



Building the Capacity for Effective Multisector Dialogue at AgroAmérica, S.A.

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About BSR

A leader in corporate responsibility since 1992, BSR works with its global network of more than 250 member companies to develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. With six offices in Asia, Europe, and North America, BSR uses its expertise in the environment, human rights, economic development, and governance and accountability to guide global companies toward creating a just and sustainable world. Visit www.bsr.org for more information.



About CentraRSE

Created in 2003, CentraRSE is an organization with more than 100 member companies that belong to more than 20 sectors and subsectors of the economy. They represent around 30 percent of Guatemala's gross domestic product and employ 150,000 families, making up the most influential coalition of companies promoting CSR in the country and one of the most important at a regional level. Visit www.centrase.org for more information.

Executive Summary

Guatemala's banana sector is plagued by conflict between the private sector and labor, a legacy of the country's civil war—the longest and one of the most brutal in contemporary American history. Improved communication and constructive dialogue among farm administration, field workers, and unions can help mitigate the mistrust and yield positive results. Recognizing these potential gains, AgroAmérica—one of Guatemala's largest agribusiness companies employing more than 8,000 workers—worked with the BSR and CentraRSE project team to build a more constructive dialogue at two of its banana farms in northern Guatemala.

The project team implemented a series of workshops to demonstrate the benefits of collaboration and to strengthen participants' communication skills, creating a learning and communication platform for farm administration, field workers, and union representatives. The project team also recommended that the farms implement formal communication mechanisms. Additionally, BSR and CentraRSE provided AgroAmérica with management tools to support the company's efforts to improve communications with internal and external stakeholders.

Although it is challenging to determine the project's direct causality on improvements at the farm, it has contributed to a series of short-term results, including:

- 1 the creation of new formal communication mechanisms,
- 2 increased training for middle managers,
- 3 improved dialogue and relations between workers and managers,
- 4 development of professional skills for workers and managers
- 5 improved management attitude toward relations with workers that may have helped decrease stoppage time.

Despite these short-term results, the project team and the company were unable to garner support from a majority of the farm workers, who voted (through their union) *not* to participate in the final workshop.

Nevertheless, if AgroAmérica continues to give a voice to its workers, the company can, not only improve workers' lives, but also achieve productivity increases, greater access to markets, and influence the practices of the country's banana sector by showing that business benefits can be achieved through improved dialogue and worker relations.

Companies looking to replicate these efforts should expect that in complex, conflictive social settings, long-term, continuous, on-the-ground interactions are necessary to achieve positive results. Additionally, engaging with external

About AgroAmérica

AgroAmérica has operations in Central America and Mexico, producing bananas, pineapples, and palm oil. The company also owns logistical and service companies, which allow for the vertical integration of the business. The farms participating in the project employ about 420 workers, of which around 350 are permanent workers. The farms' main clients are Del Monte, purchasing the majority of production, and Fyffes.

First U.S. Labor Case Against Trade Agreement Partner

As a potent example of Guatemala's poor enforcement of labor laws, Guatemalan unions, together with the American Federation of Labor and Congress of Industrial Organizations (the AFL-CIO) filed a complaint to the U.S. Department of Labor's (DOL) Office of Trade & Labor Affairs in 2008, under the auspices of the DR-CAFTA trade agreement. The petitioners allege that Guatemala has failed to enforce its labor laws. DOL's investigations found that the Guatemalan government is indeed failing to enforce laws concerning the right of association, the right to organize and bargain collectively, and acceptable conditions of work. Guatemala could face monetary fines of up to US\$ 15 million or trade sanctions if the government is found guilty of repeatedly violating the treaty.

Source: Office of the U.S. Trade Representative

stakeholders to garner internal worker support for such initiatives can be essential for their success. Companies should also consider external third-party project facilitators or organizations that are active within workers' movements to help implement similar projects.

Opportunity

Guatemala's conflictive history has made dialogue among companies, workers, and unions challenging. Even though peace accords were signed in 1996, the social divisions inherited from the country's civil war persist and are powered by unreliable public institutions, corruption, and crime.

