually quite a nice marketing platform. So no longer it is just the small producers like [us] on there. It's the big guns. All the big, four biggest exporters of wine, Distell, DGB, KWV, let's add Stellenbosch Vineyards in there. [...]. And it became such a crowded place now. (I4)

The statement underlines the shift from a production-driven to a market-driven approach and again, fits with the introduced theme of supply chain pressure. The big wine-exporting companies all added Fairtrade wines into their portfolio, certifying their own grape farms or sourcing Fairtrade grapes or wine from other certified producers.

5.3.3. No Price Advantage

Due to the aforementioned market access that grape and wine producers sought through the Fairtrade certification, it is plausible to assume that one of the driving factors behind seeking this certification is the potential for a higher profit margin on Fairtrade-certified wines. However, none of the interviewees mentioned a higher selling price as an incentive for becoming certified. Some of the producers even explicitly stated that they were not necessarily receiving a higher amount for their wines; but rather, that they can sell to certain customers who otherwise would not buy their wine. It was even revealed that “[m]ost of the time the Fairtrade wines are sold at a lower price than normal wines in Europe” (I25). UK supermarket chains were especially cited as a market where wine prices, including those for Fairtrade wine, saw a decline. One participant became very vocal when speaking about the prices that are paid by the supermarkets. According to him, the supermarkets requested the Fairtrade certification but were not willing to pay a higher price for it. He argued:

But if you walk out of there and you have the negotiations with their buyers, they will grind you to a floor in terms of prices and then we try and tell them: ‘But guys, you are the ones trying to claim Fairtrade here or fair practices, how do you expect a farmer in South Africa with his workforce to change if that is what you are going to be prepared to keep on paying for South African wines?’ (I24)

These comments show that the Fairtrade certification was attained to sell more wine or to prevent the loss of clients that started requesting the certification, rather than to sell wine at a higher price or with a higher profit margin. It became clear that the price of wine in general, including Fairtrade wine, declined due to changes in customer demand. Thus, the theme of supply change pressures has been substantiated by highlighting the immense power that retailers have in supply chains for South African wines. Decisions made by European retailers were enforced down the chain of production, via the exporting companies and the wineries onto the grape growers in the Western Cape.

5.4. Theme 2: Branding Strategy

The second theme encapsulates managers’ view of the Fairtrade certification as being a useful tool for branding and marketing. As the Fairtrade brand is well-known, many of the participants considered it to be helpful when building or growing the own wine brand to gain recognition and awareness. This section first reports on wine producers’ perceptions about the Fairtrade label and continues to further demonstrate that Fairtrade was seen to be a useful marketing tool or branding strategy.

5.4.1. The Fairtrade Brand and its Values

When talking about Fairtrade as a brand, various wine producers associated the Fairtrade system and label with the terms 'credibility'⁹, 'integrity'¹⁰, 'recognition', and 'global awareness'. For several respondents, the Fairtrade label created trust between their company and the customer. Fairtrade International was described as a credible organisation that does respectable work (I24). In this regard, one CEO exemplified:

I think, the system's integrity is very high. So if you look at the audits, how they do stuff, you cannot manipulate the system. So, I think, for a consumer if they see this system, if they see this mark, they can be fairly comfortable that this is the real thing. (I4)

It was considered important to be accredited with a certification that carried those values towards the retailers and end-consumers. These are values on which the wineries can base and grow their own brands. Only one interviewee doubted the integrity of ethical and social certifications, including Fairtrade (I26). Moreover, numerous comments highlighted the international recognition that the Fairtrade organisation and label were enjoying. One of the grape growers described it to be an advantage of Fairtrade that he now got recognition for his work (I20). The owner of another grape farm illustrated this in a more explicit manner, by linking it back to the South African history. He reflected:

There is a very negative conception and picture of what South African has got, the whole history of abuse and stuff that comes with it. So we are also struggling against that to say, well, we are not all like that. We care and we try. So that is what you are working against. (I11)

When asked whether Fairtrade was helpful in improving that picture, he continued to report:

Yes, of course [...]. Fairtrade is internationally, it is recognised. It is people that admire it [...]. So it is good to be part of it [...]. If you as a South African farmer can be part of a group that is internationally accepted, then you feel, okay, I am trying. (I11)

These illustrations show that some of the producers sought recognition for their product or their company in general. Becoming Fairtrade-certified appeared to be one way of gaining this recognition, especially on an international platform. Two managers of non-Fairtrade farms specified their reflection regarding recognition, by comparing Fairtrade with WIETA. Both of them agreed that currently, Fairtrade is better recognised worldwide (I7; I24):

But I must say that the Fairtrade brand is well recognised all over the world. But we are WIETA accredited and the WIETA [...] was decided by the whole industry but it is not well recognised yet. It is quite new but I think the WIETA need to do much more in sort of public relations that it gets recognition on the same level as Fairtrade. (I7)

⁹ Credibility is defined as "the quality of being believed or accepted as true, real, or honest" ("Credibility", 2015).

¹⁰ Integrity is defined as "the quality of being honest and fair" ("Integrity", 2015).

This interviewee acknowledged the higher recognition of Fairtrade, which was exactly what he wished to see for the WIETA accreditation in the future. The search for recognition was an important driving factor behind the decision for ethical certifications. Similarly, various informants highlighted consumers' global awareness of the Fairtrade logo in comparison to other ethical certifications; thus, making it attractive to the wine farm. Most of them saw awareness for Fairtrade among European, but not South African, consumers as the following statement illustrates:

South African consumers are not that much interested or we've not reached that level of maturity, if I can put it that way. Our consumers are not that interested under which circumstances were a product produced, were [...] people paid a fair wage, was there no child labour involved. So they don't ask those kind of questions YET. We're only starting to ask but it's only a very selective portion of the market. On the international market people are there. They ask this kind of questions. (I3)

European wine consumers were perceived to be conscious of the product they buy, its origin, and the difference their purchase makes to the workers who produce it. In this light, one interviewee expressed that “[e]ven in a recession environment, people are happy to buy something that makes them feel good because there is a lot of corruption in the world” (I18). The awareness for Fairtrade was considered to be high due to the feel-good factor for consumers who purchase certified products.

5.4.2. Fairtrade as a Branding and Marketing Tool

Seeking credibility, integrity, recognition, as well as global awareness, for their brands, wine producers acknowledged the contribution that Fairtrade can make in this regard. This section will, therefore, focus on the strategies for which the Fairtrade accreditation appeared to be useful according to the participants, namely as a marketing tool, to relay the message of social responsibility and to create a point of differentiation within the marketplace.

Marketing Tool

Quite a few participants attributed their motivation to the marketing opportunity that the certification offered. Three managers of Fairtrade-accredited wineries described the procedure, stating that it was the marketing department that proposed the opportunity of selling more wine by being Fairtrade-certified and spread the idea to other departments, as well as the supplying grape farms (I9; I10 & I20). When comparing Fairtrade to WIETA, the manager of a non-certified wine estate highlighted the strong marketing aspect that he saw in the Fairtrade certification. He reported:

So [WIETA] I think is more internal, making the industry better whereas Fairtrade, I think, is more probably marketing. [...] I think, it was always probably driven from marketing side whereas I think, WIETA is more driven from the industry. (I26)

Likewise, the quality control manager of one winery explained that the more stickers there were on a bottle of wine, the better it sold, especially overseas. She said: “Our marketing people know where to put stickers on and where not and

which countries ((laughter)). Ja, but it is definitely in some countries, stickers sell” (I20). These perspectives show the importance to wine producers, particularly the marketing departments, in being able to put the Fairtrade label on their wines.

Relay the Message of Social Responsibility

Moreover, some informants expressed their belief that Fairtrade helped or could potentially facilitate them – the latter, in cases where they were not accredited – to tell the buyers what stood behind their wine brand and to relay to them, the message that they were acting socially responsibly. The manager of a BEE wine brand, who had applied for a Fairtrade certification, illustrated:

Our main motivation was to tell the world that we are ethical [...]. Certification is vital because [in the supermarkets] you don't have the opportunity to tell it to each and everyone that buys the wine. So when people see it, people must know that they are buying a good wine. (I15)

The managing director of another non-Fairtrade winery reflected that the Fairtrade certification could have helped in letting customers know about the social responsibility initiatives on their supplying farms in an easier way (I24). According to the participants, it was not enough to just run social projects on the farms. There needed to have proof of what the farm was doing regarding social responsibility. Documentation was required:

I think a lot of farmers in their hearts they really want to do good to people but these days you also need to have your paperwork in place. You can have the intention to do good but you do need to have a paper trail. You need to be able to show people. (I9)

Proving the farm's social responsibility was needed to show that they were not “bad white South African farmers”, as they are often perceived in the international media (I21). One of the respondents confirmed that the Fairtrade certification was nothing more than a “stamp”, showing the farm's commitment in terms of community development (I14). Nonetheless, there was also a manager who did not agree with the necessity of a sticker or stamp to prove the farm's social responsibility. If management's responsibility were real, there would not be a need for a sticker. He said:

I feel sometimes if you put a sticker on something if you know you are doing it right, it feels like you are kind of being labelled, just put under the umbrella of a sticker. I have done this for sticker. We don't even put any stickers on any of our wines whether it be for competitions or so on. (I23)

However, the cited wine farm was among those that exported less than 50 per cent of their total wine production, and was therefore not that strongly exposed to those markets where ethical labels played an important role.

Differentiation

In addition, and certainly interconnected with the previous motives, the Fairtrade certification was perceived to be helpful for creating a point of differentiation towards the buyer. South African grape and wine producers found themselves

competing in a very crowded marketplace. According to the Fairtrade manager of one of the wine estates,

it is very tough to sell wines since the market is so flooded and to try and build a new brand within this flooded market was difficult. So selling wine overseas you need something to tell, to show the buyers and that was Fairtrade. So that was the main objective, was to sell wine overseas and to do that you need some kind of accreditations regarding the ethical, your workers and rural upliftment. (I14)

The interviewees mentioned the low selling prices they received for their wines, weak South African currency, oversupply of wine, and high competition in the market. As illustrated by the citation above, some of the wine producers thought that the Fairtrade certification could give them a point of differentiation that they needed, in order to be competitive on the market. Fairtrade was seen as “an additional outlet” (I25) towards the product. The Fairtrade logo might immediately create a point of differentiation for the wine brand when purchased in a supermarket, without consumers knowing anything else about the product (I3). Thus, the second theme was also informed by business-minded reasons behind seeking a Fairtrade certification. Whereas the first theme classified the wine producers’ decision as a response to supply chain pressures, the second theme rather illustrated it as a strategy initiated by the farms. However, this strategy was also based on the fact that there was awareness for the Fairtrade logo in consumer countries.

