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Public and Private Institutional Responses to Advocacy Attacks: The Case of the Global Cocoa Industry and Child Labour Abuse

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Abstract

Over the past decade the global agri-food industry has come under increasing attack by advocacy groups related to their production and marketing processes (Bowmar and Gow, 2009). Advocacy groups have used these attacks to exploit the growing intergenerational disconnect between consumers and farming to campaign for narrowly defined political ideals while challenging traditional agricultural practices (Olin, 1999). This disconnect has provided advocacy groups the opportunity to use boycotts and other media attacks to severely adverse impact not only branded manufacturers and retailers, but their farmer suppliers. The agri-food industry's challenge is to understand how to develop appropriate individual and collective responses to these attacks that minimize their current and future adverse impact and provide mutually beneficial outcomes for all of the channel members. Using an instrumental case study of the international cocoa and chocolate industry's response to the child labour abuse and trafficking claims, we analyse and evaluate the alternative individual and collective responses that firms can implement to minimize their current and future adverse impact from advocacy attacks and provide mutually beneficial outcomes for all of the channel members. This paper follows a comparative institutional analysis methodology to analyse the multiple nested case studies and evaluate the impact and implications of each alternative.

Effective Responses to Advocacy Attacks: The Case of the Global Cocoa Industry and Child Labour Abuse

1. Introduction

Over the past decade the global agri-food industry has come under increasing attack by advocacy groups concerned about their production and marketing practices (Bowmar and Gow, 2009). Over the past few decades consumers have become increasingly disconnected with the farm. Advocacy groups have seized upon this opportunity to increase consumers' awareness of the welfare issues surrounding the agri-food products and to campaign for their political ideals related to these issues while challenging the associated traditional agricultural practices (Olin, 1999). These attacks and boycotts have not only caused substantial adverse impact to the large branded manufacturers and retailers, but also to their farmer suppliers who must adapt or defend their traditional practices. The agri-food industry's challenge is to understand how to develop appropriate collective and individual responses to these attacks while minimizing their current and future adverse impacts and providing mutually beneficial outcomes for all of the channel members.

The international cocoa industry provides an instrumental case study for analysing how an agri-food industry has individually and collectively responded to advocacy attacks. Following two substantial ecologically-based threats and collective responses to the cocoa supply, the international media published a series of targeted reports in 2001 that accused the global cocoa industry of participating in child labour and trafficking. The industry was faced with the challenge of creating suitable solutions to count these advocacy attacks. These solutions needed to not only dissipate consumers concerns and create a more transparent and sustainable supply chain but also ensure that they maintained farm gate prices that incentivized responsible farming practices. Over the past decade the industry has endogenously and exogenously responded by creating a number of individual and collective solutions, some of which have been more successful than others. Within this paper, we use a historical comparative institutional analysis to evaluate different individual and collective responses implemented over the past decade. Initially, the industry member created a series of individual and regulatory solutions that drew upon previous systems. Over time, the private sector discovered that these efforts could not effectively address their corporate and industry needs and thus they continued to face market criticism. This forced them to re-evaluate their objectives and create a collective system of institutions and incentives that provide a viable strategy for addressing the advocacy attacks. The process of innovation and change provides important policy lessons about the necessary conditions required for the development and implementation of successful solutions.

The rest of this paper is structured as follows. Section two discusses the methodology used. Section three introduces the industry structure. Section four discusses the advocacy attack. Section five discusses collective and individual responses and section six analyzes and discusses the implications.

2. Methodology and Data

This paper analyses the presented instrumental case study as a comparative institutional analysis using grounded theory (Aoki, 2001). Grounded theory is a qualitative methodology that

allows for an inductive theory development process rather than a deductive theory testing process (Glaser and Strauss, 1967; Strauss and Corbin, 1994; Dey, 1999). Research indicates that this is the appropriate methodology for conducting exploratory, inductive logic research to analyse instrumental case studies such as this (Patton, 1987; Westgren and Zering, 1998; Yin, 2003).

Our research employs a series of nested case studies as a part of a comparative institutional analysis (CIA). CIA recognizes that there are a wide variety of institutional arrangements each of which provide specific and different advantages and disadvantages (Aoki, 1996). This methodology allows for the collection of a broad range of historical, attitudinal and observational issues which will support our findings with evidence from a wide variety of sources assuring validity of our conclusions and supporting them with a broad understanding of significant underlying issues (Yin, 1989). This helps to better understand the diversity of institutional arrangements and draw connections between these in a way that creates valuable analysis of their similarities and differences (Aoki, 1996; Philliber, Schwab, & Sloss, 1980). Within CIA, a grounded theory methodology (Glaser and Strauss, 1967; Strauss and Corbin, 1994) is employed to analyse the instrumental case described above. This methodology is the appropriate methodology over alternatives for conducting this research as it allows for topics to be examined with a broad perspective in a natural and inclusive (Woodford, 2000). This methodology proves especially successful when the research is taking place in a new topic area (Eisenhardt, 1989). This method of qualitative institutional analysis can analyse the issue without the use of elaborate mathematical apparatus or marginal calculations while identifying specific issues and problem for alter analytical and empirical research (Simon, 1978). The key criterion for such research is appropriate grounding of the evidence being evaluated (Eistehardt, 1989). This methodology is consistent with academic approaches to research on sustainability which suggest that a key component to such research is to address the current state of affairs in a way that develops knowledge to potentially benefit them (Dasgupta, 1995).