This historic perspective has become more complex given the lack of government enforcement of the country's freedom of association and collective bargaining laws, which, the U.S. State Department's 2009 report on human rights describes as "weak and ineffective." According to the report, crimes against union leaders also remain largely uninvestigated, fueling conflicts between business and labor.¹ This situation is evidenced most recently by a labor complaint brought against Guatemala under the legal provisions of the DR-CAFTA agreement and the U.S. government's request for a consultation with the Guatemalan government regarding these issues—the first time the U.S. has taken such action under a trade agreement (see sidebar at left for details). Failing to enforce labor laws negatively influences the reputation of Guatemalan businesses in international markets.

The country's banana sector sees many worker-manager conflicts. Protests and work stoppages have made the industry unstable, especially on Guatemala's eastern coast. However, bananas continue to be a major cash crop for the country—Guatemala is one of the world's top exporters of bananas, accounting for around 7 percent of the world's export, behind only Costa Rica in Central America.²

Banana production remains very labor intensive, and investments in employee programs and labor relations can yield significant business results, such as higher productivity and improved company reputation, while also enhancing workers' standard of living. Improving company dialogue with employees and external stakeholders gives workers and communities a voice and provides opportunities for collaboration and for examination of diverging viewpoints.

Recognizing the potential gains of improving worker relations and communications, AgroAmérica worked with BSR and CentraRSE to build a constructive dialogue among farm administration, field workers, and union leaders in two of its banana farms in northern Guatemala—farms historically plagued by labor conflicts and productivity problems that threatened their closure.

Strategy

To successfully implement a program that would lead to continuous and constructive dialogue, BSR and CentraRSE first engaged with external and internal stakeholders to better understand the context of labor relations at the farms and at the regional and national levels. Meeting with and discussing the project with labor organizations such as the Guatemalan Confederation of Trade Union Unity (CUSG) and Federation of Unions of Workers in the Food, Agro-Industrial, and Similar Industries (FESTRAS), umbrella organizations to which

1 "2009 Human Rights Reports: Guatemala." U.S. Department of State. March 2010. www.state.gov/g/drl/rls/hrrpt/2009/wha/136114.htm

2 "Market Information on the Commodities Area: Banana Market." UN Conference on Trade and Development. www.unctad.org/infocomm/anglais/banana/market.htm#exports. Data is the yearly average from 2002 to 2006.

External stakeholders interviewed included:

Guatemalan Confederation of Trade Union Unity (CUSG)

U.S. Embassy

Commission for the Verification of Codes of Conduct (COVERCO)

Ministry of Labor

Mario López Larrave Foundation

International Labour Organization

Federation of Unions of Workers in the Food, Agro-Industrial, and Similar Industries (FESTRAS)

Internal stakeholders consulted included:

AgroAmérica senior managers

Farm administrators

Farm union leaders and representatives

Farm workers

the farms' union belongs, were instrumental in getting the farms' union leaders to agree to implement the project.

These engagements and the review of company documentation led to the following findings regarding the state of communication at the farms:

- » Farm administration and union leaders met frequently to address issues related to signed collective agreements or problems arising in daily operations.
- » Informal meetings took place among area supervisors and workers to relate daily responsibilities.
- » Meetings too often consisted of zero-sum negotiations, often leading to work stoppages.
- » Prior to the project, the farm administration and union agreed to change some of their key leaders in an effort to improve dialogue at the farms.
- » Workers tended to voice their opinions solely through the union.
- » Workers lacked knowledge about banana production, which made it difficult for them to understand how each worker affected the farm as a whole.