5.5. Theme 3: A Vehicle for Social Development and Transformation

A third recurrent theme was a sense amongst the interviewees that the Fairtrade system served as an instrument to empower workers and local communities and that it could, therefore, contribute to the social transformation of the country. A variety of perspectives showed – besides the above introduced business-minded reasons – that grape growers and wine producers also considered community development and the reduction of social inequalities as important factors when seeking a Fairtrade certification. With this in mind, “Fairtrade became a vehicle [...] to add value to the lives of people” (I1).

5.5.1. Social Development and Empowerment

Empowering farm workers and their communities and providing them with education and training were found to be important factors among interview responses. Wine producers and farmers described Fairtrade as a system that had the capacity to empower disadvantaged people. The comment below illustrates one of these perspectives:

Fairtrade for us is a hands-up approach rather than a hand-out approach. The hand-out approach has been done and trialled and doesn't work in Africa. All the NGOs that you can think of in the world just give money but they don't really empower people whereas Fairtrade tries to do that because the model is such that the Fairtrade premium is paid over to a Joint Body. (I18)

Another interviewee expressed social development of the workers as the main reason for becoming Fairtrade or Fair for Life certified. He explained that the winery's main reason for attaining ethical certifications, first Fairtrade and then Fair for Life, was the premium money given to the farm workers, so that they could invest it in improving their lives (I5.1). However, not everyone agreed that Fairtrade is necessary to empower or develop the farming communities. Some of the farms were running their own social projects without such a certification. One of the producers argued:

So if you decide what you want to do, then it is more of just being able to make sure that you can keep doing it regardless of certification or the set-up of it. And then you have a supportive nature, then what you have in the vineyard effectively supports the people and it is very traceable. (I23)

On another farm, management had created a workers' trust, where a percentage of their wine sales went into this trust. The money was then used for the training and development of the workers and their families, regardless of being Fairtrade certified (I24). Fairtrade was acknowledged as a benefit to the farm workers, but not seen as the only way of empowering the local communities.

5.5.2. Rectifying the History and Transforming the Country

Aside from the motive of empowerment, some interviewees went deeper when explaining their motivation for social development of the farming communities, connecting it to the history of the country and the immense social inequalities that characterise the society. Four of the participants used the exact words "give back" when explaining that they wanted to benefit the community and workers through the Fairtrade system (I14; I16; I19 & I24). For example, one of them said: "But over and above that, [our company's] point of view has always been of the sense that we want to *give back*" (I16). Considering the context of the interviews, the managers referred to South African history and their attempt to drive change through benefitting their workers. Other respondents similarly explained their wish to rectify the past, the history of apartheid in South Africa, at least to a small extent. The comment below illustrates the potential that was seen within the Fairtrade system to realise a change in the country:

So, it is a total approach that is required within the South African context to bring about a change that is sustainable. To do that one needs to grow the economy from a macro level, even more so on the industry level. Otherwise, you are just going to take away from Paul to give to Peter. It is not going to work. You need to make it a bigger cake. Then everybody gets a 'lekker'¹¹ slice. That is the only way, and I think, Fairtrade can help there. (I4)

The mission of this CEO of a BEE wine company was to reduce the social inequality in South Africa through sustainable change and a growing economy. He acknowledged that Fairtrade could help realise that mission. Furthermore, a small number of interviewees mentioned the farm worker strike that happened 2012/2013¹² in the Western Cape. Whereas one of the interviewees expressed

¹¹ 'Lekker' is Afrikaans (local South African language) and means 'good; pleasant' ("Lekker", 2015).

¹² A series of farm worker strikes occurred in 2012/2013 with the main demand of a wage increase from R69 to R150 (R=Rand, South African currency). For further information, see South African History Online (2015).

concern about the violence of the protests, describing it as a “time bomb” (I4) that was likely to reoccur, another participant reflected upon the negative picture of South African farmers that was created through the strikes (I26). These two participants pointed out the pressure coming from the side of the labourers for better chances and equal opportunities.

5.5.3. Funds for Social Projects

At this stage, the question of why Fairtrade was seen as a useful tool to create change and empower farm workers in South Africa may arise. Various interviewees stated that they needed money to run social projects on the farm, which is why Fairtrade seemed lucrative to them. One of them explicated:

Years ago I wanted to do something for the people on the farm and to get a project started but it is difficult to do it with your own funds. You can do something but it will be small. And then I heard about Fairtrade and I did some research and Fairtrade was the only accreditation that someday comes money back to the farm, to the workers and it makes sense to do something like that because the wine price is under pressure. [...] On top of the wine price they give something back to the farm workers and that was mainly the start of it and the project grew from then. [...] So the pressure isn't on the farm's finance but it comes from other sources. So that helps a lot. (I19)

For long, Fairtrade was the only certification in the South African wine industry that channelled money back to the farms for social projects.¹³ However, several controversial opinions came up about the costs and benefits of attaining a Fairtrade certification. Whereas some respondents explained that the money that went to the farms as social premium outweighed the costs that the farmers had to pay for audits and compliance, others did not agree with this statement. In this regard, one participant compared Fairtrade to IMO-Fair for Life:

When we started looking into Fair for Life, we started doing some calculations [...]. I think, [...] for one year our [Workers'] Empowerment Trust had earned 800,000 roundabout in Fairtrade premium money but 1.2 million Rand was paid to FLO to use the logo. [...]. That didn't make sense at all. So with Fair for Life you only pay for your certification cost. You do not have any monthly payments and stuff like that going on. You pay for your certification and that's it. (I5.2)

These diverging views may relate to the fact that the audit costs depend on the type of farm and were, therefore, not the same for all properties represented by the participants. Furthermore, some of the farms only sold a small part of their grapes or wines as Fairtrade, which therefore led to a smaller social premium. Thus, it is evident that several wine producers and grape growers sought social development, empowerment and transformation within the country and industry. Fairtrade was especially seen as useful regarding the funds that are provided to the farm workers for social projects. However, there were still several cases where the farm's cost-benefit analysis did not favour Fairtrade certification, prompting farmers and business owners to consider alternatives.

¹³ IMO-Fair for Life also includes the payment of a social premium; however, it entered the industry only in 2011.

5.6. Minor Themes – Internal Management and Business Ethics

In addition to the three major themes presented, two smaller themes – internal farm management and business ethics – were identified. Firstly, for a few interviewees, Fairtrade was seen as a useful tool to improve internal management on the farm. One of the aspects mentioned was the implementation of clear internal regulations with which the staff members had to comply; therefore, leading to a better functioning internal performance. As one of the managers illustrated: “[W]e work with quite a few managers. So it is easy if [...] there is a standard that everybody must bite by and it gets audited” (I25). Fairtrade was also seen as a convenient way of bringing the paperwork of the farm in order. It was perceived to bring clear rules and guidelines for proper administration of the farm (I11). On the other hand, another aspect that arose was the increased employee motivation that was achieved through Fairtrade, which appeared to improve employee performance. Furthermore, some managers described Fairtrade to be part of their business ethics. They expressed that it was ethically or morally right to join the Fairtrade system. The following example underlines this opinion: “We really think that it is the right thing to do from the community development side and for our staff” (I11). Even though these two themes did not appear as strongly in the data as the previous three, they nevertheless provide valuable insights and will be considered in the interpretation.

5.7. Obstacles and Criticism associated with Fairtrade

To fully understand South African wine producers’ perspectives on the Fairtrade certification, it is also important to examine the obstacles that occur when seeking the certification and the criticism that producers expressed about the system. Respondents frequently complained throughout the interviews about the high costs of compliance and auditing related to Fairtrade, as well as the large amount of administrative work involved with the certification. Some of the non-Fairtrade farms, especially the smaller family-run farms, stated that the certification would not be viable for them, cost-wise. To fulfil the documentation requirements of a Fairtrade certification, the farmers needed to either do a lot of extra work or to employ someone specifically dedicated at this task. Some managers saw the huge amount of paperwork that was required to be Fairtrade certified as a waste of time (I2; I9; I16; I20). As another critical issue, it was mentioned that the Fairtrade rules were inflexible and often impractical. Participants complained that the standards were not fitting for small farms unless they were grouped in a cooperative. However, one interviewee explained, belonging to a cooperative is not always feasible:

[T]heir solutions to us weren't workable for us. What they thought we should look at such as getting some of the growers who are suppliers into a cooperative. They are also not placed in the same areas. [...] They are all over the place. They are spread according to where we buy our grapes from, what grapes we buy. So, it's just not in our model. (I6)

Similarly, it was seen as problematic that 100 per cent of the grapes involved in producing Fairtrade wine needed to be Fairtrade certified, as many wineries produce wine blends where grapes come from various locations. One of the wine estates applied for a Fairtrade certification, but the fact that two per cent of the grapes used to produce their wine was not Fairtrade-certified led to their application being rejected, as the traceability required by Fairtrade could not be assured (I15). Another impractical rule was seen in the prohibition of using certain chemicals that, in the opinion of some participants, would not harm the workers when used responsibly. According to the exemplification of one respondent, the workers on her farm complained that they could not harvest because of the strong weeds that were wet and particularly clingy to their clothes (I14). Another participant criticised that some of Fairtrade's codes "just sound nice to somebody else but are impossible for farmers to comply with" (I6). Fairtrade International was accused of not really understanding the local context at South African farm level (I4; I16).

Moreover, dissatisfaction was expressed about the increasing amount of certifications that South African wine farms are expected to have. As the general data obtained from the wine farms showed, most of the farms and wineries had several certifications – the wine-industry-specific certifications, WIETA and IPW, being the most common. Some of the interviewees were quite annoyed about having to comply with all the different certifications. One of them said:

The thing is, there is too many, I think. I don't know why is there a WIETA, why is there a Fairtrade? Why can't it be one certification? [...] So I think, it is too many certifications and everything costs money. (I13)

Several wineries covered three areas with certification: one certification for the social side, one certification for environmental aspects, and one for food safety. On the social side, it was mostly referred to WIETA (aside from Fairtrade and Fair for Life). The environmental side was mostly covered by the IPW certification or ISO 14000. A small number of farms were also Organic-certified. For assuring the safety of their product, wineries mentioned the HACCP, ISO 22000 or GlobalGAP.

Lastly, participants complained about the changing rules within the Fairtrade standards. In the initial years of Fairtrade in the South African wine industry, it was required for a farm to have a minimum of 25 per cent black ownership to be eligible for a Fairtrade certification. However, the black ownership rule was taken out of the Fairtrade standards after a couple years, according to various respondents¹⁴. Some managers criticised this change, while others were in favour of it, as it allowed them to become certified as well. One participant reflected upon the development of Fairtrade within the industry after the change in the standards when the BEE rule was taken out:

So BEE was still part of it. Consequently, that has changed. So, I am very vocal about it because I was against it because now you have a lot of people that are in it

¹⁴ Recent academic literature mentions the BEE rules to be part of the Fairtrade standards in South Africa; however, various interviewees explained that there was a change in the standards.

for the wrong reasons. People using Fairtrade just as a marketing tool. Traders using it as a marketing tool and I have got a vested interest in a producer and a Joint Body. (118)

The change in the Fairtrade standards about the black ownership rule led to an increased number of Fairtrade farms; and therefore, an oversupply in Fairtrade grapes and wines. Certain farms did not see the possibility of becoming Fairtrade certified because their structure did not adhere to the Fairtrade rules. Others did not want to seek it because of high costs or relative low importance. Again, others were Fairtrade-certified but expressed that they had to face certain difficulties as a result of the certification and, therefore, described the Fairtrade system as being unnecessarily complicated. Overall, a relatively high level of discontent with the Fairtrade system was noted throughout the interviews. Both managers that had worked with Fairtrade for several years now and those that joined it quite recently expressed their frustration with the system.