Limitations of grounded theory include the limited scope and nature of case study and the potential for the distortion of crucial relationships between data points (Glaser and Strauss, 1967). Additionally it is important to include the perspectives of the parties studied in order to limit researcher bias (Strauss and Corbin, 1994). This must be balanced by the researcher who accepts responsibility for interpretation of the data collected and not regurgitation of the responses (Strauss and Corbin, 1994).

The sources of data used for grounded theory methodology do not differ dramatically from other means of qualitative research and can be comprised of archival records, interviews and surveys. Data is synthesized, categorized, conceptualized, analysed and mapped into existing theory (Yin, 2003). The data used for this study was comprised of public records including news sources, journal articles, newsletters, industry reports, publications and general web content. Such information was supported by interviews with key players in the spaces where necessary information was not available to gain a broader understanding of a topic.

Archival searches were employed through academic databases to identify related sources in print materials such as newspapers, magazines, legal documents and journal articles. By using such programmes and databases as Business Source Complete, Euromonitor, LexisNexis, and Google Scholar sources could be drawn from a holistic coverage of available data related to the industry. Search terms used to accrue relevant data included “cocoa industry”, “advocacy attacks”, “chocolate industry”, “child labour”. Literature was included from a wide range of

scholarly fields including economics, sociology, political science and agriculture. An explorative audit revealed a foundational understanding of the industry stakeholders and institutions to better ground our construct measure. Relevant concepts that had been previously outlined by the literature were father explored and those concepts excluded from available literature were developed and investigated further.

Field notes and initial responses were noted as data was collected as part of an informal preliminary data analysis to understand basic relationships and patterns accounting for emergent themes and unanticipated case features (Eisenhardt, 1989). Upon sourcing initial raw data a first analysis took place, data was codified to organize, manage, interpret, and depict meaningful connections (De Wet & Erasmus, 2005). Observations were synthesized and categorized further in a process of reduction, re-ordering, re-contextualising and reconceptualising out data to more extensively examine and map the literature and gain an understanding of relationships and patterns between data points (Miles & Huberman, 1994; Coffee & Atkinson, 1996). These concepts were mapped out to create the theoretical framework of future research, and compared our findings with existing similar literature to build internal validity and raise its theoretical level, sharpen the construct definition and support the generalizability of our findings (De Wet & Erasmus, 2005). As industry responses have continued, the process of writing this thesis followed a grounded theory research process involving an iterative process of continually returning to data collection to ensure its relevance and applicability at time of publication.

3. Cocoa Industry Structure

Cocoa is the product of tropical agroforesty, grown by an estimated five to six million largely smallholder farmers in the humid climates within 20 degrees of the equator (World Cocoa Foundation). Farmers grow, harvest and generally ferment and dry the beans which are purchased by local traders and exporters through a series of "middle-men" then exported to international traders and grinders. The beans are then processed into cocoa powder, cocoa butter, cocoa cake and cocoa nibs and are then sent to (usually major multi-national) chocolate manufacturers who create branded products for the final consumer (Roberts, 2003, p. 165).

---- insert Figure 1 here ----

The biggest issue facing the chocolate industry is and has been the security of supply as cocoa production faces many social, political, economic and ecological threats (Euromonitor International, 2010). In the 1990s, an invasive fungus ravaged the South American and Southeast Asian cocoa farms and the cocoa industry were forced to work on collective responses for this supply problem (ICCO). Disease destroyed more than 70% of Brazil's cocoa crops turning the major chocolate exporter into an importer of cocoa products (Shapiro & Rosenquist). "No one had ever seen devastation like this before," said John Lunde, Director of International Programs for Mars. Industry feared catastrophic results if it spread to Africa (TCC, 2010). Almost concurrently, cocoa supplies in Malaysia were destroyed by the Cocoa Pod Borer, a destructive insect, reinforcing the fragility of the cocoa supply.

The global Chocolate market is estimated to reach 4.8 million metric tonnes by 2015 (The San Francisco Chronicle, 2015). Organic and Fairtrade markets for chocolate are estimated to grow much more than conventional, especially in Europe (Monotti, 2008). Recent complaints by industry players to LIFFE, which control the London market where at cocoa is traded, cite a lack of transparency and excessive speculation that are supposedly driving up prices. This follows

several attempts in recent years to corner the market by hedge funds (Mason, 2011). General market trends include a move towards chocolates with higher cocoa content following a period in economic downturn where consumers desired cheaper chocolates that supplemented with different fats (than cocoa butter) (Euromonitor, 2010).

--- insert Figure 1 and 2 here ---

4. Advocacy Attacks against Child Labour in the Cocoa Industry

Early History of the Chocolate Industry

Cocoa was first dried, roasted and ground by the women of Meso-America who combined it with other seeds and spices to create a nourishing foamy drink with religious significance (McGee, 2004). The foamy beverage was brought to Europe in 1502 by Christopher Columbus and "drinking chocolate" was popular amongst royalty until processing, trade and production technology advances created a tablet product more like modern chocolate that made the product available to the general consumer (McGee, 2004). This gave rise to small chocolate processing and manufacturers companies and in the late 1800's and early 1900's European and North American markets saw the creation of modern multinationals such as Cadbury, Hershey's and Nestle. Even then the industry faced problems with advocacy and slave labour as Cadbury shifted its cocoa production from Sau Tome to the Gold Coast (now Ghana) due to ethical concerns of slave labour (Klinger & Ashworth, 2005).