Based on this information, BSR and CentraRSE decided to implement a series of workshops to improve communication at the farms and also to draft recommendations for the company on how to advance beyond the project. Workshops focused on the following topics:

- » Effective communication
- » Improved banana production process
- » Effective meeting management

Once this framework was set, BSR and CentraRSE presented the business case for improved communication to farm and corporate managers. The project team focused on several themes, including:

- » Win-win vs. zero-sum relationships: The project team stressed the importance and benefits of creating long-term constructive relationships with stakeholders that build win-win situations.
- » Virtuous vs. vicious cycles: BSR and CentraRSE highlighted the problems with communications focused on hierarchical relationships and punitive actions and offered examples of behaviors that either build up or erode trust.
- » Business benefits: The project team presented qualitative and quantitative data of constructive dialogue's impact on decreased tensions, increased productivity and profitability, and better firm reputation.

To achieve worker buy-in, BSR and CentraRSE met with the group of union leaders and workers that would participate in the workshops to communicate the project's objectives and benefits. Workers participating in the workshops were chosen by the managers and union leaders based on criteria developed by the project team—which included representation of workers from different production areas, varying years of seniority, and differing viewpoints of the labor situation on the farms.

The project team, together with the farm administration, also called a general workers' assembly to communicate this same message. However, only about 5 percent of the 420 farm workers attended, partly because of floods. To mitigate this low turnout, BSR and CentraRSE communicated the project's objective through posters displayed throughout the farm, a practice continued during the project to communicate workshop activities and topics.

Implementation

The first of BSR's and CentraRSE's workshops was a two-day activity with field workers, union board members, and farm administration—with a total of 25 people in attendance, of which two-thirds were workers. The workshop focused on the following:



Project consultants and farm administration at a participating farm

- » Banana production: The regional manager for AgroAmérica subsidiary Frutera presented the farm's productivity numbers and the phases of banana production—outlining the impact of each employee in the overall value chain. He used the workers' knowledge of their individual tasks to make the session participatory and highlight the fact that workers understand their roles very well but at times lack full understanding of the roles of their peers.
- » Effective communication: The project team discussed how messages are delivered and how barriers can affect communication. The project team also defined effective communication and demonstrated how it can be achieved despite differing interests within a company. Group exercises allowed the different actors to interact while also learning important lessons about communication and working effectively in groups.

At the end of the workshop, project consultants facilitated a discussion as the group jointly brainstormed recommendations for the implementation of effective communication mechanisms for the farms—the first two of which the farm implemented:

- 6 Install suggestion boxes.
- 7 Post and regularly update message boards and posters to inform employees of company policies, events, and production goals and achievements.
- 8 Establish weekly meetings with small groups of workers, as well as bimonthly meetings with all farm workers.

After this activity farm administration and workers participating in the workshop also agreed to a 15 percent increase in the number of boxes produced for the current year, which was later presented to and discussed with the farmers' union.

Following this workshop, BSR and CentraRSE faced resistance from some of the union members and workers who did not participate in the workshop. Although the reasons varied—including distrusting an initiative that was changing the traditional approach to labor relations and feeling excluded for not being selected for the workshops—workers were mainly suspicious that the project's underlying purpose was to destabilize the union and promote solidarity associations in its place. Although the project team had used different means to communicate the project's objective and had asked workers participating in workshops to hold small meetings to transfer information learned during trainings, these actions were not sufficient to gain the confidence of all the workers.

Nevertheless, BSR and CentraRSE conducted a second workshop that was attended by most of the same participants as the first. The second workshop trained attendees on how to conduct effective group meetings. Specific tools taught included: the importance of assigning roles during meetings, basic rules that can be adopted for efficiency, the importance of clearly stating objectives, and evaluating meetings through feedback.

As the project progressed, it continued to face resistance from some groups of workers. Although workers participating in the workshops individually agreed on the project's benefits, they nevertheless voiced opposition when talking with their peers in the field. In the end, the union voted to discontinue the project. BSR, CentraRSE, and AgroAmérica respected the union's decision, which meant



New message board at an AgroAmérica farm

forgoing the implementation of the project’s final workshop.³ BSR and CentraRSE continued to engage with farm administrators and AgroAmérica’s senior management to finalize the project and provide the company with additional support to strengthen communication at the farms.