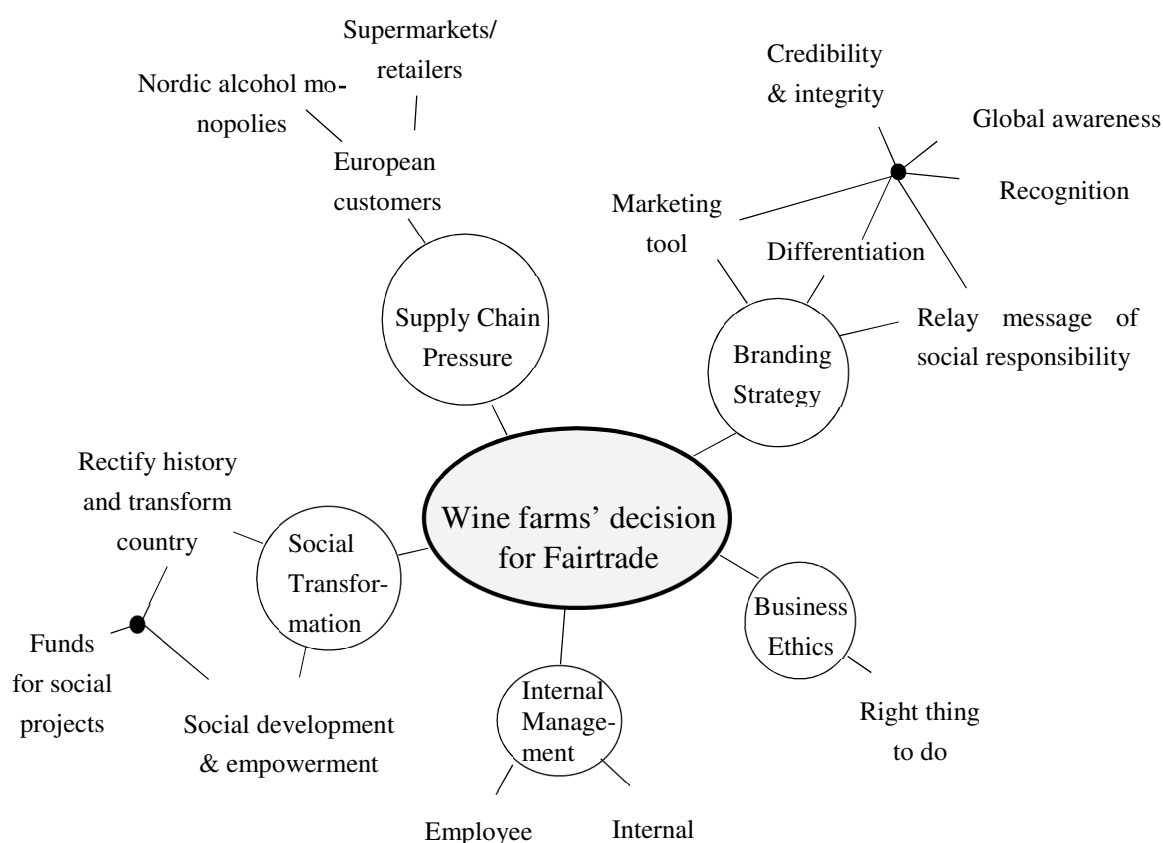
5.8. Overview and Co-occurrence of Themes

This chapter presented five different themes as main motivating factors behind the interviewees' decision to become Fairtrade accredited. The first theme – supply chain pressure – was most apparent within the data. The second and third themes – branding strategy and social transformation – occurred with less intensity but were present in the responses of the majority of participants. The last two themes – internal management and business ethics – were only mentioned by a few participants. Figure 2 provides a thematic map that gives an overview of the themes and main codes that have been introduced throughout the chapter.

In each interview, a set of motives and driving factors was identified. None of the managers based his or her answers solely on one motivation. Some of the participants clearly stated that it was a set of motives that informed their decision, often referring to a “win-win situation”, benefitting both the workers, as well as the sales and reputation of the farm (I1; I2 & I4). Others came to speak more implicitly about the different reasons behind their decision. As this research aimed at understanding the common driving factors among the group of interviewed managers, the focus of the analysis was on the comparison and identification of themes across the interviews. Further explanation of the integration of motives within each individual interview was beyond the scope of this analysis.

After looking at the study's findings, the motivating factors behind seeking the Fairtrade certification became clear. However, as mentioned in Chapter Four, these findings are only the ‘tip of an iceberg’. The conceptual framework in Chapter Three offered some possible ideas about the deeper, unobservable reality. A further examination of the study's findings is necessary to understand why those findings occurred.

Figure 2: Thematic Map



Source: Own contribution, based on study's findings

6. A Holistic Understanding of Wine Producers' Motivation for Fairtrade

With the purpose of gaining deeper insights into the motivation and interests of grape growers and wine producers in South Africa's Western Cape Province in seeking out a Fairtrade certification, this chapter aims at interpreting the previously presented findings in light of the existing literature, as well as the underlying theories; namely legitimacy and institutional theory.

The research question was largely answered, at a semantic level, by the findings presented in Chapter Five. The overarching finding revealed that international customers play an influencing role in the decision-making process of grape and wine producers. These clients were specified to be mainly importers in the off-trade. A second major finding was related to the credibility, integrity, recognition, and global awareness that the interviewees saw in the Fairtrade brand, which contributed to the producers' use of the Fairtrade certification as a branding strategy and proof of their social responsibility. Thirdly, it was identified that South African grape farmers and wine producers had a desire to contribute to the social transformation of the country through empowering their farm workers and local communities. This chapter is structured according to the themes introduced in

the previous chapter when presenting the findings of this study. In addition, this chapter delves into the reasons and possible explanations for these findings. Each of the themes will be reviewed in light of the conceptual framework. To maintain or strengthen their legitimacy, it was assumed that South African wine producers, on the one hand, respond to institutional pressures – coercive, mimetic and normative – and on the other hand, actively employ legitimation strategies in their quest for legitimacy – pragmatic, moral and cognitive.

6.1. Playing the Game of International Retailers

The strong influence that came from international customers, and that drove wine producers to adopt the Fairtrade accreditation, was introduced as one of the main themes. Data analysis identified UK-based retailers and the Swedish alcohol monopoly, Systembolaget, as main pressuring stakeholders that play a crucial role in wineries and farms becoming Fairtrade accredited. This finding offers various valuable points of reference within the existing literature and underlying theoretical propositions.

6.1.1. The Coercive Nature of Supply Chain Relationships

Looking at the theoretical propositions that were previously discussed in this master's thesis, it is evident that coercive pressures on an organisation can come from different external forces, including supplier-buyer relationships. Buchko (2011, p. 32) discusses the influence of a large retailer, such as Wal-Mart, on its suppliers as one example of coercive isomorphism. Powerful customers can constrain managers in their strategic decisions and pressure them into conforming to their demands, which may result in a homogenisation of different firms. These pressures arise due to “asymmetrical dependencies among organizations in highly institutionalized interorganizational networks” (Buchko, 2011, p. 32). This elaboration seems to be in agreement with the findings obtained in the present study.

Most of the Fairtrade-certified farms appeared to be dependent on the same major customers. Even though several managers elucidated that they were trying to differentiate themselves from others through the Fairtrade certification, more and more grape and wine farms have attained the certification during the last years. This indicates a process of homogenisation, otherwise known as isomorphism in institutional theory (DiMaggio & Powell, 1983). Due to the external pressures that several of the participating wine farms receive from their main customers, they are forced to resemble each other and to comply with the Fairtrade certification. As some of the participants stated, the Fairtrade wine market is not a niche anymore. Even though it may still represent a niche in relation to the international wine market, the majority of respondents agreed that the development of the Fairtrade wine segment is going in a direction that implies the mainstreaming of the Fairtrade accreditation.

The illustration of a manager on a non-Fairtrade wine estate serves to underline the external pressure and mistrust that is perceived from the Nordic countries, which ultimately pushes South African wine producers towards attaining an ethical certification. He explained the need for ethical certifications as follows:

Because every time we get overseas agents, especially Sweden seemed to me, they are/ They think, they are the angels of the world. They need on a morally high ground and we are definitely under scrutiny from the Nordic countries. We get a lot of our agents here and especially Sweden, they want to see that we are ethically sound. So I also do it mainly for the Nordic countries. (17)

The manager's feeling of being "under scrutiny" shows his perceived need for closing a legitimacy gap with the Nordic countries. This example highlights the lack of legitimacy that is expressed towards wine producers from the side of the customers; thus, leading them to respond to these coercive pressures via certification.

6.1.2. Coercive Pressures Originating in the Mainstreaming of Fair Trade

When thinking about the roots of coercive pressures arising and enforcing South African wine producers to become accredited, the debate around 'mainstreaming' of Fair Trade, as discussed in Chapter Three, appears to offer some valuable explanations. According to Hughes (2015, p. 300), Fairtrade now plays an integral role in retailers' CSR strategies. The retail sector in the UK is characterised in literature as "one of the most powerful in the world in terms of the concentration of capital into a small number of large chains, with significant implications for the exercise of power in the supply chain and innovation in retailing strategies and formats" (Hughes, 2015, p. 302). This characterisation perfectly underlines the first theme – supply chain demand.

Furthermore, the findings of this study clearly show some parallels to research by Robinson (2009) about the Fairtrade banana supply chain and the role of UK supermarkets within it. Through interviews with banana producers, Robinson (2009, pp. 1018–1019) found that "there is little option for those suppliers that want to access consumer markets but to comply with the dictates of the big four supermarkets. [...] UK supermarkets are able to exert control in the export production chains that serve them". The biggest supermarket groups in the UK – TESCO, ASDA and Sainsbury's – all require codes like the ETI Base Code, SA 8000 and Fairtrade certification in their supply chains. Similarly, South African wine producers reported an overwhelming request for the WIETA (ETI Code specified for the South African wine industry), SA 8000, and Fairtrade certifications from the side of the supermarkets. Likewise, in her study on Chilean Fairtrade wine value chains, Kleine (2008, pp. 114–115) found that supermarkets exerted extensive economic power on wine producers in Chile and, therefore, presented them as leading actors in the Fairtrade wine supply chain. A third similar finding was provided by Schwartz (2012), in her study about the Fairtrade process in India and Sweden, concentrating on the garment sector. She argued that the Fairtrade label was diffused by coercive forces when European companies request their Indian suppliers to adapt to the standards. The findings

from these studies, both in another Fairtrade wine-producing country and various other Fairtrade products, all underline the power of European companies on Fairtrade producers. They, therefore, seem to validate the evidence obtained from interviews with wine producers when explaining their motivation for Fairtrade.