Witches Broom and Pod Borer Outbreaks

In 1989, the already unstable cocoa supply was struck by an outbreak of the invasive fungus, Witches Broom (Tomich et al., 1996). Almost concurrently, cocoa supplies in Malaysia were destroyed by the Cocoa Pod Borer, a destructive insect (Shapiro and Rosenquist,2004). The amount of damage experienced in the major production regions of South East Asia and South America adversely affected production and emphisized to the industry the instability of supply (Habbar, 2007). This caused massive economic harm to the small scale producers in the affected production areas, such as Brazil where Witches Broom destroyed more than 70% of crops turning the major cocoa exporter into an importer of cocoa products (Shapiro & Rosenquist, 2004). This dramatic decline in supply threatened the whole global cocoa industry (Habbar, 2007). Having never experienced devastation to this extent, the cocoa industry and producing country governments recognized the catastrophic potential of unmanaged pests and disease and the need for a cooperative effort to identify collaborative goals and increases the technical responses and capabilities in cacao-producing countries to protect supply (Shapiro & Rosenquist, 2004; Habbar, 2007).

As the cocoa industry rebuilt production, conservation groups, such as the Smithsonian Tropical Research Institute (STRI), determined that there was a direct inverse connection between their rainforest conservation activities and the cocoa industry's re-development of income-producing practices within the forests (Shapiro and Rosenquist, 2004). Recognizing this, STRI coordinated the First International Workshop on Sustainable Cocoa Growing (more commonly referred to as the Panama Conference) in 1998 where industry, academics, NGOs, advocacy groups and government discussed the conflicting supply stability objectives of the industry and conservation concerns of ecological advocacy groups. The discussion resulted in

the development of a set of mutually beneficial objectives that became known as the Panama Convention (Shapiro and Rosenquist, 2004).

The Panama Convention Consensus Statement determined that cocoa had the potential of being a source of bio-diversification and presented industry best practice supporting the use of shade-grown production mechanisms, small scale farms and farmer support, constructive partnerships, ecosystem preservation and integrated pest management systems (Smithsonian, 2002). Although the Panama Convention was initiated by an ecology advocacy foundation, the resounding themes of the resulting initiatives determined by the conference were largely focused on the economic sustainability of the industry (Shapiro and Rosenquist, 2004). Following the conference stakeholders collectively undertook implementation of a prioritized research agenda that included analyzing the socio-economic issues facing small farmers and ecological issues cocoa production (Smithsonian, 2002).

The results of these projects were presented the following year at an international meeting in Paris addressing aid effectiveness to a delegation of industry stakeholders which resulted in the Paris Declaration (Shapiro & Rosenquist, 2004). In the declaration, the chocolate industry, donor agencies, producer groups, trade organizations and major research institutions made a commitment to the sustainable production of cocoa (Schrage & Ewing, 2005). From this evolved the Sustainable Tree Crops Programme which was aimed at using the market intellegence, industry knowledge, skills and experience of the private sector in conjunction with the undrstanding of producing countries, knowledge of development and networks of expertise of the public sector to address the needs of growes of agro-forestry crops (Verlande & Tomich, 2006).

Later that year, at a meeting convened by the World Bank, a group of industry, government, and NGO representatives connected at a workshop on public/private partnerships in Africa. Until this time, Cocoa was what the industry had referred to as an "orphan crop" and had not received the same private and public support as "staple commodities" such as corn and soybeans (Shapiro & Rosenquist, 2004). Here, the chocolate industry explained the socio-economic issues that plagues cocoa producers and was a major source of their supply issues to the NGOs and donor community. Supported by World Bank research showcasing the importance of the agricultural sector to the world economy, donor organizations were receptive to industry and producer-government appeals for support for smallholder cocoa farmers (Shapiro and Rosenquist, 2004). Subsequent discussions led to the formation of the World Cocoa Foundation, as a collaborative partnership between industry and development community, to address sustainability issues in the cocoa industry (World Cocoa Foundation, 2011).

Child Labour rocks the Cocoa Industry

In 2001 the cocoa industry was rocked as the BBC reported in a graphic documentary to their international audience that hundreds of thousands of children from Burkina Faso, Mali and Tonga had been sold into indentured servitude to cocoa farms in Cote d'Ivoire (Hawsky). Within the documentary sensational messages were sent from NGO's and governmental organizations in West Africa to consumers, for example

> "*People who are drinking cocoa…are drinking their blood. It is the blood of young children carrying cocoa sacks so heavy that they have wounds all over their shoulders. It's really pitiful to see*" (Hawsky).

The TV audience was outraged. The BBC sent a second reporter to Cote d'Ivoire who confirmed that the reports were, indeed, true. These reports indicated that over 90% of farms in the world's largst cocoa producing country were employing child labour (Schrage and Ewing, 2005). Although these reports were later provided to be exaggerated, the existence of child labourers and trafficking was a real issue (UNICEF, 2002). UNICEF confirmed the use of child slavery in Cote d'Ivoire in 2002, approximating that 200,000 children were trafficked annually through West and Central Africa. These children were generally traded under a voluntary placement by parents for a set amount of time in exchange for a set amount of money (UNICEF, 2002).