BSR and CentraRSE held a closing meeting with AgroAmérica management where the group agreed on a series of formal communication mechanisms to be installed at the farm. The project team also held a meeting with all farm workers to thank them for their collaboration during the time of the project.

BSR and CentraRSE also delivered a number of management tools to assist AgroAmérica in its efforts at improving communication with internal and external stakeholders to give these actors a voice regarding the company’s impacts. Tools provided to the company include:

- 1 **Internal communication tool** improves dialogue with proposed additional formal communication vehicles and tracking tools that highlight roles and responsibilities to ensure implementation.
- 2 **External communication tool** outlines the project’s objectives and key messages associated with it. The document guides conversations with external stakeholders about the project.
- 3 **Stakeholder tool** maps the farms’ external stakeholders. It proposes ways for the company to engage with these groups and outlines opportunities to collaborate to improve dialogue between the company and workers.

Results

SHORT-TERM RESULTS

During follow-up visits and interviews, BSR and CentraRSE staff observed noticeable improvements to the internal dialogue of AgroAmérica’s two farms.

- 1 **Creation of new formal communication mechanisms.** Based on BSR and CentraRSE’s recommendations, AgroAmérica has installed message boards and continued to use posters to increase communication with workers. Posters are regularly updated to communicate production goals, and message boards communicate company events and recreational activities.
- 2 **Increased training for middle managers.** Fernando Bolaños, one of AgroAmérica’s owners, stated that the “project highlighted the importance of training middle managers and supervisors, as it made evident the gap between them and workers on the field, an issue the company was not aware of.” As a result, AgroAmérica has signed a partnership with a Guatemalan university to train middle managers on basic management skills and worker communication.
- 3 **Improved dialogue and relations between field workers and farm administration.** Interviewees agreed that the project strengthened ongoing company efforts to improve dialogue and contributed to favorable changes in management attitude toward worker relations. Workers interviewed said the project increased trust and reduced tensions at the farm. According to one worker, “Prior to the project, workers did not see the administration as a partner, but after the workshops it became evident that the farm and employees are in the same boat together.”

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—Anonymous,
Field Worker, AgroAmérica

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³ A Future Search workshop aimed at raising awareness of the farm’s history, examining differing perceptions at the farm, and forging a common vision to facilitate the achievement of mutual goals was called off after the union vote.

Additionally, the project, through the workshops, created a new platform where field workers and farm administration could interact and debate ideas. A worker expressed how exceptional it was to be sharing this learning space, “After working many years on banana farms, I have never heard of workers sitting down with their superiors to learn together.”

- 4 **Development of professional skills.** According to participants, the workshops were a source of professional training in effective communication. As an example, one interviewee stated that the skills he developed during the project helped him secure a promotion within the farm’s administration.
- 5 **Improved management attitude may have helped reduce stoppage time.** AgroAmérica’s two farms are on pace to reach this year’s production goal of one million boxes, making 2010 the farm’s largest production year thus far. As of July, the farm has produced nearly 546 thousand boxes compared to 438 thousand over the same period in 2009.⁴ No direct causality of the project on production numbers can be inferred, but farm administration believes improved communication may be linked to an increase in output. This link is perhaps driven by decreases in work stoppages. This year workers have orchestrated a smaller number of strikes, and the strikes that did happen were shorter than in the past, primarily because workers and farm administration reached agreements more easily. According to AgroAmérica’s senior management lost work time has decreased by as much as 63 percent this year (calculated by annualizing hours lost in 2010 and comparing the figure to total lost hours in 2009). In turn, employees have reported increased income, an average of 27 percent in 2010 compared to 2009 salaries, with average monthly salaries at 3,427 Quetzales (equivalent to around US\$ 420) compared to 2,669 Quetzales (equivalent to around US\$ 330) over the same period in 2009.⁵
- 6 **Increased investments in infrastructure and land.** Because of greater social and production stability, AgroAmérica reports increased investment in the two farms. Fernando Bolaños stated that, prior to the project, investing in the farms was too risky. Workers have noticed infrastructure improvements, and the company has invested in herbicides, fertilizers, and other improvements to the farms’ lands.