Moreover, Robinson (2009, p. 1021) found that supermarkets requested codes for fair and ethical trade but simultaneously exercised a downward pressure on the price, thus limiting producers' ability to implement and ensure the standards. Likewise, South African wine producers articulated their critique in this research. One of the interviewees got to the point when expressing that big supermarkets are all involved with Fairtrade these days to be seen as socially responsible, while simultaneously "[grinding] you to a floor in terms of prices [...]. If the world really believes that we need to change [...], then change the way that our pricing structure is working in the international world. Otherwise, how do you create that extra one Rand to put back into development?" (I24). In the same way, Robinson (2009, p. 1021) argued that supermarkets were placing conflicting demands on producers; on the one hand, they request ethical codes and compliance but on the other, they are not willing to pay higher prices for the goods. These links to already existing literature help gain an understanding of how the mainstreaming of Fairtrade has shifted the control over to the retailers and supermarkets, forcing wine producers (similarly to producers in other Fairtrade categories) to adopt the certification in order to not maintain sales and to not lose their market share in an already competitive sector.

Academic literature about the Nordic alcohol monopolies in relation to Fairtrade is limited; however, it was a topic in general literature about the wine sector. In the case of Sweden, the idea behind the alcohol monopoly, Systembolaget, is to sell alcoholic drinks in a controlled manner, with the aim of developing a healthy drinking culture. Aside from Sweden, Norway, and Finland, wine is also retailed by state monopolies in some provinces of Canada and some states in the USA (Hall & Mitchell, 2008, pp. 173–174). According to data obtained from Fairtrade Sweden, in 2015, the share of Fairtrade and Fair for Life wines was 18 per cent of the total wine imports of Systembolaget. These 18 per cent included accredited wines sourced from Argentina, Chile, and South Africa. A growth in the demand for Fairtrade wine of around 50 per cent in 2013 and 40 per cent in 2014 was noted in Sweden; and it was furthermore mentioned that Sweden had the highest consumption of Fairtrade wine per capita (Fairtrade Sweden, personal communication, 2015). This increase in the figures over the last two years might explain why the requests for Fairtrade from Systembolaget have occurred more recently, in comparison to the requests coming from retailers in the UK. As noted earlier, the Swedish alcohol monopoly has newly started to accept the WIETA certification in some of their tenders; whereas before, Fairtrade and IMO-Fair for Life were the only recognised ethical certifications. This will possibly lead some producers to adopt WIETA instead of any of the two Fair Trade certifications. The fact that South African wine producers convinced Systembolaget to accept the WIETA certification indicates that the power is not exclusively in the hands of the customers; but can also be, partly, influenced by the South African wine industry.

One participant explained that “Systembolaget visited us here. In fact, they visited only three farms and [we were] one of them [...]. I think, we made a better PR job to tell them what WIETA stands for and what it means compared to Fairtrade” (I7). However, the key was quite clearly seen to be in the hands of Systembolaget, as this illustration confirms:

South Africa was once upon a time the number one supplier of wine into Sweden, the number one. It is now overtaken by Italians and the French. But they had the key. If they just said, we are not going to purchase any more wine from white farmers here or if there is no land ownership, I promise you, it would have been a fox in a henhouse here. They would have just changed. (I4)

This manager of a black-owned winery underlined the key position of Systembolaget, however, acknowledging that this influence could be used in a positive way. As his concern was to increase black ownership within the wine industry, he saw the potential power of Systembolaget in pushing for this change.

Consequently, it can be argued that South African grape growers and wine producers are among Fairtrade certified producers that feel the effects of the ‘mainstreaming’ of Fairtrade. As demonstrated in Chapter Three, the debate around mainstreaming is broad and carries its positive aspects along with well-grounded criticism. Hall and Mitchell (2008, p. 94), citing van Schoor and Visser (2000), claim that South African wine producers and companies that want to export to foreign markets “have a choice either to play the international game according to the internationally acceptable rules or to capitulate and concentrate on the internal market”. Similarly, one of the participants stated that without accreditations, “you won’t be able to sell. You can sell your wines locally and that’s it, but you won’t be able to export” (I2). Coercive pressure is not only perceived in Fairtrade, but also in other ethical as well as environmental certifications accepted by the international market.

Chapter Two illustrated that wine producers operate in a highly competitive environment, due to a global oversupply of grapes and an increased amount of gatekeeping retailers (Hussain et al., 2008). Some participants confirmed that there was always an oversupply of grapes and wine. The competitive pressures in the wine sector have been noted independently of Fairtrade. The buying power had already been with selected gatekeeping companies, who then decided to include Fairtrade wine in their product ranges. It is, therefore, a plausible explanation that South African wine producers that are highly dependent on individual retailers did not have any other choice but to ‘play the game’ of international retailers.

6.2. Intangible Symbolic Attributes of Wine Brands

The second theme was characterised by the global awareness of the Fairtrade brand and the importance for participants to gain recognition for their wine brands. Building a strong brand in an overcrowded wine market was expressed to be an enormous challenge for South African wine producers. This section aims

at providing a deeper understanding of Fairtrade's contribution to wine farms' branding strategy.

6.2.1. Seeking Pragmatic Legitimacy through the Fairtrade Label

As explained within the conceptual framework, a business strategy to attain pragmatic legitimacy might be characterised by a company seeking to improve its brand image or to enhance its reputation (Thomas & Lamm, 2012, p. 193). It, therefore, seems that one of the deeper motives of South African wine producers is to increase their pragmatic legitimacy. The managers interviewed for this study saw the Fairtrade label as an additional outlet for their wine brand that communicates the message of practiced social responsibility on the farm. By considering the Fairtrade system's credibility and integrity, as well as the international recognition and awareness, the majority of the interviewed wine producers highlighted the legitimacy that they attribute to the Fairtrade certification. Whether Fairtrade itself was seen as a credible certification depended on the interviewee's subjective view of the world; and thus, the decision to consider Fairtrade as a useful tool for the promotion of their brand depended on this worldview. As mentioned before, one of the participants doubted the integrity and credibility of the Fairtrade system and showed a rather negative attitude towards the accreditation, not considering any necessity for his wine estate to attain it.

Luna-Reyes et al. (2013, p. 76) confirm that producers apply a branding strategy that consists of combining product certification and advertising to link it to the concepts of 'green' or 'sustainable'. The authors found that trust plays an essential role when operating in distribution networks and that confidence was created by attributing non-price information to the products. This was found through the analysis of four cases, including a Central American Fair Trade craft cooperative. The responses given by the participants in this study expressed similar difficulties in establishing trust with overseas consumers. Fairtrade could, therefore, help in building the trust between consumers and producers, as the Fairtrade certification is already widely recognised, established, and trusted.

When reviewing the literature, no study could be identified that applied legitimacy theory to the understanding of the motivation of producers in hired labour contexts to regarding the Fairtrade certification. The concept of legitimacy was only related to the objectives of the Fair Trade movement itself. This second finding – seeing Fairtrade as a strategic action to enhance the pragmatic legitimacy of a farm or plantation – therefore, offers a new insight within the literature about Fairtrade. However, similar findings have been identified when studying companies' motivation for other types of social responsibility. Castelló and Lozano (2011), for example, analysed companies' annual sustainability reports and related their strategic CSR actions to pragmatic legitimacy.

6.2.2. The Power of Ethical Branding

Following King and Whetten (2008, p. 195), accountability standards perform the functions of strengthening legitimacy as well as improving reputation. As explained before, the concepts of legitimacy and reputation are seen as complementary and interdependent in this study. The analysis of the interviews revealed that the participants saw Fairtrade as a useful branding and marketing tool to differentiate themselves from other wineries and gain a competitive advantage. In addition to strengthening their legitimacy, this might also relate to a reputation-enhancing strategy. Czinkota et al. (2014, p. 92) mention that the effective communication of legitimacy-related values may give a company a competitive advantage. The interviewed wine producers seemed to consider Fairtrade as an effective communication tool for relaying values such as integrity and credibility to their customers.

According to Fan (2005, p. 346), corporate reputation is linked to a “buyer’s perception as to whether a company is well known, good or bad, reliable, trustworthy, reputable and believable”. This reputation can be enhanced through corporate branding. The author further found that branding had been poorly linked to ethics within existing literature, even though brands are prevalent in persons’ everyday life. She argued that brands have a profound impact on society and that they constitute the most valuable asset of an organisation. At the same time, they are also an organisation’s most vulnerable assets. A brand’s reputation can be “easily damaged or even destroyed overnight” (Fan, 2005, p. 344). Welford et al. (2003, p. 4) share this view while arguing that negative media reports, adverse publicity, or campaigns coordinated by pressure groups can easily harm brands. The fear of negative publicity was expressed among some of the participants (e.g. I11, I26). In order to avoid negative media reports or adverse publicity, wine producers actively seek legitimacy and reputation; in this case, through improving their brand image with Fairtrade. Statements from the interviewees showed that to them, a brand was more than the logo; through the Fairtrade mark, they sought to prove to the consumer that they were acting in a socially responsible way. Furthermore, Welford et al. (2003, p. 12) claim that proving social responsibility will “provide a new impetus for a firm to gain advantage over its competitors”. A stronger focus is placed on the area of differentiation. The presentation of the second theme in the previous chapter elaborated the intended differentiation through Fairtrade that was mentioned by several of the interviewed managers.

Following Hall and Mitchell (2008, p. 14), wineries that intend to develop their brands in order to increase their values need to focus strongly on their customers. Participants perceived an interest in the Fairtrade brand from the side of the customers and specifically, a strong awareness among European consumers, which incentivised them to grow their wine brand under the umbrella of Fairtrade. Dolan (2011, p. 37) reflects upon the value of an ethical brand, such as Fairtrade, in today’s economy of mass production and intense competition:

[B]rands enable companies to sustain customer loyalty, enhance shareholder value, and differentiate themselves in a postindustrial landscape sated with a seemingly infinite array of goods. Yet while brands dominate the marketplace, their power lies less in the utility and functionality of their products than in their intangible symbolic attributes. These intangible qualities are particularly salient in ethical brands such as Fairtrade.