Child Labour and Use in the Cocoa Industry

Child labour is widespread in the developing world and, in relative terms most widespread in Africa where labour force participation exceeds 30 percent in some areas (ILO, 2001; UNICEF, 1997). The reported behaviour went against widely accepted international standards addressing child labour, forced labour and trafficking in persons (ILO, 2001; Schrage & Ewing, 2004). Such practices, so-called "worst forms of child labour" (UNICEF, 2002) are naturally concerning as related jobs can be hazardous or harmful to children's health; more children are believe to die from exposure to pesticides than from all of the most common childhood diseases combined (Canagarajah, 2001). Additionally, child labour impedes upon formal education as school attendance is often limited or forgone due to agricultural work (UNICEF, 2002). Formal surveys and anecdotal evidence suggest that child labour has the highest concentration in rural sectors such as cocoa producing regions where it is often associated with large, rural households (Canagarajah, 2001).

The Producing Countries Responses to the BBC Report

As reports of child labour and trafficking gained momentum, the Ivorian government responded blaming industry multinationals for dictating prices unfit to sustain responsible labour practices (Ivory Coast accuses chocolate companies, 2001). Governments of the producer countries began to recognize the economic implications of maintaining international labour laws and conforming to sustainable farming practices. Nigeria and Ghana began coordinating national programmes for the elimination of child labour and Cameroon, Cote d'Ivoire and Guinea have taken steps to. Cote d'Ivoire ratified both the ILO Minimum Wage Convention, 1973 (No. 138) and the ILO Worst Forms of Child Labour Convention (No. 182) (International Programme on the Eliminataion of Child Labour (IPEC), 2001).

Consumer Outrage, the Harkin-Engel Protocol and Public Certification

Following these reports of the industry's use of child labour in the production of cocoa outraged consumers demanded industry change and government regulation. The industry, government and international organisations agreed that the use of child slavery and trafficking blatantly violated the International Labour Organization's (ILO) Minimum Age Convention as well as international laws prohibiting trafficking in persons (Schrage and Ewing, 2005). Decrees such as the Harkin-Engel protocol from the United States were placed on the industry that demanded that additional actions to be taken by the industry to police themselves.

The Harkin- Engel Protocol called for the establishment of a joint international foundation to address the child labour issue and develop and implement a set of publicly certified standards by 2005 (Harkin-Engel Protocol, 2001). The protocol was named after the two United States Senators who proposed it and is also referred to as the Cocoa Industry Protocol. Although based in the United States, the protocol demanded that the international cocoa and chocolate industry create an objective, credible and certified sustainability effort to support the ILO convention 182 which prohibits child labour and requires immediate action for the elimination of the worst forms of child labour in the cocoa industry (The Harkin-Engel Protocol, 2001). The Cocoa Verification Board was established to implement the certification components of the protocol with the World Cocoa Foundation providing overall coordination for these sustainability efforts.

In 2003, the Ivorian Cocoa Board rejected the level of transparency that the industry demanded because of the "unfair advantage" that they believe it provided other producing countries. In response, trade privileges granted to The Ivory Coast under the Africa Growth and Opportunity Act were revoked due to problems with corruption, lack of transparency and expropriation of foreign property (ILRF, 2006). The industry's system for sustainability relied heavily on actions taken by producing country governments and this action raised questions as to the legitimacy of their structures (ILRF, 2006).

By 2005, doubts were confirmed as the industry had failed to meet the deadline of the Harkin Engel Protocol. The World Cocoa Foundation (2009) sited political instability in West Africa and various issues for their failure to meet the Harkin Engel protocol and related certification requirements, including cultural practices and traditions, lack of infrastructure, availability of investment funds, inadequacy of schooling and vocational training systems in producing areas(CMA Press Release, 2005). They also argued that the ownership structures of most West African cocoa farms made it difficult to determine appropriate verses inappropriate forms of child labour (World Cocoa Foundation, 2009). As a result, the industry, represented by the Chocolate Manufacturers Association, revised their position to promise 50% certification by 2008 (CMA, 2005).

These shortcomings led the International Labour Rights Fund and Anti-Slavery International actively to campaign against the international cocoa and chocolate industry. Ultimately, the International Labour Rights Fund unsuccessfully sued Nestle, ADM and Cargill for their "involvement in the trafficking, torture and forced labour of children based upon U.S. statutes of Torture Victims Protection Act and the Alien Tort Claims Act" and failure to meet the agreed upon target mandated by the United States government (ILRF, 2006, p8; Schrage and Ewing, 2005).

Over this time period, media reports continued to bring attention to "appalling conditions" in cocoa producing communities, often highlighting children who were without family or education. Although Industry representatives from the UNBISCO and CMA cited the on-going efforts of what was a "long-term project" for ending child slavery (Child cocoa workers still 'exploited', 2007), companies realized that cooperative efforts were not adequately responding to the unique demands presented to each brand, something else was needed.

Ultimately the Cocoa Verification Board did not live up to the expectation of a credible, mutually-acceptable, voluntary, industry-wide standard of certification that the industry and consumer country governments had hoped (The Harkin-Engel Protocol Report, 2006); that

cocoa beans and their derivative products have been grown and/or processed without any of the worst forms of child labour" and it remained heavily dependent upon producer-government certification. By 2008, the board and industry once again failed to achieve the revised and agreed upon level of 50% certification by the second deadline (International Cocoa Verification Board & ILRF, 2009).

Industry Adopts Private Certification

Since the late 1980's private standards have become common in the food industry. Private standards developed for other sectors of the food industry have slowly been adopted within chocolate industry by SMEs attempting to create niche branded products around tightly defined consumer value propositions (Heller, 2005; Klinger & Ashworth, 2005). The first of these was Green and Black's 1991 adoption of Organic Standards for their Organic Chocolate line in their UK health food stores (ICCO, "Organic Cocoa", 2006). In 1994 Green and Black's adopted the Fairtrade certification to further develop their niche market offerings. Over the 1990's these alternative certified private standards became an important signal of credibility and legitimacy of many SME product offerings in these small-scale alternative agrifood markets, such as farmer-owned fairtrade cooperatives and farmers markets etc (Heller, 2005).