“The project highlighted the importance of training middle managers and supervisors, as it made evident the gap between them and workers on the field, an issue the company was not aware of.”
—Fernando Bolaños, CEO, AgroAmérica

The suggestion boxes installed at the farms are not being widely used; it is not a familiar concept to workers, and farm administration has not clearly explained the process of addressing suggestions and grievances. AgroAmérica has not yet institutionalized formal meetings with workers, still only holding them on demand. Administration reports meeting with union leaders more frequently, but the company has not implemented regular meetings to communicate with farm workers as a whole or with smaller worker groups.

AgroAmérica senior managers may replicate the workshops on one of their Costa Rican farms. Managers have also installed posters and suggestion boxes on all other AgroAmérica farms.

Communication may have been further improved if BSR and CentraRSE had gained the buy-in of the majority of farm workers and had been able to conclude the workshops. The project team was unable to reach and convince most workers about how the project could affect dialogue and how improved communications could benefit them personally.

ANTICIPATED LONG-TERM OUTCOMES

If AgroAmérica continues its management efforts to improve relations and communication with its workers, additional benefits could be achieved:

⁴ AgroAmérica production records.

⁵ AgroAmérica third-party audited accounting records.

- 1 **Improvements to productivity.** If the company remains focused on using communication mechanisms and management continues to build relations with workers, employee satisfaction could increase and work stoppages could decline.
- 2 **Greater access to markets.** As productivity rises, so does the company's competitiveness, increasing sales, and market presence. With greater stability at the farms, AgroAmérica can invest in additional certifications and gain premium prices for its products. According to CEO Fernando Bolaños, the company is considering applying for fair trade certification for the two farms.
- 3 **Improved worker-manager relations in the banana sector.** In an interview about the project, Mr. Mario Illescas, the country's Vice-Minister of Labor, highlighted its importance in preventing social conflicts. According to Mr. Homero Fuentes, Director of COVERCO, an NGO that monitors labor standards in Guatemala, if AgroAmérica continues to forge dialogue with unions and workers, the company can influence other independent producers by demonstrating that it is possible to collaborate with unions and achieve positive business results.

LESSONS LEARNED AND USEFUL TIPS

This project's implementation provides lessons for firms working to improve dialogue with unions and workers.

- 1 **Reaching numerous workers through workshops.** Much of the pushback encountered by BSR and CentraRSE had to do with workers' conceptions regarding the project's objective, partially attributed to the small number of workers trained during brief one- to two-day workshops. Incorporating more workers into more extensive trainings would allow for wider and more persuasive dissemination of the project's contents. This approach would entail more intensive activities and deeper financial investments. In complex, conflictive social settings, intensive on-the-ground interaction is necessary to change behavior. To achieve results, communication cannot be limited to union leaders but must reach the workforce and obtain their majority buy-in.
- 2 **Choosing an external project facilitator.** During follow-up interviews some internal and external stakeholders stated that CentraRSE and BSR were organizations that represented the private sector's interests and not those of workers. It is important to acknowledge these perceptions as they influence project outcomes. In situations where relations between administration and workers are delicate, companies should consider external project facilitators or even organizations that are active within the union movement to assist in the project's implementation.
- 3 **Linking communication and increased worker income.** One way to garner support for similar projects is to demonstrate the impact of improved communication on productivity and, hence, employee income. If employees can identify tangible individual benefits, they are more likely to participate in the project's activities.

About DR-CAFTA Project

This case was made possible by a grant from the U.S. Department of State to BSR for its "DR-CAFTA Responsible Competitiveness Project." The project works with producers, labor, government, and international buyers to promote responsible labor practices in countries of the Dominican Republic-Central America-United States Free Trade Agreement (DR-CAFTA). For more information, visit www.drcafta.bsr.org.