This appears to be one of the underlying reasons behind South African wine producers deciding to attain a Fairtrade accreditation for their wines. Similar to several interviewees, Dolan (2011, p. 37) also acknowledges that Fairtrade is currently the “world’s most recognizable ethical brand”. Most of the interviewed wine producers seemed to recognise the importance of branding in today’s globalised economy, but were also aware of the difficulties related to branding. Therefore, it seems plausible to argue that managers of the participating South African wine farms perceived Fairtrade as a supportive tool for their branding strategies. Fairtrade might protect wine brands from gaining a bad image and make them less vulnerable.

6.2.3. Wine Farms’ Corporate Self-Storying

Within the theme of branding, it was found that several of the participating wine producers intended to relay a message of social responsibility through the Fairtrade label. Some of the interviewees mentioned that Fairtrade could help them to tell their story. This finding relates to the concept of ‘corporate self-storying’ introduced by Johansen and Nielsen (2012). Self-storying is defined as the “way an organisation presents itself as an entity, i.e. the story or stories it tells of itself” (Johansen & Nielsen, 2012, p. 437). It is closely related to the concept of corporate identity, which has been introduced earlier, and can even be seen as a component of creating corporate identity. The authors argue that corporate identity has the function of building and maintaining reputation, securing and strengthening legitimacy, as well as differentiating the organisation from its competitors. This explanation supports the logic behind the second theme, namely that the interviewed wine producers wished to build a strong brand that tells a story in order to build their corporate identity and thus, strengthen their legitimacy, enhance their reputation, and differentiate themselves from other wine farms. In this regard, Fairtrade was seen as helpful to tell the story and build a corporate identity. This claim, again, is supported by Johansen and Nielsen (2012), as they found CSR reporting to be an important component of ‘self-storying’.

6.3. South Africa’s Wine Industry as a Mirror for Social and Political Change

The findings also showed that wine producers expressed a need for social transformation. This section will look at the reasons why the participants articulated this need and why Fairtrade was seen as a useful tool for achieving this goal. However, this third theme gives way to quite a broad range of interpretations. This section, therefore, does not claim to give a full picture of why

South African wine producers seek for social transformation. It rather provides some selected ideas and explanations.

6.3.1. Institutional Pressure Rooted in South Africa's History

Firstly, it is important to look at the existence of the third theme in the light of South Africa's history. Bek et al. (2012, p. 142) point out that the "South African wine industry is deeply intertwined with the social history of slavery that continued to shape political, economic and cultural power relations for more than 150 years". Chapter Two outlined this historical context. As argued by Brammer et al. (2011), and stated within the assumptions of this research, the institutional environment of an organisation is the result of historical struggles and it is rarely sufficient to look at its current functions. Various participants claimed that they wished to 'give back', to rectify the events that happened in history and help communities that, in the past, never had a chance to benefit. These illustrations can only be understood within the context of South Africa's history, particularly apartheid.

Arya and Zhang (2009, p. 1091) mention the problems of social exclusion that South Africa's institutional environment faced in 1994 due to apartheid policies. During apartheid sanctions, an export embargo was severely limited the operations of South African wine farms. A legitimacy theorist would say that the 'social contract' was cancelled. Foreign customers eliminated the demand for South African wine, which might underline the increased need for legitimacy that South African wine producers perceived after 1994, and possibly still perceive today. As wine expert Robinson (2016) pointed out in her article about the South African wine industry, "[o]ne of the exciting things about the wine business is the reliable way in which it mirrors social and political change". These historically rooted institutional pressures may also be related to the field of coercive isomorphism (Dillard et al., 2004, p. 513). Wine farms become similar to each other because they operate in an institutional environment that has been shaped by the same history.

6.3.2. Government's Coercive Influence

The coercive pressures rooted in history have furthermore been strengthened and enforced by the South African government. As explained within the conceptual framework, governmental regulations belong to the field of coercive influences (Moll et al., 2006, p. 188). Hussain et al. (2008, p. 37) discussed the regulations and requirements imposed by the "ever-evolving" South African government and the resulting "uncertainties of national social, economic, and political stability". However, these coercive pressures related to history and government seem to result in a number of social initiatives. They should not only be considered as coercive pressures resulting in wine farms adopting a Fairtrade certification but likewise, lead to the inclusion of other social responsibility programmes, such as BEE and WIETA. It is probable that BEE and WIETA are even more strongly influenced by these historically rooted pressures, as they are

local initiatives and do not purely stem from consumer markets in the North (Bek et al., 2012, pp. 147–148). Nevertheless, one of the interviewees draws a link between the locally enforced compliance with BEE regulations and his motivation for attaining a Fairtrade certification:

We started with the Fairtrade on the farm because we had a BEE farm where the workers own 50 per cent of the property. We own the other 50 per cent. And in the beginning, that was a requirement to get Fairtrade accreditation. Since that is changed, they don't need that anymore, but that's/ We had that advantage, so we tried to capitalize on that and that's why we entered into the Fairtrade in the beginning. (I2)

As critical realists argue, relationships can be identified as necessary or contingent (Easton, 2010, p. 121). The social transformation rooted in history, government regulations, and other coercive pressures may, but does not necessarily lead to South African wine producers adopting the Fairtrade certification. The relationship between the third theme of social transformation and the farms' decision for Fairtrade should therefore be seen as a contingent one. Several interviewees mentioned that they already had social projects, such as a crèche or an after-school club, before becoming Fairtrade certified (e.g. I8.1; I14).

6.4. Weak Focus on Intrinsic Rewards

One of the minor themes showed that some of the wine producers saw an opportunity of improving their internal performance through Fairtrade. Fairtrade may regulate the internal farm system by imposing rules to which each of the managers, officers, and workers must comply. Furthermore, Fairtrade was seen as beneficial for motivating farm workers and thus, improving their performance. As the theoretical propositions informing this study take into consideration the outside institutional environment of the wine farm and not its internal performance, this finding falls outside the scope of institutional and legitimacy theory. Nonetheless, Simpson et al. (2012) provide a reasonable explanation for the weak appearance of this theme and why it has not yet been elaborated in other studies about voluntary standards. Due to the external power exerted by stakeholders, companies have more strongly focused on “extrinsic rewards” of voluntary standard adoption, rather than more “intrinsic rewards” such as improving the internal performance. This appeared to be the case when participating South African wine producers decided to attain a Fairtrade certification and, therefore, resulted in a weak appearance of the theme of internal performance management. Simpson et al. (2012, p. 86) argue that this focus on “external rewards” may explain the failure of some voluntary standards. The statement that “[m]any firms [...] adopt management standards because of external political or cultural pressures rather than a desire to benefit from them” (Simpson et al., 2012, p. 86) is likely to apply to some of the farms interviewed for this research. Within the chapter on the findings of this study, one of the obstacles of Fairtrade was described as impracticalities regarding Fairtrade rules that needed to be implemented. The manager of the bottling company, who works

with a lot of grape farmers, argued that many of them “don't know exactly how to incorporate Fairtrade as part of their daily business” (I16).

Even though the findings provided some indications for improved performance on certified farms, this was limited to certain aspects and was only expressed by few participants. The impracticality of the rules appeared to be a major concern; once more underlining the adoption of the Fairtrade standards due to external pressures and not with the incentive to improve internal capabilities. The incompatibility between daily farm operations and Fairtrade standards clearly hints towards a focus on ‘external rewards’ when seeking the Fairtrade certification.

6.5. The Right Thing to Do

The conceptual framework defined moral legitimacy as an organisation's judgement whether a strategy is “the right thing to do” (Suchman, 1995, p. 579). Four of the participants of this study used this exact wording when describing their motivation behind attaining the Fairtrade certification, as described within the theme of business ethics (I4; I11; I19 & I24). From an ethical point of view, the interviewed managers considered Fairtrade ‘the right thing to do’. Two of the statements are given here, to underline the interpretation:

Yes, Fairtrade is ethically right. Morally right. It is *the right thing to do* from other aspects. (I11).

And that is why I say, the reason why we do it, is we believe it is *the right thing*. (I24)

Business ethics require a company to perform in accordance with socially constructed rules or moral philosophy (Fan, 2005, p. 345). Correspondingly, Suchman (1995) argued that moral legitimacy cannot be created or manipulated by organisations. It depends on the alignment with societal values. Through becoming Fairtrade certified, some of the wine producers, therefore, intend to show their alignment with society's expectations and values and thus, gain moral legitimacy. Castelló and Lozano (2011, p. 14) confirm this interpretation in a broader field by arguing that companies have started to search for moral legitimacy through their CSR activities.

6.6. Tying together Various Threads

The previous sections viewed each of the five themes in the light of theoretical propositions and existing research. However, some questions remain unanswered and several aspects must still be tied together, to pave the way for the conclusion of this study. Thus, this section reflects on the paradox between differentiation and isomorphism, prior assumptions, theoretical propositions, as well as the change of the institutional environment over time.

6.6.1. The Paradox between Differentiation and Isomorphism

The wish for differentiation expressed by the managers from South African wine farms and the simultaneous increase in the number of farms becoming Fairtrade-certified presents a paradox. This paradox between differentiation and isomorphism has been addressed in the existing literature on institutional theory and legitimacy theory.

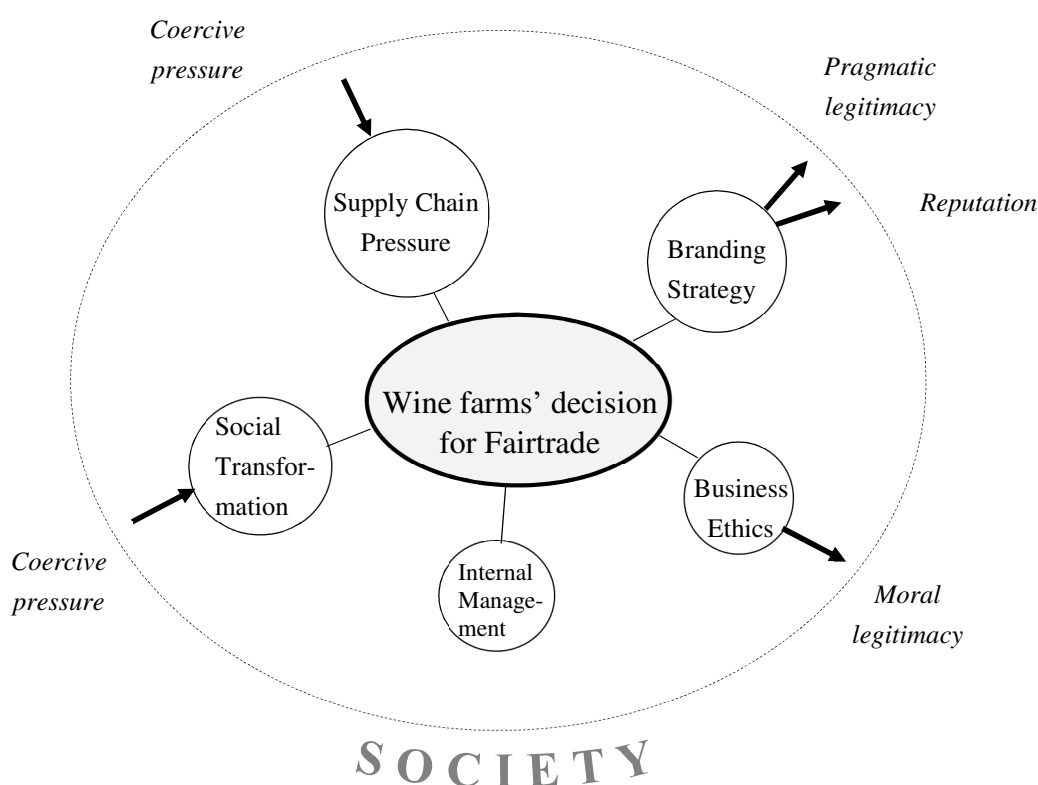
Johansen and Nielsen (2012, p. 438) found that organisations seemingly adhere to similar norms when disclosing information about their CSR activities. Participants of this study want to tell their stories and differentiate themselves through Fairtrade, but due to the external coercive pressures, they increasingly tell their stories in a homogenous way. In relation to the overall number of wineries that exist in South Africa, however, the purpose of differentiation may still be fulfilled through Fairtrade. At the same time, this topic appears to be multi-faceted and complex. As Johansen and Nielsen (2012, p. 438) suggest: “[I]dentity is about being different, yet same”. Organisations want to be unique and at the same time, they want to belong and be considered as a legitimate member of society. While pursuing corporate identity and differentiation, organisations end up demonstrating compliance and conformity. As one of the interviewees commented: “I think, we are definitely heading to everybody being Fairtrade and everybody being BEE. Especially in the wine industry, it makes it very important for us to do trade. For everybody to do trade” (I22). Whether all wine farms will one day be Fairtrade certified remains questionable; however, this statement nicely underlines the process of homogenisation or isomorphism among South African wine farms.