Immediately following reports of the use of child slave labour in the cocoa and chocolate industry, the Organic and Fairtrade organizations saw a massive increase in certification and global sales of certificed chocolate and cocoa products (Heller, 2005). Transfair (the overarching trade body of the fairtrade movement) responded by expanding their cocoa and chocolate operations in 2002 with development of the Fairtrade Cocoa Programme. Concurrently, other advocacy and interest groups recognised the need and began creating appropriate standards and participating in the private certification of cocoa and chocolate products. Equal Exchange, a human rights organization, announced the creation of a fairtrade chocolate in 2002 (Heller, 2005). Rainforest Alliance, a conservation and sustainability advocacy group who had participated in cocoa programmes since 1997, launched its first chocolate retail product in 2004.

At the same time, the major multinational chocolate companies understood that they too needed to respond, so they began creating their own private standards to certify their suppliers and supply chains based upon their internal best practices and quality assurance systems. Examples include ADM's SERAP program (created by a processor), Starbucks' C.A.F.E. Practices Program (created by a manufacturer) and Amajaro Source Trust (created by an international trader). These endogenous developed certification programs often took a holistic approach to sustainability that included associated and partnered programmes for social, economic and ecological support (ADM, 2009; Starbucks, 2010; Amajaro, 2010). Each of these associated programs supported a series of different objectives that were dependent upon the efforts taken by that company (ADM, 2009; Starbucks, 2010; Amajaro, 2010). These programs included activities for farmer training, education, finance, child-labour prevention, removal of child slaves from cocoa farms (Blowfield, 2003). These programmes were not always used exclusively and in cases were developed in conjunction with other external parties to create third party certifications offered to the whole market (Starbucks, 2010).

Over the 2000's, demand for certified cocoa and chocolate products increased significantly with increased consumer demand for "responsibly sourced cocoa" (Barry Callebaut, 2010). Following this rapid growth many major multinational corporations acquired, adopted and/or dedicated product lines and business units to development and production of niche certified product lines to include in there product portfolios (TCC, 2010). By 2007 nearly 100

companies offered certified chocolate products and numerous firms showed a willingness to invest in certified production as they began dedicating entire brands to privately certified products (Fairtrade Foundation, 2011; ICCO, 2005; UTZ, 2011).

In 2007, industry stakeholders collaborated to create an industry-led, endogenously developed third party certification scheme with UTZ Certified structure for cocoa and chocolate. The UTZ CERTIFIED Code was a set of economic, social (ILO standards) and environmental criteria for responsible production that had been endogenously created in 1997 for the coffee industry. UTZ Certified had prior track record of success in certification within many coffee industry initiatives (TCC, 2010). UTZ certified cocoa programmes were developed in coordination with Cargill, Mars and Nestle. The first batch of UTZ Certified cocoa reached Europe in 2009 and the certification expects to grow 93 times their current production by 2020 (TCC, 2010). UTZ Certified program was endogenously developed with support from major-multinational chocolate companies Cargill, Mars and Nestle (UTZ). Currently based in the Netherlands, UTZ has expanded its certification to include tea and palm oil (UTZ Certified; TCC, 2010).

5. Analysis of Stakeholders Responses

Over the past few decades there has been a repeated process of shifting from individual solutions to development of collective engagement and initiatives to solve each problem as it evolved. This process began with the witches broom and pod borer outbreaks in the 1990's where individual stakeholders after failing individually to control the outbreaks were forced to take part in a series of collective engagements to address these individual production problems that had resulted in substantial industry supply problems. Industry associations at all levels of the cocoa and chocolate supply chain had collaborated to provide economies of scale, representation, a forum for knowledge exchange and research surrounding these issues (Shapiro and Rosenquist, 2004). At the producer level, these functions were often conducted within governmentally-managed cocoa boards, whereas the processing and manufacturing level trade associations tended to segment themselves into traders, grinders and processors or processors, manufacturers and marketers (Shapiro and Rosenquist, 2004). Over time the industry players began to realize that the supply pressures on the international cocoa industry were so substantial that they threatened far more than the fate of just one company, but the whole industry (Schrage & Ewig, 2005; TCC, 2010). Such susceptibility to disease and ecological and economic instability on top of the already fragile political environments of cocoa producers further aligned industry's incentives and led to the collective development of collaborative engagements; at the Panama Conference and Paris Declaration, the industry embraced the that environmentally sustainable bio-diverse cocoa growing could stabilize ecological and even economic and social aspects surrounding cocoa production and supply. Hence, the participants jointly and collectively committed to the production of sustainable cocoa (Shapiro and Rosenquist; Verlande and Tomich). The World Bank and donor and development groups, who once ignored the cocoa industry as it was a "staple commodity", began empathizing with the needs of smallholder cocoa farmers and the World Cocoa Foundation was created as the representative industry organization focused on sustainability issues (World Cocoa Foundation; Verlande & Tomich). Compared to many of the similar advocacy attacks of today, such as proposition 2 and caged hens, this type of collaboration between all of the parties is a unique and rare occurrence.

Prior to the BBC reports and subsequent consumer outrage, certification existed within the chocolate industry as a niche market as a means for niche product line market differentiation by SMEs and these product lines were often dedicated to the objectives of the certifying body. The movement aimed to develop closer producer-buyer relationships with an emphasis on the role of the producer as a key stakeholder (Moore, 2004). Certification groups themselves were rapidly developing young organizations that were often segmented and disorganised with little market recognition in conventional markets being sold almost solely by mail order or dedicated retail outlets (Moore, 2004). This lack of scale and organization within the certification movement meant that it initially did not have a lot of impact within the cocoa and chocolate industry, however the BBC reports rapidly changed that.

The 2001 BBC reports were an important transformation event for the international cocoa and chocolate industry. Although the industry players likely had limited to no knowledge of the abusive conditions on cocoa farms, they initially denied any involvement in child labour abuses. However, when challenged by consumers and advocacy groups chocolate processors and manufacturers admitted they were unable to certify that their product and procurement channels were indeed "clean" of such practices (Schrage & Ewing, 2005). The cocoa and chocolate manufacturers thus faced a paradox: to conform to the advocacy demands and procure from channels totally "clean" of child labour while recognizing that the removal of child labour would drastically decrease income and profits for already poverty stricken farming households and communities or to do nothing and adversely damage their corporate and product brands for allowing child labour to remain. With their corporate reputations and fragile supply channels at stake with pending political action, the chocolate industry had little choice but to accept a degree of collective responsibility, recognizing the impact that their upstream influence could provide in reducing child labor as part of a successful attempt to avoid potentially devastating boycotts (Chocolate Firms Launch Fight Against 'Slave Free' Labels, 2001).

Following the BBC reports on the use of child slavery by the cocoa and chocolate industry, certifications gained massive market uptake, attention and growth (TCC, 2010). Outraged consumers, who demanded chocolate that be produced without the use of child slave labour, looked for alternatives to the major chocolate manufacturers who had denied any connection to child abuse but were unable to guarantee their procurement channels "clean" (Chocolate Firms Launch Fight Against 'Slave Free' Labels, 2001).

The initial solution was the collective development of a public certification effort demanded for under the Harkin-Engel Protocol. But this effort failed as the industry continued to face advocacy attacks. The companies began to understand that publicly mandated certification was not a viable approach to industry certification. The breadth, depth, and complexity of the cocoa procurement system posed a major challenge to any successful implementation of any certification system. Logistics was difficult in producer countries with underdeveloped infrastructures and political instability which further threatened supply. Media reports and increasingly aggressive advocacy efforts, such as the ILRF suit placed additional pressure on the industry to take further action to protect their fragile reputations and unstable supply. After public certification efforts had failed, the industry began considering private individual certifications and the adoption of private third party certification systems to appease consumer demand for product assurance and protect against advocacy attacks.

This presented a concurrent market opportunity for both the cocoa and chocolate firms and existing certification bodies operating within the industry to develop solutions to the

problems that chocolate consumers faced. Processors, manufacturers and traders created systems to certify their own internal QA systems and best practices surrounding production and sustainability, with or without the use of a third party auditor. Although these certification systems were simple to develop and aligned with the sustainability objectives of the industry, private certifications did not have consumer credibility as they were questionably analogous. Additionally, the exclusivity in the nature of the certifications meant that the certification could not benefit from the pooled resources of the industry and its stakeholders and subsequently from the increased brand exposure.

The industry had taken note of the success of exogenous third party certification systems and began to adopt them to different extents. Niche markets such as the Fairtrade and organically certified cocoa and chocolate that had been taken up by small, "trendy" chocolatiers in North America and Europe posed an opportunity to attract new customers, follow trends and achieve certification to the industry.

Many small chocolate companies based around specific certifications were acquired by major multinational companies. For example, Hershey's acquired a small organic chocolate company after recognizing the massive growth that had been seen in the sector (Hershey's, 2006). This allowed for the large chocolate manufacturer to not only profit from the financial success of the industry but the better understanding of the certified chocolate market as well as the goodwill that came from the incorporation of a well regarded organically certified chocolate brand." Although this allowed Hershey's to take advantage of a working case study to learn how to profitably react to emerging marketplace opportunities, the purchase of Dagoba by Hershey's detracted from the value of the Dagoba brand to the same consumers who cited market appeal in Dagoba's "entrepreneurial spirit" (Heller, 2005)

Other major multinational players dedicated specific brands to certified production. For example, Cadbury dedicated its KitKat line in the United Kingdom entirely to Fairtrade production before announcing in 2010 that their entire product line would be Fairtrade Certified. This allowed the large chocolate manufacturer to test the market for certification with a brand that attracted a market that might most likely be receptive to certification with minimal investment and processing alteration. This was especially suitable for Cadbury who operates in the United Kingdom where there is a large market for certified chocolate products (Euromonitor, 2010).

Within this sea of innovation was the observation that advocacy groups were venue shopping– these groups had a certification system (hammer) and are looking for a suitable and profitable problem (nail) to egage (hit). After the BBC reports, a rapid movement of advocacy groups that had not previously been involved in certification of cocoa and chocolate into the market was observed as they attempted to take advantage of the cocoa market and their immediate need for certification products positioned as solutions to the problems that the chocolate consumers and industry were facing. For example, Rainforest Alliance, who had been active in the industry to provide education on behalf of ecological interests, created a retail product that was often coupled with organic certification (Rainforest Alliance, 2010). The new market entry of the advocacy group certifications (that had been created for political objectives within other markets) seemed to be more about venue shopping, where advocacy groups are attempting to capture new consumers and potential funding for their initiatives, than actually about the development and provision of workable solutions to the underlying problem for both

the industry and cocoa producers. This is proposition is supported by the late development of the UTZ certification and its rapid market uptake.