6.6.2. Reflection of Prior Assumptions

So far, this chapter discussed some possible ideas regarding the deeper meaning of the motivating factors that the wine producers revealed throughout the interviews. The theoretical propositions that informed the research claimed that different isomorphic pressures, namely coercive, mimetic and normative pressures, stemming from institutional theory, may influence wine farmers’ decision for Fairtrade. On the other hand, by considering the strategic approach of legitimacy theory, wine producers might proactively seek legitimisation strategies to strengthen the farm’s pragmatic, moral or cognitive legitimacy.

Figure 3 demonstrates how these theoretical propositions have been related to the five themes that were identified and discussed throughout the analysis process. It summarises the interpretations that were made within the sections of this chapter:

Figure 3: Combined Thematic and Concept Map



Source: Own contribution, based on study's findings and interpretation

Firstly, the participants' motivation for Fairtrade was identified as a response to coercive pressures. Coercive power resulting from customer demands, as well as from history and governmental regulations, had been assumed at the beginning of the study, based on prior research. The customers were further specified, leading the main focus onto UK retailers and the Nordic alcohol monopolies. The coercive pressure stemming from these retailers turned out to be the primary force behind wine producers' decision. Governmental and industry regulations were considered coercive pressures as well; however, of a 'contingent' nature, as they did not seem to lead directly to the decision for Fairtrade. Secondly, the findings revealed that the interviewed wine producers tried to strengthen their brand and communicate their story under the umbrella of Fairtrade; thus, benefitting from Fairtrade's existing legitimacy. This branding approach was considered a pragmatic legitimation strategy. It ties in with the assumption drawn from previous studies, stating that organisations often pursue social or environmental certifications to enhance their pragmatic legitimacy. Moreover, branding under the name of Fairtrade appeared to be an incentive for the participants to improve their reputation. In this regard, it has been argued that seeking legitimacy and strengthening reputation can be considered complementary strategies. Thirdly, a link was established between moral legitimacy and the participants' descriptions of their decision for Fairtrade, as informed by their business ethics; or simply as 'the right thing to do'.

Normative and mimetic pressures were not found to play an important role for the participants' decision. However, this does not mean that there cannot be a pressure coming from normative and mimetic processes. These pressures may exist, but were not clearly expressed. It was assumed that, in the highly competitive wine environment, wineries may mimic other farms or wine companies that have already attained the certifications. This assumption seems plausible; however, none of the respondents cited their motivations as being influenced by competitors. This was possibly simply not expressed, or was not thought to be relevant to their decisions. Furthermore, normative pressures from industry associations or labour unions were assumed to influence farms' decisions for Fairtrade. In this regard, several of the interviewees compared the local initiative, WIETA, with Fairtrade, stating that WIETA is driven by the industry and Fairtrade by the marketplace. The topic of farm workers' protests was raised by only two participants but did not seem to directly influence decisions for Fairtrade. Industry associations, labour unions, and other normative stakeholders did not appear as a major driving force for seeking a Fairtrade accreditation. Normative pressures are more likely to drive farms' decision for the WIETA certification because as a multi-stakeholder initiative, it includes industry associations and labour unions (WIETA, 2015). As DiMaggio and Powell (1983, p. 150) already commented in one of their early works about institutional theory, the three types of isomorphic pressures are analytically distinct, but might be difficult to distinguish empirically. Consequently, relating the findings to the different kinds of institutional pressures is a tentative answer, but should not be taken as a definitive conclusion.

On the side of legitimation strategies, hints for both pragmatic and moral legitimacy have been recognised. The prior assumptions indicated that Fairtrade may be considered a 'gold standard' and thus, may grant cognitive legitimacy to a wine farm. However, it was also explained that cognitive legitimacy is a rather passive form of legitimacy that lies beyond the scope of most managers. Consequently, this form of legitimacy is hard to assess empirically through interviews with managers. Whether the Fairtrade certification itself grants cognitive legitimacy or not is another debate. Bernstein and Cashore (2007, p. 355) argue that there is a shift from the pragmatic legitimacy of certifications towards moral and cognitive legitimacy with the latter forms of legitimacy being more consistent over time; however, this has not yet been empirically tested.

Overall, the main motive for the participants to attain a Fairtrade certification was, therefore, a reaction to external coercive pressures. Proactive efforts in search of pragmatic legitimacy appeared with less intensity though also seemed to play an important role. Moreover, hints about the wine farms' need for moral legitimacy were identified.

6.6.3. A Continuous Adaption Process to the Institutional Environment

Mather (2004, pp. 485–486) found that labour issues were not imposed from outside the country on South African wine farms, which initially appears to contradict the findings of this study. In his study, grape growers mainly referred

to labour legislation and codes of conduct implemented by the South African government. However, he conducted his study more than ten years ago. At that time, Fairtrade in South Africa was just in its initial stages as it was started only in 2003. Comparing the findings of Mather (2004) to the outside pressure for labour issues expressed through retailers requesting the Fairtrade certification, which was identified in this research, indicates the change of the institutional environment for wine producers within the last ten years.

At this point, it is important to highlight that the application of the Fairtrade accreditation to the wine sector was an initiative coming from some of the wine producers themselves. Even though it was not imposed on the wine industry in its early stages, it turned into an external pressure with the increase in Fairtrade, explaining the rising number of certified producers. Ponte (2009, p. 250) distinguished Fairtrade from other social and environmental certifications in the South African wine industry as the process and the adoption of the Fairtrade rules to the wine sector originated in South Africa. He found that growers and wineries had to modify their operations according to the requirements of the certifications imposed from outside, however mentioning Fairtrade as an exemption. The managers interviewed for this study also confirmed that the Fairtrade rules for wine were developed together with several South African producers. Nevertheless, the participants considered several of the Fairtrade standards as impractical and external pressures were clearly identifiable.

The fact that some previous studies have not identified external pressures as the major driving force for South African wine producers to adopt the Fairtrade certification does not necessarily contradict the findings of this study. It rather underlines the changing institutional environment in which wine farms operate, and is furthermore grounded by the shift of Fairtrade from an alternative trade market towards mainstreaming. As Dowling and Pfeffer (1975, p. 134) point out, the assumption that organisations adapt to social requirements in order attain legitimacy is complicated “by the fact that even as organizations adapt, social definitions of legitimacy change”. Czinkota et al. (2014, p. 92) underlines this by calling it a “continuous adaptation process”. Companies must constantly adapt to the game. This constant adaptation was reflected within the findings of this research when one of the managers elaborated on the different certifications that supermarkets requested over the time, from SA 8000 up to Fairtrade. As previously stated, “that is what the supermarkets want. Give them what they want” (I8.2). Any institutional environment evolves over time and decisions and motivations influenced by an institutional environment, therefore, change accordingly.

7. Conclusion and Perspectives

The study was set out to understand the motivation and interests of wine producers in the Western Cape, South Africa, in seeking a Fairtrade certification. The general literature on the concept of Fair Trade highlighted the controversial discussion around the market structures that the movement operates in, its entry

into mainstream commercial channels, and its application to hired labour plantations. Embedding the context of Fair Trade into the broader structures of voluntary certification systems led to a conceptual framework informed by the theoretical propositions from two theories. Institutional theory and legitimacy theory allowed this study to focus on isomorphic drivers and proactive legitimation strategies that influence wine producers' decision to seek the accreditation. The research was guided by the following question: What is the motivation of wine producers in the Western Cape Province in South Africa behind becoming Fairtrade certified? This chapter provides conclusions on the study's findings and interpretations in light of the research question. Furthermore, it contains a reflection on the theoretical background and methodology chosen for this master's thesis, as well as major risks and opportunities that were identified throughout the research process. Finally, this chapter closes with some implications for development policy and perspectives for future research in this field.

7.1. Conclusion

Identifying supply chain pressures as one of the major drivers behind seeking the Fairtrade certification and characterising these pressures as coercive isomorphic drivers, allowed for the understanding, to a certain degree, of why the number of Fairtrade wine farms has seen a steady increase in recent years. The underlying reasons for the emergence of such coercive pressures were found in the highly competitive environment of the wine industry and the mainstreaming of Fairtrade. With reference to the scholarly discussion around the economy and market structures of the Fair Trade movement, this major finding supports authors who claim that Fairtrade rests on the same market forces than conventional trade does.

The pursuit of pragmatic legitimacy was indicated by participants' expressions to gain recognition and credibility for their operations; thus, considering the Fairtrade label as a valuable component of a wine farm's branding strategy. Recalling that brands are the most valuable but also the most vulnerable assets of an organisation leads to the following conclusion of the second theme: Branding under the name of Fairtrade provides wine farms with the movement's legitimacy, making this a valuable branding strategy. Nevertheless, it might also make wine farms' reputation vulnerable and dependent as they rely on Fairtrade's legitimacy.

A commitment to social transformation was noted among the wine farms, which was then related back to coercive influences arising from South Africa's history; more specifically, from the regulations implemented by the post-apartheid government. Even though the interviewee bias of giving socially desirable answers must be considered when drawing conclusions regarding this third theme, previous literature also highlighted the increasing pressures for social responsibility that the wine industry is receiving. The relationship between coercive pressures from the government for social transformation and the

decision for Fairtrade has been characterised as contingent, as these influences might similarly lead to other social initiatives.