Third party certifications provide brand recognition, inclusivity, credibility, and partnership with interest groups that could potentially advocate against the industry while operating under a set of objectives separate from those of the industry, and profiting by pushing their own ideals. Third party certifications are inclusive and allow for participation by a variety of industry players which allows for them to benefit from the resources of these players and can tailor fit to the individual brand needs of those company's products. They have a positive market reputation and high brand recognition from operating across markets and taking advantage of marketing opportunities in the face of advocacy attacks. Additionally, by partnering with interest groups by adopting the certifications that they provide or adhere to, companies may be able to avoid attacks from these groups as they are seen as "supporters".

Adoption of third-party certifications has disadvantages for chocolate industry players as well. The objectives of the interest-led certification groups are inconsistent with those of the sustainability objectives of the industry, however, certification schemes do market themselves as being the solution to the sustainability issues that the industry faces. In this way, third party certification schemes stand to benefit from the advocacy attacks and threats that face the chocolate industry. Their large market share and consumer support generates greater energy towards inefficient efforts of achieving the industry's sustainability objectives.

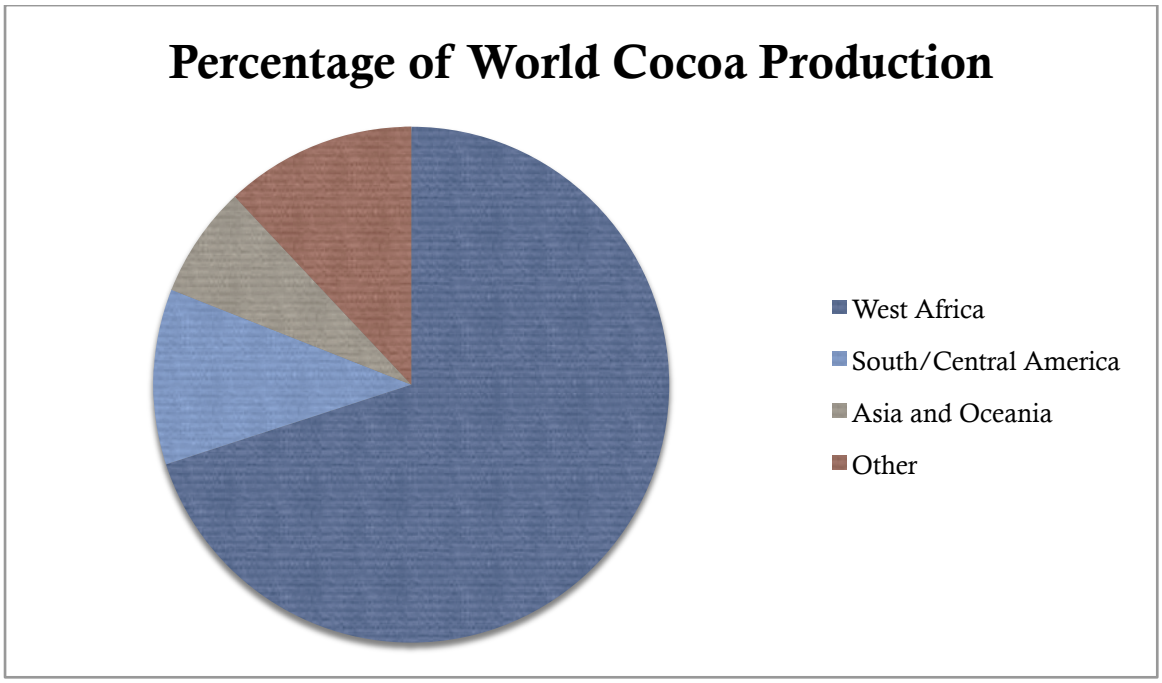
UTZ Certified Good Inside Certification entered the cocoa industry through an industry-led effort to create a certification system that took advantage of the positive aspects of third party certification and private company-led certifications. UTZ certified was an endogenous, industry-developed effort that was developed around the systems in processing, trade, marketing and production that were already in place. This made implementation less costly and led to ease of adoption by other chocolate companies. Additionally, the endogenous development of the certification allowed for the industry to create a certification that was consistent with the sustainability efforts of the collective industry.

By creating a system that was not used by one individual company, although efforts were largely pioneered by Cargill, the industry was able to increase brand recognition and credibility through inclusivity. UTZ certified certification standards were assessed by and branded under a third party achieving credibility and consumer trust that private individual certifications lacked. Additionally, increased participation allows for economies of scale and the collaboration of the resources of many companies. The success of UTZ certified in other industries that had faced advocacy attacks, such as the coffee industry, as well as its inclusive nature allowed for higher brand buy-in and thus brand recognition by the consumer. Ultimately the industry stands to gain from this direct support of a program that is consistent with their sustainability objectives as a whole rather than those of an exogenous interest group.

Figure One: The Global Cocoa-Chocolate Value Chain

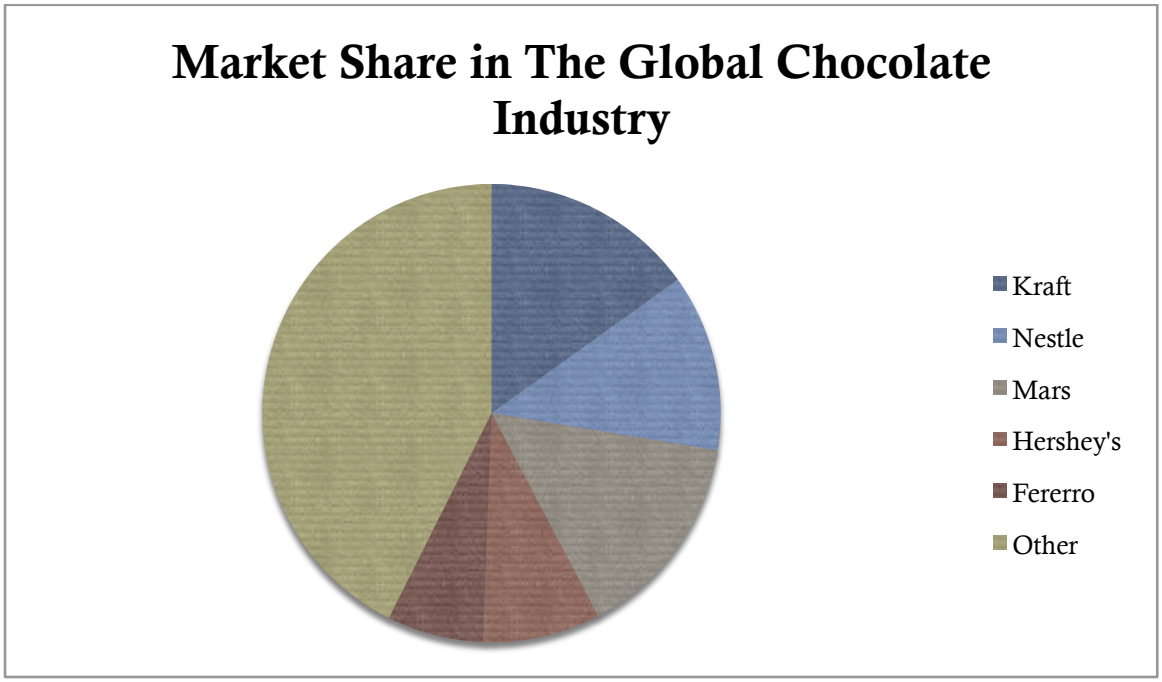
Source: Adapted from Roberts, 2002

Figure Two: World Cocoa Production



Source: Roberts, 2002

Figure Three: Global Chocolate Industry Market Share



Source: Oxfam International, 2008

Table One: Major Third-Party Certification Schemes in the Cocoa and Chocolate Industry

Certification	Description
Rainforest Alliance Established: Established in Cocoa Industry*: 2004 2010 production: 79,200 2020 est. production: 500,000	Works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behaviours. Certification guarantees limited water pollution and use, limited soil erosion, limited threats to the environment and human health, wildlife habitat protection, limited waste, more efficient farm management, standards of working conditions and availability of collaboration for farmers with conservationists as compared to traditional agriculture. Rainforest Alliance farms are certified by the Sustainable Agriculture Network (SAN) who's standards cover ecosystem conservation, worker rights and safety, wildlife protection, water and soil conservation, agrochemical reduction, housing and wage standards. Strong on environmental quality issues and strong in trading conditions, market transparency and social quality with no coverage of health and food safety. Regarded by the industry as having solid internal management, flexible and tolerant standards but with a relatively weak accreditation structure, inner management cycle, chain coverage and traceability.
UTZ Certified Established: 1997 Established in Cocoa Industry*:2007 2010 production: 20,000 2020 est. production: 500,000	UTZ Certified is an industry-producer partnership with an independent board of stakeholders that sets and certifies the abidance by a set of economic, social and environmental criterion for responsible production. The UTZ Certified cocoa programme the endogenous development of a third-party certification programme on behalf of the cocoa industry. The crucial element of the certification is a web-based "Track and Trace" system that is monitored by a "chain of custody" to ensure certified product. Standards are tolerant of low entry level producer groups and there are strong internal and external auditing systems and superior traceability however UTZ supplies limited guidance to producers a weakness is that continuous improvement is not required. Quality is a major theme and UTZ contains criterion for health and food safety however there are no environmental criteria.
Fair Trade Established: 1988 Established in Cocoa Industry*:1994 2010 production: 80,000 2020 est. production: 475,000	Fairtrade certification aims to be independent, transparent and globally consistent and is controlled by the Fairtrade labelling organization (FLO) which is a group of 24 organizations. FLO certifies practices consistent with the requirements of ISO 65, an international standard for transparency, independence and management in agricultural practices using a private secondary company, FLO-CERT. A key component of Fairtrade certification is the presence of a minimum price for producers which are regulated separately from the market as well as a fairtrade price premium. FLO Standards require continuous improvement, are tolerant of low entry level producer groups and give much attention to planning. Weaker points include the accreditation structure and chain coverage with almost no requirements on action on audit findings and little attention to product quality, health and food safety. Fairtrade labelling pays a great deal of attention to social quality with moderate attention to gender issues and environmental issues.
Certified Organic Established: Established in Cocoa Industry*:1991 2010 production: 20,000 2020 est. production: 80,000	Organic certification is strong in risk-based internal and external auditing, third party certification, chain coverage and traceability. The standards are zero-tolerance and thus weak in inclusiveness and in continual improvement. They are strong on environmental standards but have no coverage on health and food safety as well as social coverage and are difficult to interpret.
Source: Tropical Commodity Coalition, Rainforest Alliance, Fairtrade Labelling Organization (FLO), **year that certified product first entered the market* *Unit of production=-tonnes*	

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