Among a few participants, it was mentioned that Fairtrade could bring structure into a farm's operation and increase employees' motivation. The weak appearance of this theme was related to the strong appearance of the first theme. This led to the interpretation that the 'extrinsic rewards' of Fairtrade play a more important role than 'intrinsic rewards', similar to findings of other studies on voluntary standard adoption. Even though specific Fairtrade standards have been developed for the wine sector, these were still considered too generic and often unfitting to a wine farm's internal set-up. The question of how Fairtrade standards could be improved, so as not to disturb, but better support, a wine farm's internal performance remains.

Finally, some interviewees saw the Fairtrade certification as 'the right thing to do'. This finding was linked to moral legitimacy that the wine producers might see in the Fairtrade certification; thus, driving them to join in. As literature suggested, voluntary certifications might be shifting over from pragmatic legitimacy to moral legitimacy or even cognitive legitimacy. Consequently, any moral legitimacy associated with the Fairtrade label would benefit a certified producer, increasing his moral legitimacy simultaneously.

7.2. Reflection on Theoretical Background and Methodology

Real world situations and problems, such as South African wine farms' operations, are complex and characterised by a multitude of relationships. Situating this research in the paradigm of critical realism allowed for a belief in an objective reality, and thus, to establish prior theoretical assumptions. Nonetheless, it is acknowledged that no theory can capture the full complexity of real world relationships. The analysis and interpretation showed that institutional theory and legitimacy theory offered a variety of explanations for the findings of this research. Institutional theory and legitimacy theory directed the view towards the institutional environment of the interviewed wine firms and found this to be highly influenced by key customers. As not all the wine farms depend on the same clients, their institutional environments tend to differ and this offers the explanation for some of the non-Fairtrade farms stating that they do not see any need to attain the accreditation.

The main motivational drivers for South African wine farms appeared to depend on their institutional environment; thus, the theoretical constructions applied in this research were indeed suitable. They provided sufficient explanatory power to reach to well-grounded answers to the research question and conclusions of this study. What the theoretical propositions fail to explain are internal reasons for a farm to become, or not become, accredited. However, as internal farm management reasons did not appear to play a crucial role, the potential inappropriateness of the theoretical background was eliminated. This study showed that the same organisational theories used to assess companies'

motivation for social and environmental reporting are also applicable to the Fairtrade hired labour context. The decision of management on hired labour plantations for or against Fairtrade are driven by external institutional forces, similar to any other company's decisions. As Fairtrade has always been a market-driven model, it is not surprising that the main isomorphic pressures stem from the marketplace. In accordance with the paradigm of critical realism, structural conditions, as well as contingent circumstances, have been identified as underlying motives. While those incentives and pressures coming from the marketplace present structural conditions – or a necessary causal relationship – the motives referring to social transformation or farm internal management present contingent circumstances.

A qualitative research design, collecting data with semi-structured interviews and assessing it through a thematic analysis, was deemed an appropriate methodological choice, as it allowed for obtaining in-depth insights and multiple perspectives while simultaneously keeping a standard and allowing for project completion within the given time frame.

7.3. Risks and Opportunities

Built upon the theoretical and empirical insights, this study has identified a set of risks and opportunities related to the adoption of Fairtrade standards on South African wine farms. On one hand, this research has highlighted the dichotomy in mainstreaming, similarly previously addressed by other scholars, and the risks associated with it. Fairtrade's ultimate objective is to empower workers in the South; but most of the power seems to lie with the customers in the North. If South African wine producers have to comply to Fairtrade standards in order to sell their wine to certain customers, there is a risk that the certification is sought after without considering whether it fits with the farm's set-up. The Fairtrade standards are quite generic, and certain farms might be better off with a farm-internal workers' trust that funds projects for education and social development, or with any other social initiative. However, if the customers require Fairtrade, the farms do not seem to have a choice. Furthermore, high audit and compliance costs associated with Fairtrade certification are not viable for all farms. Thus, there is a risk that Fairtrade favours larger farms. A standardised Fairtrade process might not always be the best process, as it might lead the farm to blindly adapt to what is requested. Some farms surely seek to go beyond Fairtrade's aims, but others could justify their actions by being Fairtrade certified even if there were other ways that could better benefit the community. Moreover, retailers' policies force wine suppliers to attain the Fairtrade certification; but at the same time, the retailers' demand is not enough to buy as much Fairtrade grapes and wine as South Africa produces. Among participants, an oversupply of Fairtrade wine has been noted. The retailers request a certain amount of Fairtrade but to produce this, the whole grape farm must to be certified. Thus, most of the grape farms only sell a part of their grapes under Fairtrade. Consequently, they only receive a premium for this portion of grapes. The oversupply in Fairtrade wine

also carries the risk of prices dropping further. Fairtrade International determines minimum prices that a winery has to pay for the Fairtrade grapes. However, it does not regulate the prices that the retailers pay to the winery for the Fairtrade wine. This risk has been noted especially with regard to supermarket chains. Lastly, Fairtrade has been in negative critique in the media in some consumer countries in the last years. Any loss or critique in Fairtrade's legitimacy might directly lead to a decreased legitimacy for certified producers. A shift in the legitimacy of the Fairtrade certification itself will directly result in a shift in the legitimacy on the wine brand that carries the Fairtrade logo.

On the other hand, some opportunities were derived from the study's findings and interpretations. Firstly, the increased demand for Fairtrade wine from customers in European countries may allow more farm workers in South Africa to benefit from the Fairtrade premium, using it for education or other social projects. Requesting managers on South African wine farms to legitimise their businesses and operations has the potential to increase the awareness among wine producers to act more socially responsibly towards their labourers. Without institutional pressures enforcing such social standards, labour conditions in the industry might still be worse. Secondly, the Fairtrade Network being present in South Africa, even with their office located in the Western Cape, has the opportunity to actively interact with certified farms and thus, to suggest possible adaptations of the standards to make them fitting better with the wine industry and the farms' internal operations.

7.4. Implications and Perspectives

This study showed that the shift of consumers in countries of the North towards more ethically and environmentally sustainable consumption has immense implications for producers. The enormous potential of international customers in the process of improving labour standards has been noted. Developmental initiatives, such as the Fair Trade movement, that differ from classical projects in the development sector and operate within the market structures carry opportunities but at the same time huge risks, as identified above. In the context of the Fairtrade standards for hired labour, workers on plantations and farms receive a premium in addition to their incomes. Furthermore, their working conditions are improved. If owners and managers of plantations feel encouraged to participate in Fairtrade, their participation might improve the relationship between management and labourers. However, if the management feels pressure, rather than encouragement, to participate, it remains questionable whether the participation in Fairtrade can lead to an improvement in the relationship. This study did not focus on the impact that Fairtrade has on the local farm workers; however, it shows risks and opportunities that alternative movements as Fair Trade can bring to local producing countries. The study at hand was not intended to judge the impact of a developmental programme or initiative, but it challenges development policy with the question of whether the shift towards ethical consumption in the North is the right approach to enhance

development in the South. Is it even possible to shift the power within 'non-state market-driven' governance systems away from the market, mostly the retailers, towards the producer? There is, after all, a good reason for the voluntary certification systems to be labelled as 'market-driven'.

The scale of the debate around the mainstreaming of Fairtrade is extensive and multifaceted at the international, as well as regional levels in the South African wine industry. On a local level, further research should compare the impacts of initiatives like WIETA that are more driven by the industry (normative drivers) with those enforced by customers (coercive drivers). Further research, in this regard, might also include the question as to whether industry-driven initiatives 'motivate' wine producers – motivation in a real voluntary sense – to act more socially responsible towards their labourers rather than driving or even enforcing them to do so. On a more general level, research could address the question of whether Fairtrade or other 'voluntary' certifications are still voluntarily chosen by producers. Does the coercive pressure that comes from international retailers not somehow contradict the meaning of 'voluntary'?

The present study explained why South African wine producers seek a Fairtrade certification and provided a deep, theoretically informed, understanding of management's motivation behind this decision. Perspectives of the participating grape growers and wine producers were reflected, interpreted and the way for further research was paved. Assessing this research from the paradigm of critical realism acknowledged the different worldviews that exist among researchers and interviewees, leaving the topic open to other scholars to assess the findings of this study through different theoretical perspectives.

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Appendices

Appendix A: List of Interviewees

No.	Type of Entity	Fairtrade? (yes/no)	Position of Interview Partner	Gender (m/f)	Date of Interview
I1	Wine Estate	yes	CEO & Managing Director	m	2015-08-20
I2	Grape Farm	yes	Owner	m	2015-08-31
I3	Winery	no	CEO	f	2015-09-02
I4	Winery	yes	CEO	m	2015-09-03
I5.1 I5.2 ¹⁵	Winery	Fair Trade (not FLO)	5.1 Middle Management	m	2015-09-04
			5.2 Consultant for Fair Trade	f	2015-09-04
I6	Winery	yes	Human Resources Manager	m	2015-09-07
I7	Wine Estate	no	Owner	m	2015-09-07
I8.1 I8.2 ¹⁶	Wine Estate	yes	8.1 Community & Fairtrade Officer	f	2015-09-08
			8.2 Farm Manager	m	2015-09-08
I9	Winery	yes	Consultant for Quality Control	f	2015-09-09
I10	Winery	yes	Fairtrade Officer	m	2015-09-09
I11	Grape Farm	yes	Owner	m	2015-09-16
			Wife & Fairtrade Officer	f	
I12	Winery	yes	Communication Officer	f	2015-09-16
I13	Wine Estate	no	Managing Director	m	2015-09-21
I14	Wine Estate	yes	Fairtrade Manager	f	2015-09-22
I15	Wine Estate	no	Managing Director of BEE-Brand	f	2015-09-23
I16	Bottling C.	yes	Compliance Manager	m	2015-09-28
I17	Wine Estate	no	Winemaker & Estate Manager	m	2015-09-28
I18	Winery	yes	Marketing Manager	m	2015-09-29
			Quality Control Manager	f	
I19 ¹⁷	Grape Farm	yes	Fairtrade Officer	m	2015-09-29
			Owner	m	
I20 ¹⁸	Winery	yes	Quality Control Manager	f	2015-09-30
	Grape Farm	yes	Senior Owner	m	

¹⁵ Two individual interviews were conducted in Winery No. 5.

¹⁶ Two individual interviews were conducted on Wine Estate No. 8.

¹⁷ The Quality Control Manager of Winery No. 18 was present in I19, but did not actively participate.

¹⁸ Due to logistical reasons, this interview was conducted with the Owner of a grape farm and the Quality Control Manager of the winery that sources the grapes.

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I21	Wine Estate	no	Co-owner & General Manager	m	2015-10-01
I22	Winery	yes	Compliance Coordinator	f	2015-10-02
I23	Wine Estate	no	Brand & Sales Manager	m	2015-10-06
I24	Winery	no	Managing Director	m	2015-10-08
I25	Wine Estate	no	Managing Director	m	2015-10-13
I26	Wine Estate	no	Business Manager	m	2015-10-19

Appendix B: Semi-Structured Interview Guide

Basic information	
Date and time of interview: _____	Place of interview: _____
Name of wine farm: _____	Name of interview partner: _____
Position of interview partner: _____	

1) Introduction

2) Ice-breaker questions (*choose one or two*)

- How did you get involved into the wine sector?
- For how long have you been working in the wine industry?
- What motivates you to work in the wine sector?
- What is your field of expertise within the wine sector?

3) Main part

- Is your wine farm Fairtrade certified?
 - *If yes:* Can you tell me, what encouraged you to participate in Fairtrade?
 - *If no:* Why not? How do you see the possibilities for your wine farm to participate in Fairtrade (in the future)?
- What do you see as advantages of Fairtrade?
What are disadvantages of Fairtrade in your opinion?
- What makes (ethical) certifications in the wine industry attractive to you?
- *For certified producers:* What makes Fairtrade attractive in comparison to other certifications available in the wine industry?
- *For certified producers:* What has influenced you in your decision to become Fairtrade certified?
- What does/would it mean to you to be part of the worldwide Fairtrade system?
- How would you describe the role of Fairtrade within the South African wine industry?

4) Closing questions

- Is there something that we have not discussed so far?
- Do you have any further comments or questions?

- Do you know another wine producer in this area who might have an interest in being interviewed for this research?

5) Final 'thank you' statement

General data about the wine farm	
Background of the wine farm	<ul style="list-style-type: none"> • In which year was your wine farm founded? • In which year was the first bottle of wine produced on this farm? • How many hectares does the area of your farm comprise? • Is your wine farm privately owned? • Does your wine farm belong to a cooperative?
Business and markets¹⁹	<ul style="list-style-type: none"> • How many tons of grapes do you harvest in average per year? • How many bottles of wine does this wine farm produce in average per year? • What percentage of your production are you exporting? • If you export, to which countries are you exporting? • How many employees do you have?
Standards and certification	<ul style="list-style-type: none"> • Which certifications does your wine farm have? <p><i>If Fairtrade certified:</i></p> <ul style="list-style-type: none"> • Since when is your wine farm Fairtrade certified? • Are all your brands Fairtrade certified?

Appendix C: Code System

CODE NAME	CODE DESCRIPTION	#
	<i>Coded segments</i>	740
MOTIVES		
Supply chain pressure		
Requirements from customers	Includes sub-codes (with various levels) that refer to customer demands for being Fairtrade certified.	
International customers	Refers to international customers demanding the Fairtrade certification. International customers include everyone who buys wine from overseas. In cases where the participant further specified the type of international customer, the segment is related to the respective sub-code.	25
European markets	Includes segments specifying that European markets/customers request the Fairtrade certification.	10
<i>Supermarkets</i>	Includes segments specifying that supermarkets are the customers that demand Fairtrade-certified wine.	16
<i>Fairtrade tender</i>	Tenders including special requirements for wine to be Fairtrade certified.	18
<i>UK</i>	Includes segments specifying that customers from the UK request the Fairtrade certification.	6

¹⁹ Note: Not all questions are applicable to each type of farm.

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<i>Netherlands</i>	Participants mentioning that customers from the Netherlands request the Fairtrade certification.	4
<i>Scandinavia</i>	Includes segments specifying a demand for Fairtrade coming from the Scandinavian/Nordic countries. For Sweden, a separate sub-code has been included. Statements about Nordic countries other than Sweden are included in this code.	11
<i>Sweden</i>	Applied when participants specifically talk about Sweden or Sweden's government-owned alcohol monopoly, Systembolaget.	13
<i>Other European countries</i>	Applied when participants mention that customers from European countries other than Scandinavia, the UK, and the Netherlands demand Fairtrade wine.	3
Wine cellars/ companies	Includes segments that show the influence of wine cellars/wine companies on the grape farms when deciding to attain the Fairtrade certification.	27
Market access in general	Includes segments showing that access to the market is a motivation factor for seeking the Fairtrade certification. Fairtrade is used as a platform to get access to new markets.	28
Exception: Market niche	Participants mention that Fairtrade is attained to enter into a niche in the market. This code also refers to seeking market access but presents an exception to the theme as the pressure is not (yet) coming from the side of the costumers.	8
Branding strategy		
Fairtrade brand	Includes different values that participants associate with the Fairtrade brand. If the value relates to global awareness, credibility & integrity or recognition, the segment is included into one of the sub-codes.	6
<i>Global awareness</i>	Includes segments referring to a global awareness of customers and consumers for Fairtrade.	20
<i>Credibility & Integrity</i>	Includes segments that relate Fairtrade to the values of credibility or integrity.	6
<i>Recognition</i>	Applied when the Fairtrade certification is attained because of its worldwide recognition.	21
Strategic tools	Combines different strategies in the area of branding for which Fairtrade is seen to be useful.	
<i>Marketing tool</i>	Fairtrade certification is a marketing tool.	17
<i>Differentiation</i>	Fairtrade certification can create a point of difference when selling the wine. It can create an advantage above the competitors.	8
<i>Relay message of social responsibility</i>	Fairtrade tells a story of what grape and wine producers are doing in social terms.	21
Social transformation		

Benefit farm workers	Applied when participants mention that they want to benefit their workers through Fairtrade. If the benefits are further related to empowerment, community or development or adding social value, then the segment is included in one of the sub-codes.	14
<i>Community development & empowerment</i>	Applied when participants state that they wish to empower their workers and develop the farming communities through Fairtrade.	10
<i>Add social value</i>	Applied when Fairtrade is attained to add social value to the lives of the farm workers/communities.	13
Socio-political reasons		
<i>Rectify history</i>	Refers to statements related to the history of South Africa and seeing Fairtrade as a tool to partly rectify the injustices of the past.	12
<i>Transformation</i>	Related to wishes of bringing transformation into the wine industry to let previously disadvantaged people benefit; seeing Fairtrade as an appropriate tool to contribute to that transformation.	9
<i>Reduce gap of social inequality in South Africa</i>	Refers to statements related to the reduction of the gap between the rich and the poor in South Africa and Fairtrade being a tool to reach to that.	5
Premium for social projects	Includes statements specifying Fairtrade as a useful tool because it makes money available to the farm/workers for social projects (Fairtrade premium).	10
Joint project with BEE	Used when participants mention the BEE rules and that their compliance with the BEE legislation made them interested in obtaining the Fairtrade certification as well.	15
Internal farm management		
Internal regulations	Includes statements saying that Fairtrade helps to regulate internal processes on the farm.	11
Employee motivation	Used for segments specifying that Fairtrade helps motivate workers on the farm.	7
Business ethics	Applied when participants mention that Fairtrade was attained because of business ethics.	3
Right thing to do	Applied when participants say that Fairtrade is the right thing to do.	9
Win-win-situation	Includes segments specifying that a Fairtrade certification is achieved because it is a win-win situation. It benefits the workers as well as the farm owners.	13
Other motives	This code includes other motives that do not fit into any of the previous categories.	5
NEGATIVE/DEVIANT CASES		

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No niche anymore	Applied when respondents mention that Fairtrade wine is not a niche product any more.	15
<i>Insufficient demand in Fairtrade</i>	Participants mention insufficient demand for the current amount of Fairtrade-certified grapes available in the South African wine industry.	5
No higher prices	Applied when participants mention that Fairtrade wine does not have a higher selling price.	20
Local customers	Local customers are not considered to be interested in the Fairtrade certification.	8
Other deviant cases	Other cases that deviate from the identified motives for seeking a Fairtrade certification.	2
REASONS FOR NOT BEING FAIRTRADE		
Not requested by market	Several reasons mentioned by participants for not being Fairtrade certified.	21
Too expensive		11
No difference for workers		9
Not small-farm friendly		8
Too many certifications		5
No label necessary		4
Not relevant for wine industry		4
Not all grapes Fairtrade		5
Not fulfilling BEE requirement		2
Other reasons		7
CRITICISM OF FAIRTRADE²⁰		
Rules		
<i>Impractical rules</i>	Complaints about impractical Fairtrade rules and standards.	20
<i>Strict rules</i>	Complaints about Fairtrade rules being too strict / inflexible.	12
<i>Changes in rules</i>	Complaints that Fairtrade has changed negatively over the years.	16
<i>Pressure on the farm</i>	Complaints that Fairtrade brings much pressure to the farm.	6
<i>Other criticism of rules</i>	Further criticism and complaints about Fairtrade rules and standards.	2
Administration		

²⁰ "Criticism of Fairtrade" was not in the major focus of analysis. These findings were only considered when contributing to the overall research purpose.

<i>Huge amount of administrative work</i>	Respondents complaining that the Fairtrade certification brings a huge amount of administration and extra work to the grape and wine farms.	6
<i>Time-consuming</i>	Respondents complaining that being Fairtrade certified consumes much time (due to administration, required meetings, etc.)	4
Financially		
<i>High costs</i>	Complaints about high audit and compliance costs of Fairtrade.	24
<i>Fairtrade is making money</i>	Respondents complain that Fairtrade International is the entity most benefitting in economic terms, as they make a lot of money with the certification.	10
Service		
<i>Unprofessional auditors</i>	Complaints about Fairtrade auditors who are unqualified and unprofessional.	4
<i>Not enough support from Fairtrade office</i>	Participants complain that Fairtrade International and/or Fairtrade South Africa do not provide enough support to the farms.	2
PERSPECTIVES ABOUT CERTIFICATIONS IN SOUTH AFRICAN WINE INDUSTRY²¹		
Certifications in general		
<i>Pressure from overseas</i>	Referring to pressure from overseas for certifications in general, not specifically Fairtrade.	6
<i>Accreditations essential to do business</i>	Applied when participants mention that certifications/accreditations are essential to do business as a South African grape/wine farmer.	8
<i>Unfair treatment</i>	Includes complaints about being unfairly treated as South African grape/wine farmer because it is not requested of farmers in certain other wine producing countries (e.g. France, Italy) to have certifications such as WIETA or Fairtrade.	4
<i>Media</i>	Participants refer to pressure from the side of the media.	5
Fairtrade vs. other certifications		
<i>Fairtrade vs. Fair for Life</i>	Includes statements comparing Fairtrade to other certifications that are available in the South African wine industry.	10
<i>Fairtrade vs. WIETA</i>		67
<i>Fairtrade vs. others</i>		4

²¹ As the focus of this research was on the Fairtrade certification, perspectives about certifications in general and a comparison between certifications were only considered when contributing to the overall research purpose.

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